

MONDAY, 17 NOVEMBER 2008

IN THE CHAIR: MR PÖTTERING

President

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

1. Resumption of the session

President. – I declare resumed the session of the European Parliament suspended on Thursday 23 October 2008.

2. Welcome

President. – Ladies and gentlemen, today and yesterday, the EuroMedScola completed its programme here in Strasbourg. It was a great pleasure for us to welcome more than 250 young people aged between 16 and 18 from all over the Euro-Mediterranean area, in other words the Mediterranean Union, including the 27 EU Member States and our partner countries in the region, making a total of 37 countries.

The participants have now taken their seats up in the gallery. Over the last two days, they have discussed a wide range of topics, including the environment, immigration, equality, the role of citizens, education and many other issues. This is an expression of the cooperation between the European Union and the countries on the southern shore of the Mediterranean.

School pupils from Israel, Palestine, the Arab states and every country of the European Union have also been here, and I would very much like to welcome our young friends to the gallery. It has been a fantastic event, and I am delighted to have had the opportunity to meet you. Once again, a very warm welcome to the European Parliament.

3. Approval of Minutes of previous sitting: see Minutes

4. Composition of Parliament: see Minutes

5. Verification of credentials: see Minutes

6. Composition of committees and delegations: see Minutes

7. Signature of acts adopted under codecision: see Minutes

8. Corrigenda (Rule 204a): see Minutes

9. Request for urgent procedure: see Minutes

10. Documents received: see Minutes

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

12. Lapsed written declarations: see Minutes

13. Petitions: see Minutes

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

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

16. Transfers of appropriations: see Minutes

17. Order of business

President. – The final version of the draft agenda for this part-session as drawn up by the Conference of Presidents at its meeting of Thursday 13 November 2008 pursuant to Rules 130 and 131 of the Rules of Procedure has been distributed. It has been requested that this draft be amended as follows.

Wednesday:

The Socialist Group in the European Parliament has requested that Council and Commission statements on the situation in the car industry be inserted in tomorrow's agenda. It should be pointed out that, if this point is inserted, the oral question on the review of the Recommendation providing for minimum criteria for environmental inspection in the Member States will need to be moved to Thursday's agenda.

Hannes Swoboda, on behalf of the PSE Group. – (DE) Mr President, I am sure that everybody in this House is aware that the car industry in the European Union is now in a very difficult position, in part due to the crisis in the car industry in the United States. I therefore think it would make perfect sense for the Commission to make a statement on how it views this crisis, on what possible solutions it can see, including, for example, State aid, what competition rules need to be complied with, and so on. This is, in my view, an important issue.

I would, however, just like to add that we have no intention of weakening or postponing the environmental objectives for the car industry. We will still insist on these environmental objectives being implemented and pushed through, but at the same time we should also have the opportunity here to discuss the car industry's economic difficulties with a representative of the Commission. That is one of our concerns, and I hope that we will gain wide support for it.

(Parliament adopted the motion)

(The order of business was adopted thus amended.)⁽¹⁾

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Koenraad Dillen (NI). – (NL) Mr President, by way of point of order in accordance with Rule 7 of the Rules of Procedure, I should like to deplore the fact that the Lehne report, which should normally speaking have been the subject of discussion this evening and which deals with the immunity of my colleague Mr Frank Vanhecke, was taken off the agenda this evening. There is, therefore, no debate, contrary to what the original agenda stipulates.

Secondly, I should like to protest against the fact that Mr Lehne, following discussion of the report in committee, refused to send this report to the person in question, stating that this would be made available to him following discussion in the plenary meeting. This very topic was, however, given plenty of air time on the Belgian TV channel VRT that evening, so it seems that it had been leaked. I should therefore like you to find out how this confidential report, which the person involved was not allowed to peruse, could be discussed on Belgian television that same evening and appeared not to be so confidential after all.

President. – We will take note of that. I cannot, and will not try to, reassure you, but what I can tell you is that even letters written by me and dealt with absolutely confidentially by my staff sometimes end up being published. It is a situation that does not apply only to you, but it is regrettable in all cases. We have taken note of it, and will look into it.

18. One-minute speeches on matters of political importance

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

⁽¹⁾ For additional amendments to the order of business see Minutes

Nicodim Bulzesc (PPE-DE). - Mr President, on 4 and 5 December 2008 the European Parliament will discuss a set of proposals to modify Directive 2003/87/EC concerning the emissions trading scheme for greenhouse gas emissions for the period 2013-2020.

The proposal foresees a huge increase in auctioning as early as 2013. While today 90% of pollution allowances are handed out to industrial installations for free, the new directive states that full auctioning should be the rule from 2013 onwards.

In the case of Romania, this will have extremely severe consequences on the whole economy, and the industry will be seriously affected. Many industrial companies would have to relocate to third countries with less climate protection, which will raise prices and slow down Romania's development project on infrastructure. This is why I ask that industries in Romania should receive all their allowances for CO₂ certificates for free for the entire period.

Miguel Angel Martínez Martínez (PSE). - (ES) Mr President, last night, in a joint and extremely smooth operation on French territory, security forces from France and Spain arrested one of the main and perhaps most bloodthirsty leaders of ETA, Txeroki, whom they have been pursuing for more than six years for various murders and attacks.

While exercising the caution that is always needed in such cases, I believe that this is very good news and I am sure that the House will share our satisfaction, which makes up for our disgust on other occasions when we have had to speak about the crimes of this organisation.

This is a very severe blow for the terrorist organisation and we should congratulate the security forces, governments and people of France and Spain on the success of the operation. We should also congratulate ourselves on the example set by international cooperation as an essential instrument of anti-terrorist resistance.

Lastly, Mr President, I must say that the terrorists should know that this will be their fate: being arrested and handed over to the courts and paying for their crimes, or at least those which can be proven, with years in jail.

Viktória Mohácsi (ALDE). - (HU) Thank you, Mr President. Ladies and gentlemen, it has been almost 10 months since the European Parliament adopted a resolution requesting that the European Commission formulate a strategy on the Roma. Apart from one staff working document, the Commission has not brought out anything new even for the EU-Roma summit, which was referred to as a historic one.

Meanwhile, in Kosovo, the Roma are still living in life-threatening settlements tainted by lead pollution, and in Hungary attacks with Molotov cocktails or firearms have been perpetrated in nine settlements against the houses of Roma families. The most recent and terribly sad site of such attacks was Nagycséc, where two Roma trying to flee the burning house were cruelly shot to death with pellet guns.

During the same period, according to reports by civil organisations, close to 30 000 Roma fled Italy in recent months because of police brutality and anti-Roma sentiment. On top of this situation, there is the current economic crisis, which – let there be no doubt – will most harshly affect the excluded and destitute social classes and the Roma. I would like to remind every responsible politician that this is another reason why we need to create a European Roma strategy. Thank you very much.

Bogusław Rogalski (UEN). - (PL) Mr President, I would like to raise the issue of the by-pass around the town of Augustów in Poland. The lengthening wait for a judgment of the European Court of Justice in the matter means further fatal road accidents involving pedestrians. Each year some two million goods vehicles pass through the centre of the town. In view of the many projects for reserves in the Podlasie region, the freezing of all road investments in the region by the European Commission, deprives it of the opportunity of future development.

The European Commission's decision means the area is turning into a *skansen*, which on the model of some Western countries will make it a scenic tourist facility. But not having the Augustów by-pass on grounds of protecting the environment at any cost, while ignoring human needs, is depriving the residents of north-eastern Poland of the opportunity of development and a dignified life. The European Commission must take this into account. Nature needs protection, but not at the cost of human life.

László Tőkés (Verts/ALE). - (HU) Mr President, 'I desire mercy and not sacrifice': the words of Jesus echo in our souls when we encounter rampant violence and cruelty in the world. Terror and force are even more painful when committed in the name of fundamentalist religiosity or religious exclusivism.

That is why we must protest against the brutal execution of the 13-year-old South Somalian girl, who after having been raped by three men, was stoned to death upon the verdict of an Islamic court. And we must protest against the persecution of Iraq's Christian minority, who have been forced to flee their homes in Mosul and its surrounding region in the thousands by militant Shiites.

In the spirit of our European Christian tradition, religious tolerance and ecumenical brotherhood, the European Union should raise its voice and take action to protect the victims of religious violence and persecution.

Ilda Figueiredo (GUE/NGL). – (PT) In Portugal, workers are fighting for their rights in a wide range of sectors. We wish to express our solidarity with all those who are fighting. We particularly support the courageous fight of teachers and the impressive demonstration that brought together, in Lisbon, on 8 November, 120 000 teachers from all corners of the country. This second large-scale demonstration in six months involved nearly 80% of this professional class. It has been followed by other events aimed at showing that teachers are determined to continue defending state schooling and fighting for their dignity and respect for their work which is essential for training the young generations and for ensuring development and progress in Portugal which has some of the worst school achievement levels in the European Union.

We also support the fight of workers from Pirites Alentejanas, in Aljustrel, against the halt in mining activity which the multinational decided to suspend six months after it was resumed, sending more than 600 people into unemployment. Measures must be urgently taken to prevent unemployment from worsening in such a deprived area and to prevent the country becoming poorer.

Georgios Georgiou (IND/DEM). – (EL) Mr President, I should like to inform Parliament that over the last three days, from 14 to 16 November, a country which is a candidate for accession to the European Union has had a naval presence occupying the Greek continental shelf. I do not intend here to advocate in favour of Greece. The Greek continental shelf is also part of the European continental shelf and I see no concern on the part of Europe in protecting its sovereign rights in the area.

I wonder how a country which behaves in such a way, with such a blatant presence and with such intentions, can join Europe and how we plan to accept this Asian country into Europe when it behaves in such a way.

Irena Belohorská (NI). – (SK) In October last year I made a written declaration warning about the emergence of an extreme right-wing organisation called the Hungarian Guard. Sadly, the inactivity of the Hungarian authorities, coupled with our indifference at a European level, have borne fruit. This fascism has now been exported to Slovakia.

Let us not stand idly by in the face of the provocations that have taken place over the past two weeks. On 8 November, in the Slovak town of Kráľovský Chlmec, 28 members of the Hungarian organisation marched in replica fascist uniforms and laid a wreath to the victims of wars with the provocative inscription *I believe in a Hungary reborn*. I am appalled that the act of intervention by the Slovak authorities remained unnoticed in Europe.

How is it possible that just at the time when Europe is commemorating the 70th anniversary of Kristallnacht, a Member State can tolerate on its own territory the existence of organisations such as the 'Nyilas', the Hungarian Guard, Jobbik or Hnutie 64? Can we really be indifferent to the fact that this amounts to a display of contempt for the millions of victims of the Second World War or to the fact that fascists are able to march through the towns of one of our Member States?

Ján Hudacký (PPE-DE). – (SK) On the day when we are commemorating the 19th anniversary of the Velvet Revolution in the former Czech-Slovak Republic, allow me to express my unease over the policy of the current Slovak government, particularly in the area of the economy, which has outlines very similar to those from the period prior to November 1989.

The attempts at complete political management of the private sector and the regulatory interference of the state to the extent carried out by this government are unacceptable in a healthy market system. Through amendments to the law on prices and criminal law the way has been opened to a new regulation of prices in connection with the transfer to the Euro, involving punishments of up to three years in prison for small traders and service providers.

In addition to the measures relating to increases in energy prices the government has come up with a range of populist pronouncements and threats, with an attempt to expropriate a number of private companies in

the energy sector and a proposal for hard, open-ended and superficial regulatory measures targeted against private entities in the so-called general economic interest.

Under the pretext of solving the financial crisis and the economic recession, the above-mentioned measures will prevent further essential liberalisation, deform the market environment and scare off potential investors.

Marek Siwiec (PSE). – (PL) Mr President, on 14 November in Poznań, as every year, a march for equality was held. A group of my young colleagues, members of the Federation of Young Social Democrats, took part in the march. Their slogan was *diversity yes, intolerance no*. This is part of a larger campaign being held by the Socialist Group in the European Parliament throughout Europe on the issue of tolerance, and which has been underway for many months now. When the demonstration was over, the group was attacked by about a dozen thugs who beat them up and snatched banners with the logo of the Socialist Group in the European Parliament. One of the victims was hospitalised. I expect those responsible for this incident to be tracked down and punished by the authorities in Poland. I expect political thuggery, which aims to replace dialogue, to be universally condemned by those involved in politics.

Ryszard Czarnecki (UEN). – (PL) Mr President, on Friday the EU-Russia Summit in Nice, hastily called in order to enable attendance at the G20 meeting, ended. The European Union in effect decided to renew negotiations with Russia on the partnership system, and in doing so went against its own decision, made on 1 September this year, that there would be no negotiations with Russia if Russian troops do not withdraw from the occupied territories of Georgia. The European Union is behaving in this matter like an old man, who remembers exactly what he did 50 years ago, when the Treaties of Rome came into being, and forgets what he did two months ago, when the EU gave itself and Europe its assurances on this important issue. It is now retreating from its own undertakings, and what was jointly agreed on 1 September has now been tossed aside.

In this context the question arises as to whether human rights, which we in the European Parliament often champion all over the world, should also apply to European countries such as Georgia and Russia, when the European Union is simply behaving like Pontius Pilate on this issue.

Monica Frassoni (Verts/ALE). – (IT) Mr President, ladies and gentlemen, perhaps you too have heard that there are no longer refuse crises in Campania. Well, that is not the case: a few days ago in Chiaiano, which was to have been one of the sites for Berlusconi's infamous dumps, 12 000 tonnes of asbestos and toxic waste was discovered. Where it came from no one really knows.

At present in Italy there is a decree in force that clearly goes against all European legislation concerning, above all, the protection of health as well as impact assessments. What is more, the situation is being treated as a state secret, since these areas have been declared out of bounds and it is impossible to gain any access to information on what is happening there.

We have called on the Commission to intervene; we believe it has a duty to do so because to have 10 000 tonnes of asbestos and toxic waste out there in the open air is a danger to everyone. We hope that Commissioner Dimas will take action and will do so publicly.

Árpád Duka-Zólyomi (PPE-DE). – (HU) Mr President, it is unacceptable that Slovak-Hungarian relations should unfold according to the intentions of extremist forces. We firmly condemn those who would spoil relations between these two peoples, for we know who the culprits are. In Slovakia, the government party, the Slovak National Party, is stirring up tensions with its hate speech against minorities, its outbursts that revile the nation and its anti-Hungarian slurs. In Hungary, by contrast, it is not the government authorities but extra-parliamentary extremist groups who are keen to over-react against these attacks. This is a fundamental difference.

Both phenomena are to be condemned. One of the reasons for the poisoning of relations between the two peoples is that the Socialist Group in the European Parliament turned a blind eye to the policies of the Slovak SMER party coalition, thereby fuelling extreme, explicitly anti-minority policies. Therefore the Socialist Group's decision to readmit the SMER into its ranks was a bad one, one that gives free rein to extremist anti-Hungarian expressions. Unfortunately, the coalition government in Bratislava does not provide an opportunity for the improvement of Slovak-Hungarian relations. Thank you.

Hannes Swoboda (PSE). – (DE) Mr President, I do not want to go into the details now, but I think that Mr Duka-Zólyomi – with whom I am good friends – is well aware that the Socialist Group in the European Parliament is highly critical of the coalition, and in particular of Mr Slota's party.

It is now time, however, particularly following the very welcome meeting between the two prime ministers, Mr Fico and Mr Gyurcsány, to arrange matters so that the two countries can resolve their problems together in peace, and not give radicals a platform. On that we agree: the radicals must not be allowed to continue spreading poison. That certainly applies to Mr Slota's verbal radicalism, but it also applies particularly to the Hungarian Guard. I call on both countries and both prime ministers, and all parties in this House, to make every effort to silence the radicals, to stop them blockading borders and to ensure that peacefully minded people who want to protect and assist minorities have their voices heard.

19. Welcome

President. – Ladies and gentlemen, It is my great pleasure to welcome to the gallery a group of former members of the first freely elected parliament of the GDR.

This Parliament entered the history books when it resolved to reunify Germany, and then dissolved itself shortly afterwards. The delegation is headed by the President of the Volkskammer at that time, Dr Sabine Bergmann-Pohl. A very warm welcome to the European Parliament.

(Applause)

20. One-minute speeches on matters of political importance (continuation)

Jim Higgins (PPE-DE). - Mr President, the eCall system in motor vehicles is a major advance in assisting emergency services to get to the scene of an accident as quickly as possible. The device identifies the exact location of the accident so that the medical, police and fire services are able to get to the scene as quickly as possible. This is particularly important in rural and isolated areas and particularly in the case of single car accidents.

eCall is now standard equipment in all new cars in many EU countries. Unfortunately, it is not available in my own country, Ireland, where we still have an unacceptably high level of fatal accidents. I believe that the system should be mandatory in all Member States.

This is about saving lives, and this device certainly saves lives. That is the reason I am calling on the Commission to insist that all Member States insist that this device be available in all new motor vehicles.

Vladimír Maňka (PSE). – (SK) According to research from the Institute of Sociology at the Slovak Academy of Sciences, Slovak inhabitants of Hungarian origin are proud to be citizens of the Slovak Republic. This view is held by more than 70% of people, which is the highest percentage in the history of the Slovak Republic.

This result sends a clear message, countering the claims of some politicians who are trying to convince Europe that the Hungarian minority in Slovakia is discriminated against. On the floor of the European Parliament some of my colleagues, instead of sitting down at the negotiating table, have for two years preferred a method of communication which radicalises the domestic political scene even more.

I would like to invite those who care about the friendly co-existence of Hungary and Slovakia to support the efforts of both premiers, who met on Saturday in order to coordinate the fight against extremism and to lead both countries in the direction of good neighbourly relations.

I appreciate the fact that, two days after the talks, the Hungarian premier adopted measures which will lead to changes in the laws against extremism. This will be the most effective weapon against those who today threaten democracy in this region and yet go unpunished.

Eoin Ryan (UEN). - Mr President, one of the key elements of the EU White Paper on Sport is the elimination of racism, particularly at football matches. Unfortunately racism has raised its ugly head at the Scottish Football League and we all very much regret that. Some players who have declared to play for Ireland have been subjected to racial abuse and also to the singing of the 'Famine Song', which is a huge insult, not only to the players, but to the Irish people.

I welcome the fact that the Scottish FA, and also the former British Home Secretary John Reid, are taking action on this. But racism cannot be tolerated no matter where it raises its ugly head, and I believe we all have to stand up and say that this is completely unacceptable and that it cannot happen no matter where it takes place.

Milan Horáček (Verts/ALE). – (DE) Mr President, at the EU–Russia summit in Nice last Friday, it was resolved that the negotiations on a new partnership agreement with Russia would be continued on 2 December, despite the fact that some Member States expressed concerns and that certain issues, such as further action in Georgia and the Caucasus, remained unresolved.

I have been watching developments in Russia with considerable concern. Quite mysteriously, the Duma has now voted to extend the president's term of office to six years. Human rights continue to be trampled underfoot, as demonstrated by the case of Svetlana Bakhmina, a former employee of Mikhail Khodorkovsky, the businessman imprisoned for five years: the authorities continue to refuse to permit her early release from a Siberian prison camp, even though she is heavily pregnant. In the negotiations, the European Union must not give in to Russia's blackmail attempts with regard to energy and must clearly address abuses of human rights.

József Szájer (PPE-DE). – (HU) Mr President, ladies and gentlemen, one of the most important rights of European citizens is the right to free movement. One year ago, when we opened the Schengen borders, strange obstacles appeared at certain borders of the new Member States, such as those between Austria and the Czech Republic, between Hungary and Slovakia as well as between Hungary and Austria. Near my home town, the Austrian authorities placed a 'No Entry by Car' sign on a road that is otherwise freely accessible to cars.

Consequently, since in our opinion this annoying obstacle is limiting one of the most important rights of European citizens, the right to free movement, my colleagues Othmar Karas, Lívia Járóka and I covered up the sign symbolically with the EU flag as a protest against this obstacle, which causes local people a great deal of irritation.

Today we no longer have to fight against the Iron Curtain, honourable Members – I have on several occasions already brought in this piece of the real Iron Curtain from near my hometown – but only against a few 'No Entry' signs, yet I think we should see to it that in the spirit of Europe, these too should be removed.

As to the Hungarian-Slovak conflict, I wish to say only that those protesting against extremists would have credibility only if they had done likewise when Ján Slota, a member of the coalition party, was making declarations against Hungarians and calling for the expulsion of Hungarians from Slovakia.

Kristian Vigenin (PSE). – Mr President, this year we commemorate the 70th anniversary of the *Kristallnacht* pogroms. It seems that the collective memory is becoming weaker and weaker, since we face rising extremism associated with racism, xenophobia, anti-Semitism and aggressive nationalism worldwide, including in European democracies.

Looking ahead to the 2009 European elections, the PSE Group is convinced that political representatives can play a positive role in the overall promotion of mutual respect and understanding.

The PSE Group is committed to raising awareness of the value of cultural and religious diversity as a source of mutual enrichment of societies. We always underline the necessity that public personalities should refrain from statements that encourage the stigmatisation of groups of people. May I express my confusion that the EPP has chosen – and still keeps – as its main partner in Bulgaria a party whose leader appreciates the statesmanship of Stalin, Hitler and Mao; who believes that the way forward to integration is to impose a list of Bulgarian names on every new-born child of non-Bulgarian ethnic origin; a man who says that there are Bulgarian citizens in Bulgaria, Turkish in Turkey, and if somebody is a Turk they should go to Turkey.

I wonder if you, Mr President, or the EPP support the same approach for the ethnic Turks in Germany. I underline how important the role of the European parties is in carefully selecting its partners, because when you exchange quality for quantity, the first victims are the EPP's credibility, the stability of the national political systems and, of course, the beliefs of the ordinary right-wing voters.

President. – Mr Vigenin, as you addressed me personally, I will take the liberty of pointing out that, in Brussels last Monday, the European Parliament held a very moving commemoration of *Kristallnacht*.

As far as my party membership is concerned, I am acting here in my capacity as President, and not as a member of a party, although I do of course feel attached to my party. You will have to ask those responsible directly, though, as it is not a question that can be addressed to the President.

Nicolae Vlad Popa (PPE-DE). - (RO) We welcome, first of all, the action plan adopted at the recent G20 meeting, as well as the particular contributions made by Mr Barroso and President Sarkozy. The final decisions made reflect the strategy discussed and adopted by the European Union's Member States.

We should also welcome the commitment of all the participants to work together to combat the current crisis in the financial sector. At the moment, people are not interested in disputes, only in real solutions. Interdependency generates two-way channels which allow the crisis to spread, but they can allow the solutions for economic recovery to spread too.

In Romania's case, unemployment in any country of the European Union accelerates the rate of unemployment in our emerging economy at double the speed. This is happening firstly as a result of people working abroad being sent back home and then due to the reduction in the number of jobs being offered by foreign companies, which are scaling down their activities.

At present, unemployment needs to be analysed at pan-European Union level, but the solutions need to be implemented and financed at both ends of these channels.

Gábor Harangozó (PSE). - (HU) Thank you very much, Mr President. Ladies and gentlemen, I would like to draw your attention to the pressures on the maize market which are especially rife in Central Europe. Bumper crops, unfavourable international market conditions and the fluctuating yields that are customary in Central Europe have driven prices well below the intervention level in certain regions within Hungary.

We must take steps on behalf of producers and in the interests of market stability. Under the present circumstances, Hungary itself is not able to buy up the surplus; nevertheless, there are other ways to stabilise the market. In the first place, the intervention quantity has to be raised for States that do not have seaports. The system must play the role of a safety net in this regard, as originally intended.

Secondly, for the benefit of countries without seaports, calls for tender must be issued for the purpose of exports to third countries. Lastly, the special private storage facilities must also be opened. Instituting these measures would greatly contribute to preventing the situation from deteriorating, and would help our growers to adapt to exceptional circumstances. Thank you for your attention.

President. – That concludes this item.

21. EMU10: The first 10 years of Economic and Monetary Union and future challenges (debate)

President. - We will now proceed with the debate on the first ten years of economic and monetary union and future challenges. In that connection, I would like to wish the Prime Minister and Finance Minister of Luxembourg and President of the Eurogroup, Mr Jean-Claude Juncker, a very warm welcome to the European Parliament.

(Applause)

It is, of course, also my pleasure to welcome the competent Commissioner, Joaquín Almunia.

Pervenche Berès, rapporteur. – (FR) Mr President, Mr President of the Eurogroup, Commissioner, I believe that this is an important moment, and the theme that we are going to debate today greatly affects Europeans as a whole.

I believe, and everyone is convinced of it today, that the euro is our greatest capital, our best investment. It is now time to assess matters, but through an assessment in a crisis period we clearly need to find the means to get things moving again. What kind of situation would we be in without the euro? Without the euro, Iceland would today be more or less like Ireland, or, rather, Ireland would resemble Iceland.

We have re-opened the debates in this crisis because everyone has realised just how central the euro was to our ability to withstand events not just in ordinary times, but also in times of crisis.

Commissioner, I should like to thank you for your sense of anticipation, for when, in May 2008, in this House, you put this document on the table, no one realised just how useful and necessary it would be, or how it would underpin vital work aimed at looking ahead to the future and at being able to tackle the crisis facing us on the basis of this solid foundation that is the euro.

However, I am fully aware that, in your discussion with the ministers for economic affairs and finance, they suddenly had their minds on other matters, they suddenly had their minds on matters to which they were not paying attention: those of the financial markets. You must remind them that, if they want in the future to emerge from the crisis situation we are in, they will not get away without doing two things.

They will have to balance Economic and Monetary Union. We have seen it done to manage the crisis on the financial markets. We are seeing it being done today to manage the crisis in the real economy with which we are faced. Monetary policy can do a great deal, by injecting liquidity to help the markets operate, and by lowering rates to try to revive investment. But that is all! After that, it is up to the governments to take action to save the banks, to drive out toxic products, and, in the future, to revive economic activity within the European Union.

It is therefore time that the ministers for economic affairs and finance used the Treaty, which tells them to regard their economic policy as a policy of common interest. On this basis, Commissioner, relaunch the debate at Ecofin, demand this road map that you have suggested to them, and realign yourself with us on the basis of the proposals, of our proposals, that you will have endorsed so that, in future, the euro really serves growth and employment.

With regard to monetary policy, of course, we respect the independence of the Central Bank, but we also respect the Treaty as a whole, and Article 105, beyond price stability, stipulates that the Central Bank must pursue the Union's other objectives. Need I point this out? Need I say that, tomorrow, we may open a new debate, as well? Is it not necessary, this is not in our report, but will it not be necessary to open a debate on the inclusion of a financial market stability objective in the monetary policy objectives? I put the question to you.

Clearly, we will not make progress with the operation of Economic and Monetary Union if we do take greater account of the relationship between the real economy and the financial markets. We are paying the price today for having forgotten this.

On enlargement, this crisis is re-opening the conditions of the debate, but I believe that we need to remain rigorous. Reform prior to entry into the Euro Zone is easier than reform after entry into the Euro Zone, even though this is extremely demanding. Commissioner, you made this a key point of your report: the idea that the differences that have emerged in the operation of the Euro Zone are a cause for concern. They are greater than we first thought.

Therefore, we, the European Parliament, call on you to provide the European Union with tools enabling it to observe the quality of public spending in order to see how the Member States react, and to ensure that this is not just a debate on thresholds, one that allows only a general debate and not a debate on the quality of public spending, which is the responsibility of the ministers for economic affairs and finance.

In the road map that you are proposing to us, we also believe, Commissioner, that you need to address the Member States today to ask them to review their plans. Their national reform plans do not take account, at present, of the latest forecasts that you have put on the table.

If we are to take the joint economic policy coordination exercise seriously, these plans now need to be reviewed on the basis of the growth forecasts that you have put on the table and that have been backed up and confirmed by the IMF and the OECD.

Lastly, of the proposals that we are formulating, I would draw your attention to the issues at stake in terms of the external representation of the Euro Zone. For too long we have adopted a passive attitude. The euro protected us. However, in addition to protecting us, it now has to enable us to be a player with a strong voice on the international stage, so that we are not just the floating link in a debate between the other major monetary powers. We are a major monetary power, we must accept the consequences of this in full, and this is also a matter for a consistent, concerted debate within the Council of Ministers.

We, the European Parliament, are more than willing to play our part in this exercise, as you know.

Werner Langen, *rapporteur*. – (DE) Mr President, I would like to welcome the representatives of the Euro Zone, the Prime Minister and the Commissioner for Economic and Monetary Affairs. Taking stock overall, I think we can say that, in its first ten years, the euro has been an unqualified success. It did not all go completely smoothly, but, particularly during the recent crisis in the financial markets, the institutions have proven their worth. On the basis of institutional cooperation within the Euro Zone, decisions could be drafted quickly, implemented promptly and, in particular, act as examples for all 27 Member States.

We have presented a report containing 62 detailed points, including an assessment of the past and prospects for the future. Mrs Berès has already talked about certain points concerning the outlook for the future, and I would like to expand on them. Behind all the positive responses to the euro, there is still the question of what is to happen next. Are the Euro Zone and the European Central Bank prepared for the forthcoming challenges? There will certainly be one challenge or another that will need to be analysed. I would like to remind you of the differences in the development of competitiveness in the Euro Zone, because the secret is that, although we have a central monetary policy, we have local budgetary and financial policies. The Stability and Growth Pact can only act as an anchor between these two levels if the Member States are prepared to stick to the pact, to accept the conditions and to demonstrate the necessary discipline. The Stability and Growth Pact is therefore now facing its first big test, in the form of the handling of the financial crisis. In my opinion, it has the necessary flexibility, and there can in any event be temporary exceptions in extreme cases, but the Stability and Growth Pact cannot be just set to one side.

The other question is what is to happen next with regard to debt. The package for the financial markets was wrapped up quickly, the governments took action, and there was a demonstration of an ability to act in a crisis, including by the Commission, but the question is, are we now going to cast aside the principles that have contributed to the stability of the euro, or are we going to succeed in developing and maintaining those principles?

On top of that, we have made myriad proposals that, due to the short time I have surprisingly been given to speak, I cannot and will not enumerate. The fact is, though, that we need a more authoritative and unified external representation of the euro – in which respect we fully share the position taken by the Prime Minister of Luxembourg and President of the Eurogroup. I was amazed that Mr Juncker, as President of the Eurogroup, was not invited to the most recent summit in Washington. I can say that quite openly, because it is such a contrast with all the positive developments. Naturally, we also want the European Parliament to be appropriately involved, and there is one item on the agenda that we have been debating for a long time, namely the issue of whether it is enough to increase coordination of budgetary and financial policy or whether – as France believes – it is not enough and we need, instead, to provide an institutional form of ‘economic government’, which is so controversial in Germany. Which is the right path to take? For my group, the answer is clear: we do not need economic government, but we do need greater coordination, including with regard to the agreed policy mix. We also, however, need the Member States to show the necessary discipline, otherwise the euro may find itself in difficulties over the long term, and nobody wants that.

Many thanks to all those responsible. Parliament is prepared to cooperate closely, and we are sure that we will be able to set the tone with this report.

Joaquín Almunia, *Member of the Commission*. – (ES) Mr President, Mr President of the Eurogroup, ladies and gentlemen, firstly I must, on behalf of the Commission, thank the two rapporteurs, Mrs Berès and Mr Langen, and all those who worked on this excellent report.

The quality of this report on the tenth anniversary of Economic and Monetary Union is to be congratulated. The cooperation between the various political groups, in a demonstration of the high degree of cohesion within this Parliament, should also be congratulated. This is yet another asset and another positive element of this Economic and Monetary Union, both in its present and in its future.

This Economic and Monetary Union has existed for ten years. That was the starting point for our analysis and also the starting point for the report produced by the Commission. It was also the starting point for the Commission communication that I had the honour of presenting to you on 7 May. However, the tenth anniversary of the euro and Economic and Monetary Union has coincided with an exceptionally difficult and complex economic situation. This allows us to analyse this Economic and Monetary Union in terms of how useful the euro, our single currency, our sign of integration, can be in tackling such a situation, which we have never experienced before.

The conclusion is that the first ten years of the euro have been very positive. In terms of the usefulness of Economic and Monetary Union in tackling the current situation, the conclusion is also positive. We are living through difficult times but we have in our hands an extraordinarily useful instrument to tackle these difficulties.

Obviously, the conclusions of the analysis in our communication that I presented here on 7 May and the conclusions of your report must be put into practice so that this instrument can be usefully applied at this moment in time. I agree with the two rapporteurs that coordination is a key element.

At the meeting in Washington this weekend, there was also talk about coordination. Without coordination, we cannot tackle this situation effectively. No one can solve their economic problems in such a situation as this without coordinating their economic policies. This was evident a few weeks ago when we had to confront the risk of collapse in the financial system. It is also evident now that we are having to face the prospect of a recession in most of our economies, and when we are, for the first time in our lives, even facing a risk of deflation.

Budgetary policies must be coordinated. The report on Economic and Monetary Union talks about the need to increase budgetary surveillance, to expand the way in which fiscal and budgetary policies are coordinated, as Mr Langen said. However, we must also bear in mind sustainability, as Mrs Berès mentioned, the quality of public finances and the fact that we have a system of rules in the Stability and Growth Pact, which was revised in 2005. This revision is now proving very useful, because at times of economic recovery it allowed us to move forward with fiscal consolidation. The euro area ended 2007 almost breaking even – for the first time in its history, with a deficit of 0.6-0.7% – but this means that we now have sufficient flexibility so that our fiscal policy can really help to sustain demand, as our monetary policy should also do.

The conclusions of our report are particularly useful now in terms of the need to link budgetary policies with structural reforms and, in this respect, I agree with Mrs Berès: we must review and adapt the national Lisbon programmes, the national reform programmes, and we must also review the stability and convergence programmes of the Member States and adapt them to the current situation. We will be discussing this in coming months and, for this reason, as you know, the Commission will, on 26 November, present an action plan incorporating objectives, instruments, policies and commitments. This plan will indicate the need to adapt the national programmes in order to unite national policies and make them convergent and consistent with a European strategy, policies and instruments. I agree with you and with the report that we must reinforce the external dimension of the euro and of Economic and Monetary Union.

As Mr Juncker is well aware, we must have a strategy in relation to the multilateral organisations and the other main parties whereby we can defend our interests in terms of our currency and our Economic and Monetary Union and thus defend the economic interests of the European Union.

This strategy must be based on principles and priorities, and also on instruments for taking action which will allow us to speak with a single voice, thus reinforcing the influence of each and every European and, in particular, of the euro area. This is also an issue of governance. I totally agree with many of the governance aspects that you have included in your report and I hope that the Finance Ministers in the Ecofin Council and in the Eurogroup will also agree.

Mrs Berès – I am about to finish – said in her speech that the Commissioner and the Commission should once again draw the attention of the Finance Ministers to the conclusions of this report. There is a Molière character who said that he thought he had been speaking in verse, but had in fact been speaking in prose without realising. I believe that the discussions now being held by the Ministers in the Eurogroup under the presidency of Jean Claude Juncker, by the Ministers in the Ecofin Council and by the Ministers at the Washington meeting are discussions which fit perfectly with the priorities and need for coordination reflected in the Commission's report and in your report, although some of them are probably not aware of this.

(Applause)

Jean-Claude Juncker, *President of the Eurogroup*. – (FR) Mr President, Commissioner, Mrs Berès, Mr Langen, ladies and gentlemen, I should like to begin by congratulating your two rapporteurs on the report they have submitted to you and to us, since we are reading it and we are debating it. This report is fair and goes far enough to ensure that we will be kept busy during the coming months.

I agree with the analysis made in Mrs Berès's and Mr Langen's report on the assessment of the first ten years of the single currency. There is nothing to add or to remove from what they have expressed in their report. Furthermore, it is a report that has the support of a large majority within this House, at least where the Commission has expressed its opinion on it. I note that the House's enthusiasm for the single currency is far more pronounced today than it was 12 or 13 years ago, even 10 years ago, and we should be pleased about that.

With regard to the economic divergences, the deltas between structural reforms and the differences in terms of the management of public finances, I should like first of all to point out that I did not understand what the report meant when it said that the results do not live up to the expectations that existed at the time of the introduction of the single currency. I know of no quantitative report on the divergences between the

various Member States of the Euro Zone. Given that this report does not exist, it is therefore a circumstantial comment, which I did not understand. I do share the view that these divergences tend at times to increase, something which, until now, has not threatened the cohesion of the Euro Zone but, were this divergence to persist, could harm its cohesion in the long term.

For the rest, and in this regard, we should be pleased that Europe – the European Union in general and the Eurogroup in particular – which is today faced with one of the most serious crises that it has had to tackle over the past few decades, has competently managed the crisis in which we currently find ourselves, not least by avoiding making the mistakes that were made in Europe during the 1970s. To say that we have not repeated the same mistakes is no small thing, for economically and politically, this has enabled us to prevent the crisis from increasing the divergences within the monetary Union and from helping to undermine its cohesion.

The fact is, in the face of a crisis of the size that we are experiencing and in the face of a crisis that is increasingly extending to the real economy, a strong and coordinated economic policy response at European level is necessary, and we need to reflect on the best way of organising it by taking account, on the one hand, of our conceptual and regulatory framework – I am referring here to the Stability and Growth Pact and to the Lisbon Strategy – and, on the other, of the seriousness of the crisis, the consequences of which are far graver than we imagined a few months ago.

The creation of the world's second major currency certainly brings advantages, but it also entails obligations, with the G20 of last Friday and Saturday in Washington reminding us of the obligations of ourselves and others. We have to use and make the most of the three weeks we have before the December European Council in order to skilfully hone our European strategy and to prevent disparate responses at national level. These disparate responses threaten us, of course. It moves me to hear the calls and renewed calls for economic policy coordination that are mainly expressed in the language of Voltaire.

I should like those who are calling for the coordination of economic policies first and foremost to set an example and demonstrate the sincerity of their words. I note that the various governments of the various member countries of the Euro Zone are pouncing greedily, and justifiably, on the problems being faced by their countries' automobile sector. I should like those who talk about the automobile sector and who continually talk about the coordination of economic policies to coordinate their national actions when it comes to taking initiatives in the automobile sector. The rest is of trifling importance. Really coordinate and prove, with an example to hand, the sincerity of those words.

(Applause)

With regard to monetary policy, you know how timid I am, I would never utter a word about it, except to say that I continue to believe that the role played by the European Central Bank over the last few months was truly exemplary.

Integration and supervision of the financial markets – that is another area of considerations that your rapporteurs have covered in their report. The G20 has set us an ambitious road map; it must be translated into concrete action by the G20, and hence by the European Union and by the members of the Eurogroup. You will no doubt recall that the member countries of the Eurogroup and those of the European Union were the first to demand that appropriate lessons be learnt from the crisis we are facing, and I do not wish to save my memories of that episode for a later date. For four years we – I am talking about those in charge of the Eurogroup – have kept on repeating to the Japanese and US ministers of finance and have kept on drawing the attention of our US friends both to the risks of their double deficit and to the risks created by systematically underestimating the risks, especially with regard to real estate.

For two years several of us, at G7 level and in particular under the German Presidency of the G7, demanded, with a certain bluntness of tone, more extensive regulation of the financial markets. I do not take kindly to the fact that those who rejected this in the past are today giving the impression of leading the European response. The US and UK Governments had all the time they needed to accept the Eurogroup's proposals on better regulation of the financial markets; they did not wish to do so. They should not give the impression today that they are leading the others.

On the enlargement of the Euro Zone, I have nothing to say that differs from what your rapporteurs said. I would simply point out that, belonging to the Euro Zone is, of course, an advantage, an opportunity, but that it also entails obligations of which some will have to be met before accession to the Euro Zone is possible.

This entirely understandable enthusiasm for the new formation of the G7 does, however, cause problems concerning the external representation of the Euro Zone. We have always appealed, within the Eurogroup, for the European Union and the Eurogroup to have a greater presence at the G20, at the International Monetary Fund and at the Financial Stability Fund. We, at the Eurogroup, were the first to demand a lasting and permanent seat for the Commission at the G20, something that did not prevent the President of the Commission from not claiming the Presidency of the Eurogroup – the consequences of which we shall see later. However, we believe that the European Central Bank and the Commission should be represented on a long-term basis at the G20, as should the Eurogroup, whether it be represented by the President of the Eurogroup, who is modestly trying to lead the finance ministers' work, to which Mr Sarkozy commented that they were unequal, or by someone else. I am not seeking the Presidency of the Eurogroup at minister of finance level for my own pleasure and glory, which is hardly inexhaustible; I am doing so out of a sense of duty. If others think that they can do a better job of these tasks, then let them do so, but they should apply the same intensity to them in the years to come as they give the impression of wanting to do at the present time.

For the rest, with regard to the EMU's economic instruments and the governance of our group, I believe that, over the last few years, we have made remarkable progress, but when we debate exchange policy and monetary policy at international level, it is unthinkable that the world's second major currency should not be represented in political and monetary terms by those responsible for managing these two aspects and these two areas of our common policy.

If we want the ministers of finance within the Eurogroup properly to manage the economic strand of Economic and Monetary Union, then the various Heads of State or Government need to give their ministers of finance the necessary instructions. In Luxembourg, as you know, this presents no problem whatsoever.

(Applause)

President. – Many thanks, Mr Juncker, not only for this report, but also for your committed work on this matter as President of the Eurogroup.

Jean-Pierre Audy, *draftsman of the opinion of the Committee on International Trade.* – (FR) Mr President, Mr President of the Eurogroup, Mr Juncker, Commissioner, ladies and gentlemen, I shall begin by congratulating my fellow Members, Mrs Berès and Mr Langen, on the quality of their report, and by thanking them for having incorporated the amendments tabled by the Committee on International Trade.

Ten years on from its creation, the EMU should be regarded as a European success story of which we should be proud. No one can dispute the fact – and many studies demonstrate it – that there is indeed a link between monetary policy and trade policy, and that, in this respect, the positive role of currency stability is necessary for the sustainable growth of international trade.

Increased use of the euro as an international currency benefits the Member States of the Euro Zone because it enables European businesses to reduce the exchange risk and to increase their international competitiveness.

However, although the European Central Bank, by prioritising price stability, has increased confidence in the euro, no one can seriously dispute the fact that inflation is a global reality and that, in an open market economy, this global phenomenon cannot be tackled by means of European monetary policy alone.

It is clear that the euro exchange rates have been too high for too long and have had negative effects, not least by constraining exports and by promoting imports within the internal market. Many manufacturers have voiced their concerns in this regard. According to a study that we commissioned within the Committee on International Trade, the ECB's high-rate policy has cost us, over the past few years, 0.5 growth rate points per year.

It is in this way that I regret that the Commission has not carried out a more precise analysis of the euro's international role and its repercussions on the internal market with regard to international trade.

The monetary policies conducted by some of the EU's partners with the aim of undervaluing their currency unfairly undermine trade. They could be considered a non-tariff barrier to international trade. It is in this context that we are proposing to study the feasibility of a body for regulating monetary differences on the model of what the States managed to create in the trade sphere at the World Trade Organisation.

This body, which would come under the IMF, could help to stabilise the international monetary system, to reduce the risk of abuse and to give the global markets back the confidence they need.

I support the Commission's proposal to develop common, European monetary positions, by obtaining in the long term a single seat for the Euro Zone within the international financial institutions and forums.

Lastly, I regret that the report does not take up the idea of an economic government. Mr Juncker, this is not an issue of sincerity; it is a political proposal for organising our Community instruments.

In times gone by, governments would settle major international disturbances with military wars. Today, we are fighting an economic and social war, but instead of having people die, we have people out of work, and we no longer really know who the enemy is.

In this context, let us not be naïve and let us work tirelessly to implement European economic and social governance. The latter may certainly not be enough in itself, but it is a necessary condition for the success of a European social market economy.

IN THE CHAIR: MR MAURO

Vice-President

Karsten Friedrich Hoppenstedt, *on behalf of the PPE-DE Group.* – (DE) Mr President, ladies and gentlemen, I would very much like to thank the rapporteur for his comments on the future of the euro and all the associated policy areas, and to say that he has garnered widespread support in the committee.

I am also grateful to the other participants, in particular to Mr Juncker, who was the face of Europe at the IMF meeting in Washington and made a very good job of it. We were proud of him, and I would just like to say: do not let the negative discussions discourage you from continuing this very successful work.

Ten years ago, I had the honour of speaking about the euro on behalf of the Group of the European People's Party (Christian Democrats) and European Democrats, and at the time I said, and I quote, 'the euro will be strong, in defiance of the negative comments', such as those from Chancellor Gerhard Schröder, as he was to become, who said at the time that the euro was a sickly premature baby. We repudiated that, and successfully in my opinion.

After all, the euro was brought into the world following several years of dieting by means of a strict, consistent fitness policy, and it has been a success. I do not want to go into that yet again. At the time, Gordon Brown was President-in-Office of the Council, and he stated quite clearly back then that the European Parliament had played a major role in the historic process of monetary union. Other players also spoke, including Jacques Santer, and also Wilfried Maartens, who at the time described the countries in the Euro Zone – first 11, then 15, then 16 of them – as the pioneers of a courageous Europe.

I believe that we in Europe need courage for the future, so that we can carry on working so successfully and continue to stand up in the world of the other major powers – the USA, Asia and the other world powers – successfully with the euro. The currency reserves held globally in euro are the best possible evidence of the success of the euro and of the Euro Zone.

Elisa Ferreira, *on behalf of the PSE Group.* – (PT) I want to congratulate not only the rapporteurs, but also the Commission on its initiative in preparing this text reviewing the first 10 years of Economic and Monetary Union. It is a strategic text and this analysis was vital.

As has been said here today, the euro is an undeniable success. From Lisbon to Helsinki and from Dublin to Bratislava, the euro has proved strong and solid, even during the current severe turbulence. It is clearly vital that the borders of this club are enlarged.

However, every day now the solidity of the European project is being put to the test in many other dimensions. As has been said, the euro is central to the functioning of the financial system. However, even the Commission's text clearly points to the fundamental conclusion that neither growth in the real economy nor social or spatial convergence have kept up with this success. On the contrary, the Commission clearly concludes that disparities have sharply increased during the first decade of the single currency.

This divergence affects regions in my country, in particular northern Portugal, and also other regions in other Member States. The single monetary policy, particularly the very high exchange rate, has had a greater impact on those regions which are more exposed to international competition and also on those that export most.

Today, the crisis resulting from deregulation of financial markets is seriously affecting the real economy and is further worsening the situation of many citizens in many regions. Those regions which are exposed to international competition, those which depend on small and medium-sized enterprises and those in which access to credit is very important are now falling victim to this process and depression is even threatening.

The euro's success depends on the trust placed in it by European citizens. The most powerful European countries have already taken steps to stimulate their national economies. We can cite, in particular, the initiatives taken in relation to the motor industry. However, Europe is more than that. It has to be much more than the more or less coordinated sum of national policies. The time has come to make the euro one of Europe's central tools to ensure a robust currency and also a robust real economy. The euro must be accompanied by mechanisms guaranteeing the central objective of achieving social and regional convergence, because, in essence, that is the heart of the European project.

The debate on coordinating economic policies in the euro area is now unquestionably more relevant and more topical. However, coordinating national policies is not enough. More needs to be done. Having a Lisbon Strategy that is purely the sum of national initiatives and having a Stability and Growth Pact that puts different amounts of pressure on the various countries using it and subject to it are limitations, to which we can add the limited budget available.

Crises generate opportunities. Monetary union can only be maintained if there is convergence in the well-being of Member States and their citizens, regardless of where they were born. How else can we mobilise the people to support the single currency? The Commission must be equal to its own diagnosis and that is why we anxiously await the concrete proposals to be made by the Commission on 26 November to this House and to the European citizens.

It is vital that this crisis leads to a new phase in the Union, in which consolidation and strengthening of the financial system are accompanied by real prosperity based on cohesion and a concept of citizenship which is also economic.

Wolf Klinz, *on behalf of the ALDE Group*. – (DE) Mr President, ladies and gentlemen, we are currently experiencing the most serious financial crisis in decades, and the European Central Bank and the euro have so far passed the litmus test of this financial crisis with flying colours. The ECB has acted quickly and decisively to deal with the crisis, and has done its job better than some other central banks; it has thus given an impressive demonstration of its crisis management abilities in difficult times. The euro has shown itself to be a strong currency, which has helped to keep the Euro Zone stable and has even been able to give a helping hand in the form of target measures to certain countries outside the Euro Zone.

The call for European economic government fails to recognise that much has already been, and is being, done to coordinate the policies of the individual Member States and to harmonise them. The achievements in this area can be credited, not least, to you, Mr Juncker, and I would therefore like to take this opportunity to thank you most particularly.

Countries outside the Euro Zone, such as Denmark and Hungary, are currently learning the hard way how expensive it can be not to belong to the Eurogroup and not be shielded by the protective umbrella of the euro. Countries that have previously been opposed to joining the Euro Zone, such as Denmark and Sweden, are now changing their minds and considering joining in a few years.

The financial crisis also shows how closely linked the financial systems are, and how vulnerable they are. It is therefore in our own interests for the countries that have not yet reached that stage to join the euro as soon as possible, and for the opt-out countries to change their minds, albeit not with concessions that do not fit in with the accession criteria. The European Economic and Monetary Union is a stable area with clear accession criteria, and this should not be watered down. The only thing that might be worth considering would be, with regard to the rate of inflation, not to use the three best countries in the European Union as the reference point, but instead to look at the Euro Zone as a whole, given that we are now a larger club with 16 members.

Since the Stability and Growth Pact was revised a few years ago, it has been flexible enough to respond appropriately, in times of economic imbalance, to challenges such as those of the current crisis. It would therefore be a mistake to try to weaken and redefine the requirements of the pact.

The crisis also makes it very clear that excessive deficits such as those seen in the USA are not sustainable in the long term, that economic development on credit on a massive scale does not work, and therefore that there is no alternative to measures for consistent budget consolidation. We are confident that, contrary to

what is currently being said on the financial markets and peddled in the media, the financial crisis will ultimately strengthen, rather than weaken, monetary union.

Eoin Ryan, *on behalf of the UEN Group*. – Mr President, first of all I would like to congratulate Mrs Berès and Mr Langen for the work they have put into this very important report. It is an excellent report and one that should be taken notice of.

When this topic was first reported at committee level, we were experiencing a very different economic climate. The subprime crisis in the United States of America had emerged, but I do not think anyone foresaw the repercussions and the extent of the effect it was going to have on financial markets right across the world.

As the financial situation has worsened, the tone of our debates here in the Committee on Economic and Monetary Affairs has changed. The current crisis is a global one, and to get through it we need a coordinated global response, so I very much welcome the initiative that was taken at the weekend and the outcome of that. There is a lot of more work that needs to be done, but I think that is a very good start.

For Ireland, the stability brought about by the euro currency, notably as regards interest rates and foreign-exchange rates, is a key factor in enabling us to emerge from the turmoil, not unscathed, but certainly still standing.

If there is still anyone in Ireland or elsewhere in the Euro Zone or elsewhere in Europe that doubts the benefit of euro membership, just look at the north-west of Europe and take note of what is happening in Iceland.

If people in Ireland had listened to those who opposed not just the Lisbon Treaty but also the Maastricht and Nice Treaties, where would Ireland be now? We would be outside. We would not be in the Euro Zone and we would be very badly affected economically because we would not have the stability which the euro has brought to the country.

I do not expect an answer from those parties like Sinn Féin who have consistently opposed Europe and the steps we have taken, but I really believe that it is time that they stood up and said what exactly they think and where they stand on the whole issue of Europe and our economic future.

Pierre Jonckheer, *on behalf of the Verts/ALE Group*. – (FR) Mr President, Mr President of the Eurogroup, Commissioner, on behalf of my group, I should also like to thank Mrs Berès and Mr Langen for the important report they have submitted to us. With its 62 paragraphs and 14 dense pages, it provides much food for thought. I should like to take advantage of the President of the Eurogroup's and the Commissioner's presence to share with them, again, on behalf of my group, several remarks that, in our view, deserve to be examined more fully than is the case in the report.

The first remark concerns the euro exchange rate policy. I admit that I still do not understand whether or not there is an exchange rate policy for the euro in relation to the other international currencies and whether, at the G20 or elsewhere, there is a discussion about the way in which the United States' very substantial deficits are going to continue to be financed.

My second remark relates to the topic of coordination. I believe that the euro is a success, particularly from a political point of view, because it gives the European Union the status of a political power. However, I also believe that its coordination is not working very well, and this, at least, on three points.

The first point is the issue of taxation. You know what the Group of the Greens/European Free Alliance's opinion is on this matter: we are in favour of tax competition within the Union, but fair tax competition. We believe that we are lagging too far behind when it comes to combating tax havens, including within the European Union, and we believe that we are lagging too far behind when it comes to extending the Directive on savings income.

With regard to the issue of budget policy coordination – which is the second point – I note that the Member States are all embarking on 'revival' plans. At European level, I hear Mr Strauss-Kahn say, for example, that 1% of the Community's GDP needs to be pledged, a figure that represents practically the entire EU budget for one year. Where do we stand with regard to that point of view? I believe that the coordination effort is not going very well and I also believe that the responses you are providing with regard to the revisited Stability and Growth Pact are neither sufficient nor a match for the challenge awaiting us.

Lastly, the third point on which coordination seems to me to be poor and insufficient is the wage policy conducted within the various EU countries. In reality, Germany has built up its strong performance over the

past 10 years by practising a wage policy that, in view of the size of the German economy, is responsible for the overall momentum of the Euro Zone. I believe that this presents a problem in terms of the level of internal demand and of the level of wages for a number of job categories, not to mention the problem of job insecurity.

On these three points, Mr President of the Eurogroup, I shall expect, from yourself and from the Council of finance ministers that you represent, more ambition for the future, since we are also talking about the challenges to come.

Sahra Wagenknecht, *on behalf of the GUE/NGL Group.* – (DE) Mr President, ladies and gentlemen, 10 years after the introduction of monetary union, Europe finds itself in a major crisis. Banks are collapsing, or are being propped up with billions from national budgets; the market is collapsing, and millions of people are afraid for their jobs and their future.

It is not only the market that has failed: the prevailing policy seems unable to learn from its mistakes. We take the view that serious mistakes were made in setting up Economic and Monetary Union. One of those mistakes was the structural separation of monetary and fiscal policy: one cannot create a common currency without at the same time harmonising taxation and expenditure policy, at least in broad outlines. It seems to me that the economic imbalances within the Euro Zone have increased enormously. What we now need is, indeed, better coordination of economic, and in particular taxation, policy. We need effective measures to combat tax dumping; tax havens also need to be closed and movements of capital finally need to be controlled again.

The second serious mistake, in our view, lies in the structure of the Stability and Growth Pact. In times like these, anybody who thinks that budget consolidation is essential is obviously living in another world: nothing would be more disastrous than responding to this economic crisis, at this point, with obvious saving programmes. The stability pact has clearly proven that it has failed. It should be replaced by an integrated European strategy for solidarity and sustainable development. In our opinion, we need an investment offensive to renew public infrastructure and to improve the lives of socially disadvantaged groups in Europe.

The third mistake, in our view, lies in the structure of the European Central Bank itself, which is not subject to any democratic supervision and which has as its sole objective price stability. We would advocate introducing democratic supervision for the European Central Bank, and we also call for the ECB's monetary policy mandate to be adjusted so that, in future, growth and employment have to be given at least the same weight as price stability.

The current crisis is also an opportunity for far-reaching reform of the European monetary and financial architecture. This opportunity must not just be frittered away.

Nils Lundgren, *on behalf of the IND/DEM Group.* – (SV) Mr President, if we had a common literary reference framework in Europe, I would begin my speech with a quote from a great Swedish poet: *The voice of flattery lulls you to sleep: listen to the voice of truth some time.* The meter is alexandrine with a caesura. Both rapporteurs make the assessment that the monetary union has been a success. As a result they are helping to create a myth surrounding the euro that is not anchored in critical Western thinking.

The truth about the euro is quite different. Firstly, its first ten years have entailed enormous costs in the form of reduced growth and increased unemployment. Secondly, the monetary union has not been tested in hard times until now. Research points to the fact that the effect on the volume of foreign trade could be fairly large, perhaps even 3–4% of GNP. On the other hand, it is apparent that the socio-economic profit from this increase in trade is very modest, perhaps 3–5 per mille of GNP, which is a one-off profit. This negligible increase in prosperity has been gained at the expense of the Euro Zone countries not having been able to conduct an independent monetary and finance policy. Germany went into this monetary union with a heavily over-valued currency and has lived with a high rate of interest and too restrictive a finance policy.

The costs have been considerable, and so how is it going now? The story that has been put together is that the countries of the Euro Zone have united forcefully and have led the fight against the financial crisis. As everyone knows, this is a myth. It was the United Kingdom, which is outside the monetary union, and Gordon Brown who took the initiative. The Euro Zone followed on afterwards.

Roger Helmer (NI). - Mr President, let me congratulate Mr Lundgren on his remarks and also challenge Mr Ryan of the UEN Group, who tells us that the stability provided by the euro has been an enormous boon to Ireland. If he had been following recent Irish economic history, he would know that the inflexibility of the euro monetary policy has contributed to serious inflationary problems, especially in the housing market,

and that the Irish housing bubble has been much more severe than it need have been if Ireland had been able to control its own monetary policy.

We were offered great benefits with the euro; we were offered ease of travel, growth and efficiency, and transfers of money between Member States would suddenly become easier. But this has not happened. Yes, we have got the ease of travel, but we have not seen the growth and efficiency, and I believe that it is nearly as difficult and expensive to transfer money between euro-zone states as it ever was.

Those of us who had doubts about the euro project have been vindicated. What we have is the wrong interest rate for most countries most of the time. Italy has had the most fearful crisis of competitiveness, with its unit labour costs increasing by 40% compared to Germany. We are told that the euro is a great success because of its strength as a currency. Well, we should go and ask some euro-zone exporters what they think of the strength of the euro. It is doing huge damage to them.

The real test of a currency's success is the degree of confidence in the market, and that is measured in this case by the bond spreads between euro-zone states. The last time I looked, the bond spread between Greece and Germany was over 150 basis points. This is not sustainable. It shows a total lack of confidence in the euro from the markets. The question for us is not how long can the euro last, but which Member State will leave first.

Ján Hudacký (PPE-DE). – (SK) Mr President, Commissioner, allow me to begin by thanking both rapporteurs for a well-balanced report.

In connection with this report I will first of all respond to the current problems in the Euro Zone. And despite ten years of positive effects achieved through its operation, the Euro Zone faces new challenges over how to confront the financial crisis and the subsequent economic recession.

I would like to contribute by pointing out some of the unsystematic regulatory interventions made by a number of Member State governments in the market under the pretext of sorting out this new situation.

I must say with some surprise that the governments of Member States are often encouraged to make certain unhelpful interventions in the financial sector by some of the statements from certain representatives of the European Union, and these often resolve only the peripheral aspects of the situation.

This applies in the case of adherence to the conditions of the Stability and Growth Pact, for example, where some governments are already signalling that they will apparently not be sticking to a planned deficit in their public finances and referring in this context to the encouragement of the European Union.

The takeover of troubled financial institutions by the governments of some Member States will create a dangerous precedence for the expropriation of private companies in any sector whatsoever who are not willing to adapt themselves to un-systematic regulatory and discriminatory interventions carried out, for example, in the interests of holding down inflation.

The large-scale financial interventions in some sectors of the economy, such as the automobile industry, give rise to questions as to whether or not such interventions cause excessive market deformation and also discriminate against other sectors.

Without clear and careful coordination and clear rules at a European Union or Euro Zone level, it will be difficult to manage these very challenging processes.

In this context, I would like to urge the representatives of the European Commission and the European Central Bank and other relevant EU institutions to take a considered and coordinated position when looking for an optimal solution in these difficult times, when the whole of Europe faces economic recession.

In the short-term, excessive regulation and government intervention in the free market may temporarily halt further economic collapse in the EU, but in the medium term they will certainly not bring the boost to development that is so much expected.

Antolín Sánchez Presedo (PSE). – (ES) Mr President, Commissioner Almunia, ladies and gentlemen, Economic and Monetary Union has added a new dimension to the European integration process. Its governance is based on two asymmetrical pillars: monetary union, which is federal in nature, and economic coordination, which is intergovernmental. Both must ensure the stability, growth, fairness and sustainability that our citizens demand.

The review of ten years of the euro area is positive. The proof lies in the fact that the euro is increasingly regarded as a refuge and place of security for Member States. However, we need to go further and expand its scope. We need to do this in order to confront the challenges of globalisation, climate change and population ageing, and also the current financial crisis which necessitates improvements in the way we operate. We also need to do this in order to tackle the spectre of recession which is emerging for the first time.

The euro cannot simply act as a safety anchor, but must also be an engine that can drive growth. The euro area and Economic and Monetary Union must be capable of responding to these challenges.

I must congratulate the rapporteurs on their excellent work and, in particular, thank them for having incorporated two of my proposals. The first was to introduce, in the definition of our monetary policy, together with the economic pillar and the monetary pillar, the need for a financial analysis in order to correctly define this policy. Its definition must take into account the transfer of monetary policy, the development of credit and financial assets, the characteristics of new products and the concentration of risks and liquidity.

Secondly, we must take account of the divergences between the Member States, which will increase with the enlargement processes. A 'one size fits all' monetary policy will not in many cases suit the situation of the various countries. It should therefore be adjusted by introducing financial facilities for those countries which may experience contractive effects due to the 'one size fits all' policy, given that the expansive effects can easily be corrected through fiscal policy.

Margarita Starkevičiūtė (ALDE). - (LT) It is said that any crisis highlights all the strong and weak points of economic and institutional structures. I must admit that previously I had little doubt that greater attention to countries in the Euro Zone would create preconditions for the emergence of a two-speed Europe and that developing economies, like Lithuania's economy, would face obstacles to their entering the Euro Zone. But the current events in the financial markets have changed my attitude to the Eurogroup's role and influence on the European Union.

It is obvious that the Euro Zone has withstood the first strong wave of the financial crisis. It is clear that the economic downturn can be halted by implementing an economic policy, which is better coordinated among Member States, which speeds up integration and the expansion of the internal market. Those countries, which have remained outside Euro Zone's borders, have suffered more. For the most part we suffered and became victims of the financial crisis because capital is being taken back. That is why sometimes we object very strongly to decisions, which would ease the movement of capital in the countries of the European Union, it is not that we are against integration. As a professional economist, I know that integration processes encourage economic growth. But we would really like the Euro Zone to become a rock, which would beat back the waves of the financial crisis, a rock which we could climb onto and where we could seek shelter from the icy winds.

What needs to be done to make the strength of the Euro Zone the strength of the entire European Union? We should certainly avoid proposing a lot of new measures. Commissioner, today I looked through the resolutions, which the European Parliament adopted on economic policy. Now it would have been to our benefit, if at least part of those proposals had already been implemented. There are a great number of proposals and it seems to me that we will not think of anything more. Now we ought to consolidate those proposals.

At the moment there are discussions as to whether we need greater state interference or a more liberal policy to overcome the economic recession. I would say that both economic strategies should be used. Above all, what is obvious is that we need a social safety net, where the state offers support and maintenance, so that people who have lost their jobs due to the crisis, due to restructuring, can find a new place in life. On the other hand, we need liberal reforms so that the integration process becomes stronger and creates opportunities for business expansion in the European Union. Here the Euro Zone has a strong part to play.

In conclusion, I would like to join my colleagues and say to you, Mr President of the Eurogroup, that we value your work and know how complicated this all is – at least in the European Parliament you have support.

Dariusz Maciej Grabowski (UEN). - (PL) Mr President, a review of the ten years of Economic and Monetary Union should be assessed from an international perspective. The question we should ask is where the European Union has shown its advantages over its main competitors in the world, that is, the USA and Asia. This perspective clearly shows that the Euro Zone balance sheet is in the red. The European Union has been developing more slowly than its competitors. Growth in jobs, and particular the growth in labour productivity has been lower than in the USA, not to mention Asia. This means that the common currency is not fulfilling its fundamental role.

Another aspect is the future of the Euro Zone: documents of the European Central Bank and the authorities of the EU are placing increasing emphasis on the need to use the euro as a tool to impose uniform economic policies on the Member States, particularly as regards budgetary and fiscal policies. This declaration is of concern to the more backward countries, particularly the new Member States. How can they develop and close the gap with the old Member States if they are forced into a policy that slows economic growth in all Member States?

The main criticism of the European Central Bank is that in striving to make the euro a world currency, it is ignoring the economic problems of the regions and the less developed Member States. It is also failing to take into account social aspects, such as demographic structure and the mobility of citizens.

The position of the EU authorities is even less acceptable when it is considered that for many years both Germany and France failed to comply with the stringent conditions of Maastricht, because they knew that this was in their national interests. Furthermore, they were never called to account or punished. Therefore, in my view, what is needed is not to continue the present economic doctrine of the Euro Zone, but a radical change which will help not only to counteract the present financial crisis, but will above all release the energy for every Member State of the EU to develop economically.

Kyriacos Triantaphyllides (GUE/NGL). - (EL) Mr President, the proposal by the European Commission on the first ten years of Economic and Monetary Union contains a series of contradictions. It aims to close a cycle of market deregulation, while in the real economy the prices of goods and services are at an all-time high and unemployment in the Euro Zone is forecast to reach 8.6% in 2009 and 9% in 2010.

Developments confirm that there has been no narrowing whatsoever of the gap between rich and poor. The global economic and financial crisis is directly linked to limitations on the state and the policy of deregulation. Furthermore, while we have confirmation that the distribution of wealth has been uneven, the Commission is advocating in favour of the continuing application and levelling effect of the Stability and Growth Pact and a stronger role for the International Monetary Fund.

This approach rides roughshod over the peculiarities of the economies of the individual Member States and clashes with the philosophy of different rates of growth in each Member State.

Hanne Dahl (IND/DEM). - (DA) Mr President, this year it is ten years since the introduction of the euro in a large number of countries within the EU. In Denmark we have rejected the introduction of the euro twice after long and in-depth debates, and now it is time to take stock and review the situation. We need to look very critically at our common currency. Since July, the euro has fallen by 30% in relation to the dollar after the start of the financial crisis. Investors lack confidence in the euro. The question is, why? Part of the answer is obvious: there is a lot to suggest that the monetary policy pursued within the EU, which only looks at fighting inflation, is not the correct one. The very stringent finance policy that Member States are forced to pursue on account of the Stability Pact is simply not the right one just now. The low rate of the euro in relation to the dollar is a result of there being no confidence in the economic policy of the countries using the euro. We can also say that the financial crisis demonstrates something else – that the euro's 'one size fits all' standard does not hold true. More and more economists are of the opinion that an expansive finance policy should be pursued. If we want to use it as a tool, we need many more individual economic policies than the euro will allow. 'One size fits all' will never fit anyone very well. It will always be a poor fit for everyone.

Finally, I have to say to Mr Klinz – who said that we in Denmark would like to join the euro and that our currency is weak – that the Danish economy is as solid as a rock and that we have managed the financial crisis better than the average euro country.

Andreas Mölzer (NI). – (DE) Mr President, on the occasion of the 10th anniversary of economic and monetary union, there is really very little to celebrate. We are desperately trying to use a variety of rescue packages to prevent a dam bursting in our financial system, and all we are managing to do is patch up the breaches inadequately. The banks have pocketed billions in government money, whilst at the same time distributing bonuses and profits, and the average citizen has been made a fool several times over: his tax money has ended up on the banks' roulette tables, and in return he is threatened with unemployment and possibly even losses on his savings and pension fund.

In the middle of this dilemma, voices are now being raised saying that we finally have to do something to ensure that European companies do not end up in the hands of non-European, for example Chinese, owners. This sell-off of Europe started years ago, with cross-border leasing and other such machinations. What is

more, the EMU is in a certain amount of trouble in view of Greece's spiralling debt and Italy's carelessness after joining the Euroclub.

We therefore need to ensure that mistakes made in connection with the euro are not repeated by new members, and that no more risky financial games can be played with public money, in other words with the people's money. Not only do we need strict EU-wide monitoring of dubious financial constructs, but we also need to require a solidarity contribution from those who have profited from speculation. Above all, the EU must, in principle, renounce completely untrammelled capitalism, and instead protect its citizens from unbridled greed and the negative effects of uncontrolled globalisation.

Othmar Karas (PPE-DE). (DE) Mr President, Mr Juncker, ladies and gentlemen, Mr Mölzer seems to have missed the point, as nothing that he said had much to do with the euro.

The euro and enlargement are the European Union's most visible successes of the last 10 years. We must, however, also bear in mind that these successes would never have been possible without the Maastricht criteria, the Stability and Growth Pact and the European Central Bank, and without political will and a willingness to take responsibility at European level. We are now talking about cooperation and coordination. It is true that we need more cooperation and coordination, but, for that to be possible, we will need to trust each other more. We need more cooperation and coordination, not least in light of more Europe with respect to economic practices.

During diverse crises, the European Central Bank, the Federal Reserve and the Bank of Japan have helped to protect Europe from monetary crises. I would therefore once again stress that there can be no summit without representatives of the Euro Zone and of the European Central Bank. The financial crisis has demonstrated that the euro has helped us to avoid currency speculation, and to prevent it from occurring in the Euro Zone. The reactions in Denmark, the United Kingdom, Sweden and Hungary very clearly show us what the euro has done for us.

My final point, Mr President, is that we also want the European Union to be represented in the IMF, the World Bank and the global financial economy in accordance with its strength. We call on all those who are now clamouring for global regulations to do in Europe and in their Member States what they are demanding that others do.

Olle Schmidt (ALDE). - (SV) Mr President, Commissioner, Mr Juncker, I would like to begin by giving my hearty congratulations to a mature ten year old and my thanks to both rapporteurs for an excellent report.

The last few months have, of course, demonstrated the strength of the euro. Few people believed ten years ago that the euro would be such a formidable success. Some countries, my own included, waited anxiously outside. Some critics probably thought that the euro would not pass the test, just as Mr Lundgren said. But he and the other prophets of doom were wrong. After months of financial uncertainty it is clear that only cooperation in economic matters, with the euro as the linchpin, can provide the certainty that the current global economic systems require. Precisely the fact that it was joint actions that led to an easing of the market proves the strength of the euro cooperation.

The euro should be the currency of the whole of Europe. If this vision is to become reality, then the already stringent convergence criteria should not become even more stringent. I therefore think it is wrong to make membership of the euro into an exclusive club with higher entry requirements, which one of the amendments requires.

Allow me to say a few words regarding Sweden's position outside the Euro Zone. For Sweden, which has only one foot in the European Union but is still outside the Euro Zone, the advantages and disadvantages are clearer now than ever before, even, I hope, to Mr Lundgren. When the previous financial crisis hit Sweden in 1992, we could ultimately do nothing other than allow the krona to fall. Lessons learned at that time led to our decision to become part of the European family. Over the last year, the Swedish krona has fallen in value against the euro. Now, as the financial crisis is being dealt with, Sweden finds itself outside both the protection offered by the euro and the resolutions adopted and required by the crisis management within the euro group. It is now that small countries like Sweden should realise the value of a common currency. The stability that the euro offers allows the long-range view that is important for a country that is as dependent on exports as Sweden is. Sweden has good economic development, that is true, but membership of the euro would have given us more stability in our monetary policy and have created more jobs, a more stable economy and stronger exports.

The Swedish parties should therefore be prepared to review their passive attitude to the euro as a currency for Sweden. Sweden should be a full member of the European Union. It is therefore time that we began to talk seriously in my country about a new referendum. For my part, I am hoping for Swedish membership within five years.

Zbigniew Krzysztof Kuźmiuk (UEN). - (PL) Mr President, I would like to draw attention to two questions in this debate, questions which in my view cast a shadow on the functioning of economic and monetary union. Firstly, we have the more rapid development of the countries outside the Euro Zone than those within it. In 2002-2007 the old Member States outside the Euro Zone – England, Sweden and Denmark – developed much faster than the Euro Zone countries. GDP growth in these countries was almost double the average in the Euro Zone, and unemployment rates were significantly lower than in the Euro Zone. The differences between the Euro Zone countries and the new Member States are even more telling.

Secondly, there is the unequal treatment of countries aspiring to economic and monetary union, and those already in it. The candidates for monetary union have to meet strict fiscal and monetary criteria for two years before adopting the currency, while the two largest EU countries – Germany and France – who are in the Euro Zone, exceeded the budget deficit threshold for the four years between 2002-2005. A change in the Stability and Growth Pact was necessary for these two countries to avoid having to pay several billion euros in penalties for non-observance.

Jens Holm (GUE/NGL). - (SV) This report praises the EMU. I wonder what there is in fact to celebrate. The Euro Zone is in a recession and unemployment is rising sharply. Several of the large EMU countries no longer meet the basic economic requirements for membership. This alone indicates what a rigid project this is.

Five years ago the Swedish people voted against the EMU. However, on repeated occasions I have heard the Commission say that Sweden sooner or later must join the EMU. I would therefore like to take the opportunity of asking the Commission whether you can clarify this once and for all. Must Sweden join the EMU?

The EMU requires a fundamental reform. A clear objective for the European Central Bank to combat unemployment should be included. Greater economic flexibility should be allowed. These would represent a few important steps in the right direction.

Zsolt László Becsey (PPE-DE). - (HU) Thank you, Mr President, I consider the introduction of the euro a success, since we have seen unemployment fall and employment rise, given the stability that lies behind the euro. Further proof has come from the current crisis, for any country that can use this strong reserve currency simply cannot have balance of payment difficulties, whereas others – such as Hungary – are experiencing such problems.

However, the Euro Zone has not succeeded in achieving convergence, despite cohesion fund support, and what we should be examining instead are the reasons for this. It is a very strong magnet for capital. Therefore, I suggest that in examining what happened, we should take into account not only GDP but also GNI.

I am pleased that the report has included the point that measures should be taken against Member States who have continuously provided incorrect, rose-coloured forecasts – as we know from the events in Hungary in 2006 – and I believe that this is indeed necessary.

I think it important that we should preserve the prestige of EU membership. On the one hand, states that are not members of the European Union should not enter the Euro Zone, since this would mean that we could not justify the dramatic efforts made by certain states to become members.

The tools of the ECB, particularly during the current crisis, should be used for each Member State, especially as regard liquidity; we should not be selfish in this regard. This gives meaning to the EU's protective shield and to membership in the internal market, which represents a significant challenge, particularly for the less developed Member States. But similarly, we should take this into account in the composition of the ECB Executive Board.

The most important consideration, however, is the external representation of the Euro Zone. This is necessary, but each Member State should be involved in conferring the mandate for the external representation of the Euro Zone; external representation should not be an exclusive club, since the EU is a unified entity.

Finally, I would like to say that Member States need to enter the Euro Zone as soon as possible, under strict but logical conditions. Therefore, I am pleased with Mr Klinz's reasonable suggestion that the reference countries be limited to the EU area countries. Thank you for your attention.

Vladimír Maňka (PSE). – (SK) In connection with the financial crisis in recent weeks the inhabitants of Europe have seen how the Member States in the Euro Zone are better equipped to cope with large disruptions. People also see this in my own country, Slovakia, which joins the Euro Zone on 1 January.

The financial investors and speculators from the currency markets already consider us to be part of the Euro Zone. It no longer pays to speculate with our currency, since we have established a fixed conversion rate. At the same time, the currencies of our neighbouring countries are falling. Speculators see in them a level of risk which they do not wish to incur, due to the crisis on the financial markets. Some currencies have fallen to their lowest levels in years.

The adoption of the euro for a small and open economy shields entrepreneurs and inhabitants from fluctuations in the exchange rate. Even the inhabitants of the country with the highest level of employment in the world, Denmark, which has long had one of the highest levels of competitiveness and highest standard of living in the world, have discovered that if they were members of the Euro Zone they would have more favourable rates of exchange and they would be better able to tackle the current global problems. The same also applies to Sweden, of course, which we have been discussing here today. Perhaps now is the right moment for them to reassess their entry into the Euro Zone.

The criticism has been raised today by a colleague from my own country that the Slovak government is drawing up measures for strengthening the framework of regulation and supervision. I would like to draw his attention to a resolution of the European Parliament, which recently asked the Commission to propose measures for strengthening the framework of regulation and supervision across the entire EU. There is no other way. That is why a majority of MEPs from various political groups voted in favour of this option.

I would like to end by congratulating both rapporteurs for an excellent report.

Danutė Budreikaitė (ALDE). – (LT) The Economic and Monetary Union is 10 years old. It is a fine anniversary, but also an occasion to consider how the EU and the global economic, financial and political situation has changed and whether the Maastricht criteria suit current global changes.

In 2005 the Stability and Growth Pact was reviewed, perhaps because its requirements had not been implemented by the largest countries in the Euro Zone.

In a period of 10 years virtually none of the countries in the Euro Zone had implemented all of the Maastricht criteria.

We know that the European Central Bank's inflation target is 2%. If we were to look for this target today, then we would see that it has not been achieved by any EU countries; their inflation this September ranged from 2.8% in the Netherlands to 14.7% in Latvia, and the Maastricht price stability criterion would be 4.5%.

If the members of the Euro Zone fail to implement the price stability criterion, how can we talk about inflation stability? Talk of inflation stability began in 2006, when the Euro Zone started to expand. Are we talking about new requirements purely for new Euro Zone candidates? What are the prospects for Euro Zone expansion?

I invite the European Commission and the European Central Bank to review once more the Economic and Monetary Union's principles, government, and the Maastricht criteria, asking whether they are being implemented in the current global economic and financial situation and what the future holds for the Economic and Monetary Union and candidates to the Euro Zone.

Ryszard Czarnecki (UEN). – (PL) Mr President, Mr Juncker, you are out of luck, because today's debate on the success of euroland is being held at a moment when Eurostat has announced that a major recession is starting in the countries which have the common currency. This should incline you to self-criticism, rather than to the unbounded propaganda of success. In their report, the authors praise the fall in unemployment, which over nine years has admittedly been just over 1.5%, but forecasts now predict a significant increase in unemployment in the Euro Zone in the coming year. The other side of the coin is less pleasant, and the report does underline this, and that is the very unsatisfactory economic growth and significant reduction in productivity (from 1.5% in the 1990s to 0.75% in the past decade).

It is clear that the euro is neither a panacea for economic woes, nor an instrument that by its nature provides faster economic growth and greater prosperity than in the EU countries outside the euro – Sweden, Denmark and Great Britain.

Margaritis Schinas (PPE-DE). - (EL) Mr President, there can be no doubt that the birth of EMU and the euro are one of the highlights in the sixty-year history of European integration.

This is the first time in Europe and in the world that we have had such a structured changeover to a common currency, without war, without bloodshed, by consensus and through the political will of independent countries which jointly and democratically decided to take this road towards monetary stability. It has been a difficult road, but a road which suited both components in Europe: both those countries which were accustomed to financial stability and continued to pursue the same anti-inflationary policies and the others which, after decades with no financial discipline, found for the first time in the euro an oasis in which they could rationalise and restructure their economic basics.

So much for the past. Now, however, we are in a very difficult phase, at a crucial stage in which we must look at the 'E' in EMU. Until now the 'M' in EMU, its monetary components, have helped us to get where we are today, but from now on, without a cohesive, consistent, single European approach to the economic aspects of the argument, I am afraid that we shall find many of our achievements overturned before us.

So we have two matters outstanding for the future: coordination rules for European economic governance which will also inoculate the global system over and above the excesses and anarchy which caused the present crisis and, secondly, we need to condemn the economic pandering to the people of all those who want to use the crisis to cast doubt on such important achievements.

Manuel António dos Santos (PSE). - (PT) I must start by congratulating the rapporteurs on this excellent report. Only the few who are completely oblivious or the many who lack any understanding at all might consider that the euro and its associated monetary policy have not been a huge success for humanity and a great success for the European economy. You only need to look at the vast number of jobs that have been created in Europe during the euro's reign to understand its importance. It also cannot fail to be significant that, in a crisis situation in which the European economy, thanks to its instruments, is reacting more favourably than other regional economies, those who a short time ago were sceptical about the common monetary policy and the euro are now quickly asking to cooperate with and even integrate into the euro area.

However, that is not everything and it does not mean that I personally am satisfied with how the European Union has tackled the issues of financial consolidation and financial stability. I have already said in this House on numerous occasions that I am in favour of financial stability and the Stability and Growth Pact, but that I feel that this Pact has not always been a friend to the real economy. Neither this Pact nor the monetary policy has been a true friend to the real economy. The real economy has frequently suffered enormous problems due to an overly conventional application of the rules of the Stability and Growth Pact.

I have never met an economist nor read an economic text book that told me that two, three and sixty, the magic numbers of the Stability and Growth Pact (inflation, deficit and debt ratio), have been scientifically proven. I have never met anyone and I have particularly never met an economist or economic theorist who at any time has said that it is absolutely vital to doggedly maintain this kind of configuration. One idea heavily defended by the Commission and by the more conservative sectors of Europe is that we must have balanced or zero budgets. This is an absolutely absurd idea. At any level of growth, a balanced budget means the total elimination of debt in the future. This is not fair in social terms, nor is it fair in inter-generational terms, and it has no connection with reality and the real economy.

Jim Higgins (PPE-DE). - Mr President, the Berès-Langen report is an excellent one because what it does is give us the history of the EMU over the last 10 years and say how it should go forward in the future. The euro has been a resounding success: it is the second most important currency in the world; inflation in the first 10 years has broadly been in line with the ECB's objective of 2%; furthermore, it has facilitated travel, trade and employment; and, most importantly of all, it signifies a further step in EU consolidation.

The announcement last week that the Euro Zone is in recession now means that urgent action will have to be taken both within the EU and globally, but the one thing we cannot do is blame the euro for the current crisis. While the Stability and Growth Pact rules are well-intentioned in setting down maximum borrowing guidelines for Member States, they did not foresee – and nobody could have foreseen – the current global economic crisis. The current crisis in my opinion calls for flexibility because, unless the credit squeeze by the financial institutions is relaxed, there is every possibility that the crisis will get even worse and that more and more jobs will be lost.

I have to say that I want to commend Presidents Barroso and Sarkozy for the manner in which they represented the European Union at the G20 talks in Washington last week. I think they did us proud and I think they did Europe proud.

Finally, we must examine how we got into the current crisis and what the causes were. We must learn the lessons and we must make sure that it never happens again. If this means reform – reform of the institutions, reform of the International Monetary Fund – let us do it. If it means examining the operations of the European Central Bank, let us do it. Let us at this stage carry out a forensic analysis and, whatever the crisis that Europe is now experiencing – we do not know how serious it is, where it is going to end up or what the consequences will be – let us examine it forensically and let us put solutions in place.

Dariusz Rosati (PSE). - (PL) Mr President, Commissioner, Mr Juncker. I share the view that the common currency has been a great European success. For several years we have had low prices and low levels of inflation, we have had low interest rates, we have had transparency of prices among countries, we have had macroeconomic stability – and this is a particular success for those countries which previously had problems with inflation and their budget deficit. I share the view that this is a success.

I would like to comment on what my Polish fellow Member said a few minutes earlier, when he said that we have growing unemployment and a financial crisis in the Euro Zone. Unfortunately he has left the Chamber now, but had he stayed, he might have heard a few words of wisdom. Because he ignores the fact that without the euro, Europe would be in a much worse situation than it currently is. This is particularly evident if we look at the situation of countries such as Iceland or Hungary, which are now facing huge economic difficulties. Had they been part of the Euro Zone, their situation would be far better.

I would like to say that the long-term success of any currency will be decided by real factors, it will be decided by long-term economic development, and this is lacking in Europe. We should note that in the past weeks the US dollar has strengthened against the euro, evidence that even in an economic crisis investors, or at least the majority of them, believe that the dollar is a safe haven for their investments. That is why we need to create a basis for long-term growth in Europe, which will strengthen the European currency. But this requires reform, it requires economic momentum, and it requires higher rates of productivity.

The second point is that I believe that we should review the nominal convergence criteria, and we should ensure that we adapt the criteria to the new conditions, in particular the inflationary criteria and the method of calculating the benchmark, so that they will enable those new Member State economies that are very dynamic to join the Euro Zone.

Paolo Bartolozzi (PPE-DE). – (IT) Mr President, ladies and gentlemen, I would like to thank the Chairman of the Eurogroup and the Commissioner, as well as the two rapporteurs who produced this report, because I am convinced that the introduction of the euro has enabled citizens to manage their own family budgets more successfully, by helping them to make savings in their spending on goods and services, and not only this.

As others have pointed out, we have seen the inflation rate contained at an average of around 2%, as well as the creation of roughly 16 million jobs over these ten years and the reduction of the public budget deficit, which in 2007 – as the Commissioner said – amounted to approximately 0.6% of GDP compared with 4% in the 1980s and 1990s.

Moreover, the euro has acquired international prestige and has become an attractive currency even to countries outside the Community, and despite the recent financial turmoil that has dealt serious blows to the world financial and banking system, the euro has undoubtedly attenuated the devastating impact of this financial crisis of global proportions. There is today, however, a danger that the global slowdown in demand will continue to weaken exports and to frustrate the advantage of the discount rate of the euro, which is threatened by the fall in value of the dollar.

It is clear that we must look again at making significant adjustments to the basic structure of the euro, in order to put Member States with a below-average GDP in a position to redress their disadvantage. An EMU road map to better analyse economic divergence, drive forward structural reforms and monitor public finances and financial markets, accelerating their integration, is therefore most welcome. All this can and must be achieved little by little as we emerge, and let us hope as soon as possible, from this situation of instability that is currently exacerbating not only the urgent decisions that national governments have to make, but also the confusion into which savers are thrown. Savers' trust must be restored in order to get investments and consumption moving and to improve the overall framework within which we can then act

more calmly. In other words, the responsibility must be a collective one, but a concerted effort is required on the part of the competent authorities to judge which reforms to support with rigorous governance and authoritative political leadership.

Sirpa Pietikäinen (PPE-DE). - Mr President, firstly I would like to congratulate both rapporteurs, Mrs Berès and Mr Langen, for a very balanced report that studies the subject from the wide angle. Secondly, I think that when this report was initiated no one thought how timely it would be at this point. I think it is a sign of the EU's ability to respond to global challenges, secure competitiveness and create stability.

Without European Monetary Union, both the euro countries and the countries outside the euro would have been far more vulnerable to this financial crisis. Over the past 10 years, the European Central Bank has played a very positive role, and this initiative has ensured very stable monetary policy and economic policy that actually made us able to respond in timely fashion to the crisis and to take proactive actions, not only in the EU area, but globally when it comes to discussions of reform of global financial architecture.

I think that this is more than a crisis of a financial nature: it is a crisis of decision-making and the rules of the game. What we need now is a firmer European role for supervision and for the European Central Bank. We need better harmonised regulation for all different financial instruments. We need transparency through proper procedures and, most of all, we need Europeans to be very persistent in unity to advance these policies globally. We have to be united because markets have grown beyond our national states' capabilities, and we need coherent actions nationally, at European level and globally.

Zita Pleštinšá (PPE-DE). - (SK) The euro will be the best investment stimulus for foreign investors in the region of Central Europe as well. Therefore, in connection with the introduction of the euro in Slovakia from 1 January 2009, it will be up to the government of Robert Fico how to make the most of this opportunity.

The sustainability of inflation and the deficit in the public finances will be very closely monitored in Slovakia and the current Slovak government must therefore continue with the reforms of the previous government of Mikuláš Dzurinda. If this is not the case, Slovakia may have a problem holding down inflation after entry to the Euro Zone.

I believe that the Slovak government will take to heart the recommendations of the rapporteurs of the European Parliament and will not saddle the country with future debt. It should not meddle in pension reform in an attempt to obtain the funds of private savers and achieve a short-term improvement in the public finance deficit, it will not pass laws that conflict with the rules of the market and it will contribute to improvements in the entrepreneurial environment.

Silvia-Adriana Țicău (PSE). - (RO) Mr President, Commissioner, the European Union derives its strength from its 490 million or so European citizens. The Euro Zone is a pillar of stability for Europe and the whole global economy. In the Euro Zone 16 million jobs have been created in the last 10 years alone. In the future, the Union will have to respond to the challenges posed by demographic and climate change. An ageing population will cause major problems of a social, economic and budgetary nature. I believe that the free movement of goods, people, capital and services needs to be defended, especially now against the backdrop of the financial crisis and economic recession.

Lifting the barriers preventing the free movement of workers guarantees proper, decent working conditions for all European workers and provides an effective means of combating social dumping and tax evasion. I call on the European Commission and members of the Eurogroup to take the necessary measures, along with the governments of the Member States, to lift the restrictions imposed on Romanian and Bulgarian workers. The Euro Zone needs to set an example for the social market economy.

Vittorio Prodi (ALDE). - (IT) Mr President, ladies and gentlemen, I would like to thank Commissioner Almunia and President Juncker for their work in developing this instrument, which is so important. The euro is a solid reality that has protected us in this crisis.

Therefore we must press ahead and develop an economic policy to work alongside the monetary policy that has been so successful; a policy for the Eurogroup as a whole, but potentially for the Union as well, precisely because at this juncture we need to undertake an emergency programme to address the forecasted economic difficulties.

I therefore believe that a strong commitment is required; we need to embark on a high-impact programme to build energy infrastructure in the Union and to make energy savings. I am convinced that we must do this as soon as we possibly can.

Gay Mitchell (PPE-DE). - Mr President, allow me to make my points in bullet points.

Homogenous markets are at the heart of the systemic failure that we have, and if really good operators like Mr Juncker and Mr Almunia cannot bring heterogeneity back to the markets, then we are only putting off failure to a future date. Homogenous markets are at the centre of this problem.

Secondly, it was forecast in Ireland that the euro as a currency would be something like a vehicle with no brakes, no steering wheel and no lights. How much they got that wrong! Where would we be in Ireland today if the euro and the European Central Bank were not in place? Why are we not taking greater credit for this? This is one thing that could help us with the Lisbon ratification process.

Lastly, concerning the argument about vaccination, parents have the right to decide, but if every parent decides not to vaccinate, then epidemics will rise.

I would just say this: no man is an island. Britain may well be an island, but it is time that Britain revisited the question of joining the euro, because we cannot all go our separate ways.

Gerard Batten (IND/DEM). - Mr President, it has always been economic nonsense for a number of differently performing economies to share the same interest and exchange rates. In addition, the primary function and legal obligation of the European Central Bank is to control inflation, which in the developing economic crisis is the least of our problems.

These are the fault lines that will eventually tear the European single currency apart. But Europhiles in the UK are now using the argument that the falling rate of the pound is an opportunity for us to join the euro. A knowledge of basic economics would tell them that this is precisely the reason why Britain should not join.

The ability of the pound to find its own value against other countries will be an essential factor in helping Britain to weather the coming economic storm. The United Kingdom needs the European single currency like a drowning man needs a strait jacket.

Dragoş Florin David (PPE-DE). - (RO) Mr President, Commissioner, I would first of all like to congratulate both rapporteurs, Mrs Berès and Mr Langen. Ten years are neither a lot nor a little, but they have clearly made a major contribution in consolidating the single market and, at the moment, in creating a shield to protect against financial speculation. I believe that tighter regulation of the financial and banking sector, combined with encouraging investment in research and development, promoting competition and providing financial education for citizens may be much more effective solutions during this time of crisis.

I think that the states of the European Union need to show economic and financial solidarity at the moment as intervention in the financial and banking sector alone is not sufficient to stabilise the economic crisis except superficially. I hope, Commissioner, that the effects of the crisis will not have an impact on the budget projections for 2007–2013 as European funds may be able to achieve the desired effects in providing for the Union's sustainable development.

Christopher Beazley (PPE-DE). - Mr President, on the question of Britain's membership of the Euro Zone, I think it has always been the case that Britain has been reluctant to join European agreements at the outset. It has learnt very quickly to regret that decision. We then apply to join at the worst possible moment. Had we been founder members of the Euro Zone – which we should have been – we would have been in a much stronger position today. I look forward to the next Conservative Government applying to join the Euro Zone really quite shortly.

(Applause)

Kurt Joachim Lauk (PPE-DE). – (DE) Mr President, I would like to make just two comments. Firstly, the euro has passed the test. Without the euro, in this financial crisis we would probably not have been spared speculation that would have gone against entire national economies in Europe. In that sense, then, the euro has passed the test. We would probably be facing serious difficulties – if not an absolute shambles – in Europe if we had not had the euro in this crisis.

In my view, two things will be absolutely crucial in future. The euro can only remain stable and make progress against the dollar as a global reserve currency if two things are guaranteed: firstly, the ECB, which has proven itself in the crisis, must remain independent – as has already been argued – and, secondly, the Stability and

Growth Pact must be expanded on. It is already extremely useful in its current form, but it also needs to be applied and protected.

Joaquín Almunia, *Member of the Commission*. – (ES) Mr President, I should like to thank all the Members who have spoken in this debate. I believe that, from this debate, we can conclude that there is a very broad consensus in favour of the report under discussion, together with very broad support for continuing with the Economic and Monetary Union project and also in favour of our single currency. I am not saying this out of a desire to repeat the reasons given by those of us who supported the creation of Economic and Monetary Union 10 years ago, but due to the analysis of what has happened in that decade and of what we must do now, in these very difficult economic times.

Of course, the current problems cannot be attributed to the euro. As we all know, the causes of this very deep crisis do not lie here in Europe or in the euro area. However, it is clear that we are paying the price, as are other industrialised countries, emerging economies and developing countries. This is because, in a global economy, decoupling is not possible. However, with Economic and Monetary Union, we at least have the instruments to tackle the problems more effectively. We believe that we will be able to get out of this crisis quicker if we work together than if each country tries to go it alone.

I agree with all those – and there have been many – who have said that the European Central Bank is an institution which, since its creation, has more than adequately justified the trust that we placed in it in the Maastricht Treaty. I believe that it has done its work very well and that this work should be supported, because it is an essential part of Economic and Monetary Union.

I also agree with all those who have said that the Stability and Growth Pact should be maintained as it is now, following the 2005 revision, so that we can use the flexibility introduced in that year and debated here on many occasions. This flexibility will enable us to maintain budgetary discipline and the rules of budgetary discipline. It will enable us to anchor the sustainability objectives of our public accounts. However, at the same time, it will enable us to use our fiscal policy in a situation requiring an active policy in terms of taxation and fiscal policy instruments.

The fiscal stimulus must be coordinated so that it is effective. Our framework of budgetary discipline makes this coordination easier, but it also imposes limits to prevent the coordination of a fiscal stimulus from jeopardising the sustainability of our public accounts. Thirdly – and many speakers have mentioned this today – we undoubtedly have to reinforce the voice of the euro in defending the stability of our currency and in bilateral and multilateral relations with holders of our currency, with those representing other currencies and, in particular, with the other currencies of the major players in the global economy.

This crisis ultimately stems from macroeconomic imbalances which should have been tackled but which could not be tackled due to a lack of effective mechanisms for solving global imbalances. We discussed this in Washington and we must keep discussing it. We can only do this effectively, as Europeans, if we give the euro our full political support and the necessary governance mechanisms so that our interests can be defended, as they deserve to be, through the exchange rate for our currency. I believe that this is the road to take, as stated in the report, as has been said by the President of the Eurogroup, as agreed by the Commission and as, in coming months, the leaders of the Member States will also increasingly agree.

This requires coordination, provided that it is the right kind of coordination. It does not mean challenging the independence of the European Central Bank or artificially coordinating economic policy decisions, which must continue to be made according to the circumstances of each country. That is not real coordination. It must be the coordination that has always been behind the economic branch of Economic and Monetary Union, which is coordination serving the objectives of Economic and Monetary Union, in both macroeconomic policies and in the link which must exist between macroeconomic policies and structural policies.

When we in the Commission talk about coordination, we are talking about this type of coordination. I feel that, in the current circumstances, the risk of recession that we are facing shows that this coordination is a priority and that Economic and Monetary Union gives us the instruments to achieve this.

Jean-Claude Juncker, *President of the Eurogroup*. – (FR) Mr President, I shall be very brief, since the majority of those who tried to lead this debate are no longer in the Chamber. Thus there is no need to respond to them.

For the rest, I would say that I have been impressed by the broad consensus that has resulted from the European Parliament's debates, since we are almost all agreed in saying that the euro was a success. I am

pleased to note that those who belong to the Euro Zone say so. I am pleased to note that those who would like their countries to become members of the Euro Zone say so too. I note that those who have always said that everything we do is utterly stupid maintain this view, which cannot be characterised any differently from the way in which they characterise our attitude. Consequently, within Parliament, there is nothing new, except to say that, a touch of anxiety – that is a polite way of saying it – has all the same filtered into our debates. This is caused by the financial and economic crisis that we are facing at the present time.

On this point, I should therefore like to say two things in response to a number of speakers. No one in Europe is radically arguing for an excessive budget consolidation. No one. We have a reformed Stability and Growth Pact. Some Members of this House did not agree with the reforms that we made to this Pact. They are the first ones today to commend the wisdom of the decisions that were taken in March 2005, when we applied a more economic perspective to the interpretation of this Stability and Growth Pact. This perspective allows the Member States and their budgets to breathe more easily today, even though we are entering a phase that is not depressive, but that makes the consolidation of public finances less straight forward.

The Member States that have been virtuous in terms of budget consolidation over the past few years have sufficient budget margins to enable them to react to the current economic crisis, which includes the structural aspects that we are facing at present. The Member States that were less virtuous are having greater difficulty in releasing the budget resources that would enable them to react to the crisis that we are experiencing right now.

However, throughout the Euro Zone, we have a duty to react to the crisis where economic policy is concerned. It is not enough to talk about budget stability. It is not enough to devote our efforts exclusively to the financial crisis. It is clear that the Euro Zone has to provide a strong and coordinated response to the economic crisis. We therefore have a few weeks in which to gather together all the elements we need in order to analyse and take action, so that we can formulate this practical and strong response. However, all those who are demanding greater coordination of economic policies must of course work towards this by trying not to anticipate economic policy decisions that they have not referred to their colleagues within the Eurogroup.

It is easy, within Parliament, to call for the coordination of economic policies. I would propose to you, on the basis of your Rules of Procedure, that you put forward an intergroup text, in which the large groups, acting as the European Parliament, call on the Eurogroup and on their respective national governments no longer to announce economic policy measures before they have referred them to their colleagues from the Eurogroup.

Urge your governments – it is easy to demand it here – urge your governments to respect the principle of coordinating economic policies. Make an intergroup resolution, and we shall see. We shall see, in two, three, four months' time, whether the governments – and the political parties to which you belong are very often part of the governments that you would address – have done what you demanded of them. That would be credible, reasonable, logical, rational and consistent.

I am therefore saying that we need a strong and coordinated economic response to what is becoming more and more of an economic crisis. And, on the subject of wage policy, we will not say everything that we want to say, but everything that is worthy of being said.

You are right in saying that the socialist governments of the Greens in Germany have practised a wage policy that has reduced the purchasing power of German workers. The situation has improved since then. The same comment applies, moreover, to France, whose government was not, at the time – between 1998 and 2002-2003 – a reactionary one. It was quite the opposite, from what I understood. A little self-criticism, of course, would enrich the comments of certain people in a good way.

For the rest, on the taxation of savings, we are three years ahead of the timetable on which we agreed. You are absolutely right, Mr Jonckheer, to call for the expansion of the range of financial products that are due to fall within the scope of this directive. With regard to tax havens, you will converse in the language of your country with your own government and you will discover that you have work to do.

Pervenche Berès, rapporteur. – (FR) Mr President, ladies and gentlemen, thank you for this debate. I believe that it is a sound contribution from the European Parliament to what we are expecting you henceforth to implement, Commissioner, Mr President of the Eurogroup, through a road map.

Mr Juncker, you said to us: 'If only the groups would come to an agreement!' Well, the groups are going to come to an agreement: tomorrow, they are going to vote for a paragraph 61(d) and 61(g), in which they

demand exactly what you are calling on them to demand. Therefore, you can count on this tomorrow when you go and meet with the ministers for economic affairs and finance.

You said to us: 'There is no report on divergence'. There may not be a very precise report, but one thing is for certain: convergence of economic situations within the Euro Zone, which we expected, has not taken place, and Mrs Ferreira has given you a concrete example of this.

On the contradictions between the Member States, Mr President of the Eurogroup, again, I cannot share your view. I have no time for those who demand coordination when it suits them and who then reject it and advocate national sovereignty when it suits them better. Issues of economic policy coordination are issues of common interest, and the situation we are in today is unacceptable: on the US side, it has already been possible to implement two Paulson plans, while, in Europe, you tell us that we still need a few weeks to find something to say to the people of Europe, who are awaiting our responses. We all need to join forces, and the Commission has in its hands today the means with which to progress on the basis of the European Parliament's proposals. I hope that we will be heard and supported.

Werner Langen, *rapporteur*. – (DE) Mr President, I would like to start where the prime minister left off. I believe that the flexibility shown by the Euro Zone and the 27 Member States in recent weeks is a very good start. It now needs to be developed further, and I have no doubt that, if the experience you have both brought to bear here is also accepted by the Member States, we will be on the right track.

I would like to thank everybody for their contributions. Mr Hoppenstedt quoted from the first debate on the euro, in which the euro was called a premature baby. Today, 10 years on, it has become a strapping young boy – the euro is a boy in my language, whereas the German mark was feminine – who got good marks all through primary school and is now going into secondary school. It remains to be seen whether he will continue to make it over the obstacles, but I am reasonably optimistic that he will succeed. When I hear from Mr Beazley that even the Conservatives in the United Kingdom are seriously considering joining the euro, that is quite a new perspective. All I can say to all that, of course, is that even the United Kingdom will not be able to join the euro for free: you will need to meet your obligations regarding the coordination and regulation of financial markets and comply with the necessary minimum harmonisation.

In that sense, we are on the right track. I would like to thank the Commission, and particularly Mr Almunia, and the President of the Eurogroup for their excellent cooperation. We will take you at your word regarding your suggestions. We want to work with you.

(Applause)

President. – The debate is closed.

The vote will take place on Tuesday 18 November 2008 at 12 noon.

22. Application of the principle of equal pay for men and women (debate)

President. – The next item is the report (A6-0389/2008) by Mrs Bauer, on behalf of the Committee on Women's Rights and Gender Equality, with recommendations to the Commission on the application of the principle of equal pay for men and women (2008/2012(INI)).

Edit Bauer, *rapporteur*. – (SK) The gender pay gap is nothing new. For more than fifty years there has been an article in the Treaty of Rome forbidding gender discrimination in levels of pay and since 1975 Directive 117 has been in force, which requires Member States to enforce the principle of equal pay for equal work. It is of course true that not all differences in pay result from discrimination. According to the law of large numbers, however, the persistent differences in gross hourly rates of pay are not explainable.

Between 1995 and 2006, according to Eurostat, the differences based on hourly earnings fell from 17 to 15%, and this is at a time when the majority of university graduates are now women.

The trend may be declining, but not in a straight line. According to a study from the Dublin Foundation in 2007 covering four countries in the European Union, the gap was actually widening. If the pay gap narrowed at the current pace and did not increase again from time to time, pay would perhaps equalise after seventy years.

We can agree on the fact that the current legislation in this area is not very effective. The reasons for the pay gap are varied. They are of both a systemic and an individual nature. Sectoral, vertical and horizontal segregation, the classification of professions, the conditions for establishing a work-life balance and stereotypes all play a significant role in the persistence of the pay gap, which later carries over into a pensions gap and the final result is that poverty wears a female face, as we have been saying.

The pay gap also has individual dimensions. According to a study from the Commission, these increase with age, period of employment and education. Moreover, the statistics show that there are minimal differences in the case of young people. The gap appears after the birth of the first child and the return of the woman from maternity leave.

In relation to the demographic crisis now confronting us, this problem, besides being a major factor in economic competition, raises a profound moral problem which should also not be overlooked.

The question today concerns what the European Parliament can do to resolve the situation. On the one hand we have a persistent problem and on the other hand we have some rather ineffective laws. At the same time, of course, we must not lose sight of the fact that the reasons for the pay gap lie far beyond the bounds of legislation.

The European Parliament, however, has in its hands only one instrument – legislation. Everyone involved in this situation bears their own responsibility and ours is whether we can manage to send out a clear signal that we want better and more effective laws in the interests of establishing fairer conditions in the labour market.

IN THE CHAIR: MR SIWIEC

Vice-President

Vladimír Špidla, *Member of the Commission*. – (CS) Mr President, ladies and gentlemen, the Commission welcomes this own-initiative report on the principle of equal pay for men and women and I congratulate the rapporteur on the quality of her work.

The Commission, like Parliament, considers the 15% pay gap between women and men in Europe today to be unacceptable. We must of course be careful and not lose sight of the fact that this indicator compares relative differences in the gross hourly earnings of women and men across the economy as a whole. It does not therefore measure just direct discrimination but is an indicator of all of the related factors and all of the disadvantages which women suffer from before they enter the labour market and over the entire course of their professional careers.

The Commission Communication of July 2007 stated that Community laws were effective in eliminating direct discrimination – in other words in cases where the remuneration for the same work is lower for women than for their male colleagues. They were, however, less effective in ensuring adherence to the principle of equal pay for work of equal value.

Based on a detailed analysis the Commission has concluded that it should be possible to consider amending Community law with the aim of ensuring above all that the systems for setting pay rates exclude both direct and indirect gender-based discrimination.

The Commission announced that in 2008 it would be evaluating Community laws from the standpoint of their implications in respect of the pay gap and that it would be proposing necessary amendments. The detailed analysis mentioned earlier is currently under way and I cannot predict what the results will be. In order to ensure quality, the Commission is making use of external specialist consultants as well as the extensive and detailed expertise and knowledge of intra-state bodies concerned with gender equality.

The preliminary results of this study will be discussed at a workshop in the first quarter of 2009, when all the interested parties should attend, including Member States, legal experts, intra-state bodies concerned with gender equality, social partners and civil society.

Parliament's attitude in this process will be decisive. It is significant that one of the participating law creating bodies has expressed a clear opinion that the laws in question must be amended quickly. It is also important that the practical recommendations of Parliament regarding the amendments relate to the areas which the main interested parties have identified as problematic, among them are transparency of remuneration and work assessments and sanctions.

In conclusion: we share Parliament's view that such a great difference in pay for women and men in Europe is unacceptable. The Commission considers that this is the right time to complete the analysis and the assessment and to plan the next steps, which will lead to more concrete results.

Donata Gottardi, *draftsman of the opinion of the Committee on Employment and Social Affairs*. – (IT) Mr President, Commissioner, ladies and gentlemen, I am truly proud of the work carried out in this Parliament and of its ability to make use of the already recognised powers to propose legislation.

The report that we are about to vote on concerns a key issue, a fundamental principle of European law: the principle of equal pay for men and women in the workplace. Not only is it a fundamental principle, it is also the first, at least in order of time, among the principles of equality. We know that it was already included in the Treaty of Rome, we know that it has been applied since the very first judgments of the European Court of Justice, that it was already regulated by a directive dating back to 1975, and re-regulated when this directive was recast in 2006, that it is the subject of continual studies and research, as the Commissioner himself said, and of continual claims for its application.

Why then do we return to look at it again in such breadth and depth today? There are many reasons: firstly because we refuse to accept its widespread non-application, to which all the statistics bear witness, and secondly because we believe that the extreme injustice suffered by women in all countries of the European Union and in all professions, at all levels and in all sectors absolutely must be tackled, and it is in fact obvious that the instruments we possess will not suffice for this, otherwise after all this time we would surely have succeeded in reversing this trend.

Finally, because we believe it is time to take the pay gap seriously and above all not to look on it as a mere accident in the working lives of women. What, then, are we asking for? We are asking the Commission for a specific, pertinent directive on pay gaps in general, but we are not stopping there; we are not merely asking for a directive, we are sending the Commission precise recommendations. We have built a bridge to cross over to genuine change and we believe that this bridge can be solid if it rests on eight pillars.

First and foremost, we want to lay down a definition of pay discrimination; it is not enough to look at gross hourly pay alone because that would indicate direct discrimination and such direct discrimination has in fact already been overcome. It is no accident then, if all the research looks at the whole picture, pointing towards part-time working, encouraging us to consider direct and indirect segregation, discrimination and horizontal and vertical segregation.

We are calling for comparable, effective, consistent and complete data. All too often we encounter manipulated or hidden data, facilitated by systems for classifying personnel, from backward-looking working structures marked by stereotypes. We believe that equality organisations can play a key dual role in combating discrimination, by raising awareness and by providing training for the judiciary and for social partners.

We aim to introduce specific penalties, bearing in mind, however, that preventive action and measures are also required; we need positive action and integration, therefore mainstreaming. I hope that this House will adopt the text in its entirety, because the more precise and detailed the work we submit to the Commission, the more we will gain in effective speed. That, in fact, is our hope: it is not enough to talk or write about equal pay, we want to make it a reality.

Anna Záborská, *on behalf of the PPE-DE Group*. – (SK) I would like to offer my frank congratulations to Mrs Bauer on the proposed text. As Mrs Bauer has said, the topic we are debating is as old as the Treaty of Rome. Little has changed in fifty years.

The question of equal pay for equal work performed by women and men rears its head with remarkable regularity especially during election periods. If the Committee on Women's Rights and Gender Equality proposes sanctions for companies which do not respect a basic principle of remuneration, objections are raised with reference to the principle of subsidiarity, as if this justified the inequality.

Last week I took part in the ministerial conference in Lille. I appreciated the attempt of the French Presidency to debate this topic but there were very few constructive responses aimed at solutions from the Member States. The statistics show that inequality in women's pay appears mainly after the birth of the first child.

The national and European policies aimed at achieving a balance between the responsibilities for the family and professional ambitions should not permit new differences to arise between employees who have family responsibilities and those who are unmarried or childless and who do not have such responsibilities. This is first and foremost a question of the social model we are aiming for.

I propose that we establish a coalition with industrial firms. If the managers of these firms are not prepared to work in close partnership with us to promote equality of pay, our report will simply gather dust.

Lissy Gröner, *on behalf of the PSE Group.* – (DE) Mr President, I am amazed that women are still so patient with us. We have been talking about pay inequality for 50 years, and nothing significant has changed. The numbers speak for themselves: 15% less for the same work. This deprives women of a fair wage, because, looked at the other way round, it means that women have to work one and a quarter times as long to earn the same money. Where do we stand in the European Union?

The Member States need to do more in this respect, and I am grateful to Mr Špidla for taking on board our proposals here in Parliament and for showing the will to take legislative action. Evidently there is no other option. In Germany, one of the largest Member States of the European Union, the pay differential in the private sector is 23%. That is unacceptable, and means that we are bringing up the rear of the EU.

We know full well that France and Scandinavia have taken positive measures. That is what it is about. We call on the social partners to take action, and the Socialist Group in the European Parliament calls for transparency in businesses, so that bonuses can be seen clearly and be included in the official assessment, so that we can get a grip on it. Regular wage audits may reveal successes or failures in combating wage discrimination.

In my view, a law for the private sector will be unavoidable in Germany. We must put more pressure on the Member States to introduce a statutory minimum wage, so that it can be taken for granted that women can earn a living wage, because that is the best safeguard against poverty in old age.

I would, in any case, call on the Group of the European People's Party (Christian Democrats) and European Democrats, in order to retain this clarity in Mrs Bauer's report, to withdraw its deleting amendments, which would further water down the report. Let us stick with the clear language it has at the moment.

Siiri Oviir, *on behalf of ALDE Group.* – (ET) Commissioner, President, colleagues. Rapporteur Mrs Bauer stated that poverty has a woman's face. I must also reiterate that even in 1957, Article 119 of the Treaty of Rome contained the principle that men and women should receive equal pay for equal work. Today however, in the year 2008, women in the European Union earn on average 15% less than men, and in my home country Estonia they earn as much as 25% less than men.

The wage disparity significantly influences women's position in economic and social life, both during and after their active working lives. It also intensifies women's risk of poverty, especially in families with single parents. The wage disparity between men and women often leads to differences in men's and women's pensions. Single female pensioners often live in risk of poverty.

As a result, I welcome the position proposed in the report, that is, that the European Commission should present a legislative proposal concerning the examination of current legislation concerning the principles of equal payment for men and women by 31 December 2009. We have passed too much legislation and waited too long, but the results are not very good.

As time has shown, this problem cannot be solved with European Union legislation alone. One significant outlet for the solution of the problem would be for the topic to be prioritised in political action plans. Only an effective combination of policies that includes better and more effective legislation and designates the responsible party will make it possible to find a positive solution to this problem.

I would like to thank the rapporteur for pointing out very important aspects in the report, and thank you for your attention.

Hiltrud Breyer, *on behalf of the Verts/ALE Group.* – (DE) Mr President, it is indeed true that, 50 years after the Treaties of Rome were concluded, we have made little progress regarding equality for women in the labour market. The figures are alarming: 80% of part-time workers are women, and only 57% of women are in employment, compared with 72% of men. Wage inequality has also remained stable since 2003, and has only changed by 1% since 2000. These are alarming figures, which all of us here lament. We have also referred to the fact that women are doubly disadvantaged, because this wage inequality is translated into differences in pension rights and social standards, and we also have a tax and social system that continues to penalise women, in that, for example, unmarried couples and double-income families are still disadvantaged in many tax systems, such as in Germany.

The Commission has stated that there will be legislative proposals, but why are they coming so late? Why have so many years gone by, in this parliamentary term, without any proposals in this field? We in Parliament have already called for proposals. With regard to quotas, we have said that there should be legal requirements. We also have Member States, such as Sweden, that have set objectives with a timeframe. Why do we not make use of the fact that we have these gender requirements to encourage the Member States to make efforts to resolve this shameful pay gap. In Germany, as has already been said, we are unfortunately third from bottom, with a shameful pay gap of 23%. We also need to make it clear that a statutory minimum wage will bring about changes particularly in sectors primarily employing women. However, we must also have the courage to make it clear ...

(The President cut off the speaker)

Ilda Figueiredo, on behalf of the GUE/NGL Group. – (PT) The devaluation of work by imposing low pay continues to be one of the ways most commonly used by capitalism to increase worker exploitation. This particularly affects female workers, which also implies a devaluation of motherhood.

It is unacceptable that, more than 30 years after a directive on equal pay for men and women, levels of discrimination remain high, particularly indirect discrimination resulting from a lack of job stability, which especially affects women and young people. In some countries, such as Portugal, where unemployment is very high, average pay differences between men and women have increased, exceeding 25% in the private sector and meaning that poverty still has a female face, including among the retired.

The European Commission and the Member States must adopt the measures needed to enhance the value of work, overcome pay differences and eliminate stereotypes linked to the jobs and sectors which always discriminate against women. Those professions and sectors in which women predominate, such as the retail and services sectors and some industries, need to be valued more highly.

Experience shows that worsening unemployment weakens women's rights, intensifies worker exploitation and increases discrimination.

We therefore insist on a new policy which gives priority to employment with rights, the fight against discrimination, and the protection of motherhood and fatherhood as fundamental social values.

We therefore support this report, to which we have suggested some amendments, pointing out that collective negotiation and bargaining have an important role to play in combating discrimination against women, not least as regards access to employment, pay, working conditions, career advancement and vocational training.

Urszula Krupa, on behalf of the IND/DEM Group. – (PL) Mr President, the draft report on equal pay for women and men contains some legitimate facts on equal pay for work of equal value. Equality in remuneration is necessary, as is proper payment in jobs that are dominated by women because of their psychological and physical predispositions.

The effect of regulations that have been written down in multiple pointlessly duplicated documents definitely depends on the effective implementation of the law in individual Member States. However, implementation may be quite difficult with regard to the predominant private sector, where the majority of managers look above all at the profits of their companies and have no respect for ethical and moral principles, at the same time preventing the action of trade unions which would protect workers and take part in pay negotiations. The problem of unequal remuneration is therefore an element of discrimination against the weak.

We do not need academics and experts to realise that discrimination is above all the result of left-wing materialist ideology, the lack of implementation of ethical principles, lack of personal development, selfishness, greed, taking advantage of the weak and poor, and not just in terms of salaries, but in terms of the growing practice in the European Union, which goes down even to the poorest and weakest states, of discrimination against Catholics and persons with views differing from those imposed by the political correctness which is required here.

Gabriele Stauner (PPE-DE). – (DE) Mr President, ladies and gentlemen, the fact that women are still paid less than men for the same work is a sad chapter in our European community.

Really, it is quite incomprehensible, because in law the situation is absolutely clear. Since the Community was established in 1957 – as has already been said several times – the principle has been enshrined in the Treaties of Rome as a directly applicable right. In other words, any woman could go directly to the European Court of Justice to enforce this right: the EU provides no stronger legal protection. Nevertheless, we have

missed the target on this principle by an average of 20%. It is therefore absolutely vital – as the Commission is proposing here – to enforce this principle by means of secondary legislation.

That being said, this situation once again shows us that there is a difference between the law and real life. People who depend on their job and their salary – many of whom are women – often simply do not dare to demand their basic rights, for fear of being thrown out. We therefore cannot simply once again call for company responsibility, based on the fact that decency dictates that women should not be treated worse than men in terms of pay. However, he that will not hear must feel. I am therefore in favour of severe and consistent sanctions for those who break the law. It is up to the Member States, in particular, finally to take this seriously and to expose those companies that contravene this principle and to punish them, for example using procurement law.

I have one small criticism for the Commission: it is possible that the process has been rather too lax in this case, and that you paid too much attention to business. I congratulate Mrs Bauer on her report.

Teresa Riera Madurell (PSE). - (ES) Mr President, Commissioner, I too should like to congratulate the rapporteur on her work. This is a highly relevant report given that the pay gap in the European Union is a reality that should be eliminated. It is unacceptable that women earn 15% less than men and that, in the private sector, this difference can be up to 25%.

This pay gap is difficult to fight as it stems from indirect discrimination: the most precarious work and the majority of part-time jobs are carried out by women.

What should we do? Basically, we must promote equal opportunity policies aimed at reconciling work and family life, and also policies aimed at cutting the number of and increasing the pay for the lowest-paid jobs, which are mainly held by women.

Therefore, among the report's recommendations – all of which are very important – I should like to highlight that of amending the Directive on the implementation of the principle of equal opportunities and equal treatment of men and women in matters of employment and occupation by including references to the pay gap, and also that of amending the framework agreement on part-time work, which is where the differences are greatest.

Marco Cappato (ALDE). - (IT) Mr President, ladies and gentlemen, I would like to say to Commissioner Špidla that, in addition to considering the excellent proposals in Mrs Bauer's report, if we can legislate at EU level against pay discrimination, I believe that would be right to include discrimination relating to pensions. Although this may be a more subtle, indirect form of discrimination, it is particularly heinous in a country such as Italy.

It also concerns discrimination in terms of retirement age, an issue that the European Commission has already looked at, and which I believe must be acknowledged. Back in 2004, the European Commission stressed to the Italian Government that it was unacceptable to have different retirement ages: 60 for women and 65 for men, which we can consider the more common legal age. As the radicals, we have, together with Emma Bonino, sought in every way possible to stress to public opinion, to the government, to the opposition and to the parties, that this structure must be removed. It has not been done.

Thanks to the European Commission, on 13 November the Court of Justice at last ruled that this discrimination is illegitimate and violates the Treaties and Community laws. The most serious thing is the line of reasoning taken by Italy in defence of this discrimination. Italy claimed that it was justified by its objective of eliminating the existing socio-cultural discrimination against women – in other words, discrimination on the labour market does exist. In order to remedy this form of discrimination, another is created, by forcing women to retire before men. In my view, this measure in particular also requires intervention, because it could be eliminated at European level.

Eva-Britt Svensson (GUE/NGL). - (SV) Mr President, I wish firstly to thank Mrs Bauer for an important and constructive report, which I fully support. Secondly, a fellow Member recently referred to women as being weak. I would like to say that women are *not* weak. However, it is the patriarchal structures in society that make women weak.

The EU Equal Pay Directive has been in existence for 30 years. Despite this, women are still not worth as much as men – either when it comes to pay or influence – both in society and in the workplace. Despite the fact that women generally have a higher education, they earn on average 15% less than men for the same or similar work. It is thus clear that improving the existing legislation will not be sufficient to solve the pay

discrimination. The differences in pay between women and men is ultimately yet another indication of the continued discrimination against women in all of the different areas. It is not enough that we have lower pay for equal work, we are also very often forced to take atypical work or part-time work etc. This pay discrimination haunts women right through their lives, as we also often get poorer pension terms and poorer conditions when we get older.

It is high time that we took action together to stop this discrimination against women.

Godfrey Bloom (IND/DEM). - Mr President, there is sadly a fundamental misunderstanding by most politicians as to the reasons why there are differentials between the genders in pay. The basic premise, erroneous though it is, perpetuates the myth that employment is a demand-led, employer-governed phenomenon. It is no such thing. Those who argue that all women should be paid the same as men for perceived similarities in the job description miss the point entirely that no individual is an economic unit.

In spite of already overburdening employment legislation, usually drafted by people with little or no business experience, pay differentials continue for one simple reason: employment is about demand and supply; it is about lifestyle choices; it is often based on priorities, early retirement goals, a desire to live in certain parts of a country or town, pressure of hobbies or sport, or one of those offspring. Employer and employee strike a mutual bargain in the same way as the buyer and seller of any commodity.

The UK Equality and Human Rights Commission employs substantially more women than men, and the average pay for their men is higher than for their women. I agree that past legislation has had a limited impact on these dynamics. Yes, you might as well legislate against a ...

(The President cut off the speaker.)

Zita Pleštinšá (PPE-DE). – (SK) Thank you Mr President, Commissioner. I am delighted that this ‘women’s’ debate is under your chairmanship.

I appreciate the efforts of the rapporteur, Edit Bauer, to find a balanced approach towards formulating recommendations for the Commission and improving the framework of EU laws, particularly their effective enforcement.

As a result of varying transpositions, implementations and interpretations at an intra-state level, the directive setting out the principle of equal pay for men and women has failed to eliminate the gender pay gap, which is connected mainly with levels of professional segregation.

I appreciate the fact that the rapporteur has emphasised in her report that motherhood should not disadvantage women who have decided to interrupt professional careers to look after their children. In all Member States parents should, for a minimum period of one year after the birth of a child, receive support at the level of their net income prior to the start of maternity leave and at the same time these arrangements should be linked into a system of pay according to which the number of years worked are taken into account when setting pay rates. Motherhood should bring advantages to women, not disadvantages.

Education is equally important as it can contribute towards eliminating gender stereotypes and improving the remuneration of the few paid positions and posts which remain unoccupied by women.

The Member States must implement a consistent information campaign aimed at raising awareness among employers and employees of the existing or potential differences in pay on the labour market in the EU. At the same time, they must be informed about the essential measures that have been passed with the aim of ensuring that employers are penalised for breaching the principle of equal pay for equal work.

Thanks to the European Parliament’s recommendation in this report, for which I congratulate the rapporteur Mrs Edit Bauer, I believe that the European Commission, in cooperation with the European Parliament and the Member States, will draw up laws that will indeed ensure equal pay for men and women.

Gabriela Crețu (PSE). – (RO) Fellow Members, this report is perhaps the most serious document we have drafted concerning the pay gap. In particular, the recommendations accompanying it represent a step forward in terms of the principle of equal pay for work of equal value finally being applied. I must congratulate those who contributed to the report. Until now, work has been evaluated on the basis of tradition and the ability to negotiate. When I talk about negotiating, I am thinking of the involvement of powerful trade-unions capable of making governments and employers accept proper wages. Both these criteria have put women at a disadvantage.

We need a non-discriminatory system of evaluating work and a new way of classifying professions. We call on Member States and the Commission to finally embark on the path of adopting specific measures in favour of gender equality. We hope that they will make this public by supporting the clause which is the most favourable to women in Europe at the end of this month in Paris. Let us not have any illusions however. Even when the new system has been devised and implemented, it would only refer to paid work. Work carried out at home and in the black economy will continue to be performed, especially by women, without any pay gap as they do not even receive a salary for this work.

Věra Flasarová (GUE/NGL). – (CS) Commissioner, ladies and gentlemen, I consider the report of Edit Bauer to be a great success. Inequality in the pay of men and women is one of most stubborn forms of discrimination against women. As Mrs Bauer said, there is a lack of decent statistics on workplaces at both a national and an EU level. I have addressed this issue myself in a number of the books and articles I have published over recent years. Lower pay for women performing the same work and having the same qualifications and productivity is unfortunately caused by profound stereotypical perceptions on who should be the family breadwinner.

This duty is traditionally assigned to men and until now all employment structures, whether in the private or public sector, have more or less connived with it. There is a deeply-rooted view that a man supports from his wages not only himself but also his family, while a woman's pay is merely some sort of added extra for the family budget.

Incredible though it may seem, this illusion is so firmly entrenched that even with the fulfilment of equal rights in the workplace we cannot rely on cultural enlightenment, but instead we must unfortunately find ways to enforce equality through legislation. I am therefore very much in favour of the idea that Article 29 of Directive 2006/54 should be extended to include precise instructions on the application of principles of equality.

Marie Panayotopoulos-Cassiotou (PPE-DE). – (EL) Mr President, Commissioner, the report by Mrs Bauer does not need any additional comment on our part in order to show the path which needs to be followed to abolish a phenomenon of which society should be ashamed and which creates a reproduction cycle of injustice, with children in a family seeing their mother doing the same job as their father and being paid less and female colleagues seeing their male colleagues working like them and being paid less.

Thus society tolerates this phenomenon and reproduces it, because women should have the legislative means which will allow them to correct their circumstances as and when necessary, and the powers of state should introduce appropriate measures which take account of periods devoted to family life, periods of unemployment and periods of illness and which provide fair taxation in order to compensate for women's unequal pay for their work, which should be judged not only by the time spent working, but also by the quality and additional elements that a woman brings to her work.

I repeat, Commissioner, the call made by Mr Cappato for you to review your stand as a Commission on the disputes which some Member States had on the retirement age for men and women and the country which had these disputes and was taken to the European Court of Justice. These disputes were corrective disputes for all women, regardless of whether or not they were mothers, and of course for mothers it is even more important to take account of the overall time, especially as you advocate an overall life cycle when calculating time at work.

(The President cut off the speaker)

Lidia Joanna Geringer de Oedenberg (PSE). – (PL) Mr President, in the European Union, women earn an average of 15 to 25% less than men. In addition, the system of payment which takes into consideration years of service in determining pay levels is unfavourable for women, who often have to interrupt their careers for family reasons. Bringing up children, changes of job or less working time puts women in a situation of constant structural delay. The concept of equal payment for equal work cannot be distorted by a stereotypical approach to gender and social roles, which have previously significantly affected people's choices of profession and education, while maternity leave or family career breaks cannot be grounds for discriminating against women on the employment market.

The Directive on implementing equal opportunities and equal treatment of women and men in the area of employment and work is an irrevocable element of the *acquis communautaire*, and the Member States must implement it as soon as possible. The aim of reducing the pay gap must be fully implemented in employment

regulations, and regular audits on equal pay and the threat of sanctions should put an end to all kinds of discrimination, particularly gender discrimination.

Ria Oomen-Ruijten (PPE-DE). - (NL) Mr President, I am grateful to Mrs Bauer for her excellent report. It beggars belief that today, we are discussing a topic that has been on the agenda since 1957, no less, when the equal treatment of men and women, equal pay for men and women were anchored in the Treaties. We have had European rules and laws for 30 years. We have a 2006-2010 road map from the European Commission, and one of the key objectives, which is also included in the Lisbon Strategy, is to narrow the wage gap between men and women.

Despite this, the wage gap is not getting smaller. In fact, last Saturday, I read in *The Times* that the difference in wages between men and women in the United Kingdom has increased to 21.7% in the private sector and to 13.8% in the public sector. There is no sign of improvement – take my own country, for example – in other Member States either. The gender report for the Netherlands from the World Economic Forum shows that the Netherlands is only ranked 88th on the list of equal pay for equal work.

Action is therefore called for. On Friday, the ministers from France, the Czech Republic and Sweden adopted a plan of action. How many more plans of action do we need though? Mrs Bauer makes a large number of recommendations in the resolution that she submitted, which is great, but there are two priorities in my view. First of all, we must ensure that equal treatment is applied, and much stricter controls should be put in place in this respect – equal pay for men and women on which all our social security systems are based. Secondly – and I really believe that this should be brought to your attention – there is the pension gap between men and women. We are faced with an ageing population, and if women do not have a pension, then we have a deeply sad situation on our hands. That is what we need to focus on in future.

Marusya Ivanova Lyubcheva (PSE). –(BG) I welcome the discussion on this report. That inequalities in pay between men and women persist is unacceptable. However, we should not limit our discussion to equal pay for equal work. We need to take a broader perspective. The individual nature of work lies at the basis of all activity, and it is important to find an objective way of assessing its value, with clear rules, criteria and indicators which will achieve greater objectivity, and eliminate discrimination through clear legislative measures. An important instrument is to evaluate occupations and jobs and to assess their price. The low financial status of some occupations makes them unattractive so that men generally avoid them and women take them. Improving this situation would have a positive impact on improving the economic independence of women. The low financial status of, for example, the services provided by nurses or teachers, is not acceptable, because it does not at all correspond to their importance in the development of society. This is an area where the Commission and the Member States also have their obligations.

Romana Jordan Cizelj (PPE-DE). - (SL) Ladies and gentlemen. I would like to begin by saying that I for one find it quite unacceptable that women earn on average 15% less than men and that in the private sector the differential is as great as 25%. Let me stress in this respect that in my own country, Slovenia, women do not lag behind men in terms of education, so action needs to be taken. Many people probably question why it is necessary to take action at a European level and why the solution to this problem cannot be left to the Member States. One of the reasons is that it is taking too long for these differences to reduce and another reason is that in the majority of Member States there are too few women involved in politics for proper attention to be given to gender-related problems.

A minority is only in a position to highlight its problems in a credible manner if, in a particular institution, such as a parliament or a government, it makes up at least 30% of the total numbers. And there are a large number of European countries which do not have a 30% representation of women in politics. The average proportion of women in the governments of the Member States and in their parliaments is less than 30%. Our representation in the European parliament is 31%, which is just a little higher than the critical mass we need to highlight gender-related problems effectively. This is why we have to do so from here.

Another question I have asked myself is whether the proposed measures are too revolutionary and whether they contravene the principle of subsidiarity. Here I agree with the rapporteur when she says that the legislation is not effective enough and that it could and should be strengthened. Our proposals must be bold and must represent a valid starting-point for the shaping of real policies. I support her proposal that the Commission should prepare a new legislative proposal regarding the existing laws on equal pay for men and women by no later than 31 December next year and I congratulate her on a well-prepared report.

Iratxe García Pérez (PSE). – (ES) Mr President, two months ago, here in this House, we debated the annual report on equality between women and men. One of the most worrying aspects highlighted in that debate is now the subject of today's debate: the difference in pay between men and women.

It is worrying that, since 2003, we have not managed to reduce this 15% pay gap. This means that a woman has to work 52 days more in a year than a man to receive the same pay.

This is a wholly unacceptable situation in the European Union and we must therefore, without any shadow of a doubt, adopt both stronger legislation and stronger agreements with employers to try and eliminate this pay gap.

However, we will also shortly be looking at another questionable issue in this respect. Next month we will be discussing the Working Time Directive, which may also prove to be a worrying factor in terms of reconciling women's family and working lives. This is unquestionably a very sensitive issue in relation to work. We are therefore also expectant in this regard.

Rumiana Jeleva (PPE-DE). - (BG) My congratulations to Edit Bauer on the excellent work she has done on the recommendations on equal payment between men and women. I know that she has put a great deal of effort into drafting a document that takes as much account as possible of the real situation, and I hope that the recommendations contained in it will be put into practice.

In my country, Bulgaria, the pay gap between men and women is between 25% and 30%, and while the overall picture in the European Union shows a lower differential, the fact remains that women are paid less than men. Why is this? One of the factors is the pay structure of some occupations with a high proportion of female workers. Another cause is rooted in the fact that nobody feels responsible for the situation, and therefore nobody feels responsible for solving it. The current deeply ingrained stereotypes and prejudices on how labour is distributed between the genders not only hinder, but are often used as an excuse to ignore the problems.

What can we do in this situation? In the first place, as the report states, a mandatory condition is that the Member States must conform with current legislation. State policies must encourage the implementation of equal rights and equal pay. Secondly, transparency in evaluating work and setting pay rates must become an integral, rather than a formal, aspect of work in companies. And finally, encouraging in-house dialogue and good communications between management and the workforce, particularly in small and medium-sized enterprises, must become part of a truly new culture in individual European societies and Europe as a whole.

I would like to congratulate Mrs Bauer once again on her skilful presentation of the problems and the solutions she has outlined. Thank you for your attention.

Mairead McGuinness (PPE-DE). - Mr President, I would like to thank you for this debate. I would like to raise one issue, and perhaps the Commission could address this. We are speaking about equal pay for equal work, and we all want and desire that to happen. What is the Commission's view of the current job situation? I have a concern that, with so many jobs being lost in countries in the European Union, this issue could get worse rather than better because of people's desire to earn money, even if it is less than they are truly worth. I would like some comments from the Commission on that.

I would like to raise an issue of discrimination which certainly exists for men and women: public sector versus private sector workers where there are very different terms and conditions. They enjoy different pension rights and security issues and sometimes the inequalities are not just gender-based, although I appreciate that this report is about gender, and certainly my concern is that in the current situation this problem may get worse, rather than better.

Silvia-Adriana Țicău (PSE). – (RO) Mr President, Commissioner, there is a difference of 15% between salaries received by women and those received by men for carrying out the same work. In the case of women managers, this figure reaches 20% and even 30%, when it comes to managers of SMEs.

28% of female researchers in industry and only 34% of women in industry have more than one child.

Commissioner, while women are on maternity leave, the average annual percentage used to calculate the benefit relating to these periods produces a financial loss, in spite of the importance of this period in terms of social welfare. Mothers must not be penalised for giving birth and looking after their children during the first few months of their life.

I also believe that maternity benefit must be paid not only to mothers who have worked during the last 12 months prior to the birth. I do not think that it is a child's fault if their mother has worked or not during this period. Above all, I believe that there must be no discrimination among children right from birth.

Danutė Budreikaitė (ALDE). - (LT) I can only repeat that as far back as 1974 documents were adopted obliging Member States to pay men and women equally for the same job. However, although more than 30 years have passed, the situation has not changed. Furthermore, in my country, Lithuania, reform of the pension system has begun. Part of the funds paid by workers into the state pension insurance fund is being transferred to private pension saving funds. In a few years it became clear that in order to receive an equal annuity from these funds women must pay 35% more contributions than men, as they live longer. Moreover, leaving these funds is like leaving slavery, it is impossible – this in itself is an infringement of human rights and freedom of choice. Apart from Lithuania only Bulgaria uses the same gender system.

Having investigated such cases, I invite the Commission to take the initiative and propose decisions.

Zuzana Roithová (PPE-DE). – (CS) Commissioner, ladies and gentlemen, the fact that women in the European Union must work almost two months longer in order to earn as much as men is more than alarming. Even though Europe is dying, all we can do here is to state that wage discrimination against women and families with children persists up to the rate of 25%, although women have now surpassed men in educational attainment at a ratio of 60:40. Mrs Bauer has noted that in the so-called male professions the work of women is routinely undervalued for no objective reason. However, if the reason is the lack of working years that women devote instead to caring for their families, we must give the matter some serious thought. Families should not be a handicap.

Mrs Bauer is making waves and her arguments for starting on a review of anti-discrimination laws are convincing. I also support the proposal that access to public tenders and projects financed from EU funds should be made conditional upon a given company being able to demonstrate an anti-discriminatory pay policy. I believe this is the way to change the gender stereotypes of employers, especially in the private sector. I would like to thank the rapporteur for a highly professional report.

Bogusław Liberadzki (PSE). - (PL) Mr President, in discussing this important issue, it is typical that there have been only two male interventions on this issue. In the case of Mr Bloom, his intervention was so male, that it was difficult to agree with.

However, we are considering a very important report. We are considering a report from which we know that work has great value, that it must be adequately paid, and this payment has to be differentiated on the basis of criteria such as the nature of the work, the efficiency with which it is done, ability to create added value, and not on gender criteria. But change is coming in the Member States as well. Allow me to mention my own country, where we have only very recently introduced gender equality which allows a father to take paternity leave, which shows that we are converging and we are on the right track.

Ewa Tomaszewska (UEN). - (PL) Mr President, women do not get equal pay for equal work. However, their pay is also lower because they work in lower-paid sectors, and in temporary, lower-quality forms of work. A result of pay inequality is also inequality in social provision, particularly as regards pensions. On the one hand they get paid less for the same job, and on the other their shorter period of employment because of the responsibilities of motherhood are both reasons for the poverty of women when they reach retirement age. That is why unequal pay hits women twice as hard.

I would like to point out that the law usually forbids discrimination, while practice shows continued discrimination. The main question is therefore enforcing the law in practice.

Zbigniew Zaleski (PPE-DE). - (PL) There are no grounds for discriminating against women in this respect, and it is not a matter which is open to discussion. Three brief questions: on economic grounds, pay should correspond to the effects of work on the basis of the service provided, regardless of who does it. The second point: Europe is getting older, like it or not. Perhaps we should consider a bonus for women who are doing the same work as men, but at the same time decide to have children and bring them up, thereby keeping up the population. Point three: a good example in this area are academic institutions, or at least those which I know, where the opportunities given are equal, and payment is simply results-based. Perhaps this model could be extended to other sectors.

Andrzej Jan Szejna (PSE). - (PL) Mr President, I would like to join those male voices, which unfortunately have been so few in the present debate, and which recognise that public debate and putting such an important

matter as pay and equal pay for women and men on the political agenda is one of the most important matters guaranteed and rights guaranteed in national and European law.

I can say that like everyone else, I do not agree that payment rates should depend on gender. It may depend on education and experience, but under no circumstances on gender. It is my impression that national and EU law is quite well developed on this point, and in many cases it may be said to be very good, but what worries me is that it is not enforced, it is not put into practice because there is no tradition of doing so. The European Court of Justice has frequently reiterated that it is not being enforced. The question therefore is not to make more laws, but to ensure they are observed.

Astrid Lulling (PPE-DE). – (FR) Mr President, the pay gaps denounced in this House are all the more difficult to understand given that the young women of today boast higher success rates at school than men in all the Member States and that they account for the highest proportion of graduates.

I should like all the same to emphasise that we have had a solid legislative base since 1975 and especially since 2006, and that the latter enabled me, in the years 1975 to 1980, to encourage women in my country who were being discriminated against to start legal proceedings against their employers, in particular from the public sector. Hundreds of millions of Luxembourg francs, the currency in use at that time, were paid out to them retrospectively.

First and foremost, then, we should make use of the sound legislation in force, even if it means improving it by endorsing our rapporteur's excellent recommendations.

Vladimír Špidla, Member of the Commission. – (CS) Ladies and gentlemen, I would like to express my thanks for a debate which has tackled an issue that is simply unacceptable. There are no real or defensible reasons why a situation should persist under which women continue to receive less pay on average than men. You have mentioned in the debate a very wide range of approaches and a very wide range of issues that are linked to the pay gap and I think it was clear from the debate what a complex question this is.

I would like to state that this question is on the European political agenda because the Commission has just addressed the matter in a number of its documents and also in view of the fact that the Commission is drawing up a specific potential revision of current laws, and of course also because Parliament has taken up the topic thanks to the report of Mrs Bauer, for which I would once again like to express my appreciation. Also, however, thanks to the fact that in Lille the troika of the three succeeding presidencies did not just announce but actually adopted an action plan which establishes this issue on the agenda of three consecutive presidencies, in other words those of France, the Czech Republic and Sweden.

Ladies and gentlemen, I would also like to state that the debate in Lille, in addition to the action plan, presented the individual Member States with a set of concrete actions in this area, some of which, I must say, were very radical and in my view capable of producing results.

Ladies and gentlemen, I would like once again to thank you for allowing me to speak and for the debate and I would like to say that the Commission is fully prepared to cooperate with Parliament in this matter in order to bring about the gradual elimination of this unjust and untenable state of affairs.

Edit Bauer, rapporteur. – (SK) Ladies and gentlemen, I would like to thank you for a very interesting debate. Allow me to make a few remarks. First, legislation alone will not solve this problem. As has already been said, there are many reasons for legislating but it is not possible, of course, to solve some economic problems through legislation.

I also agree that we should beyond any doubt make better use of the existing legislation. The long history of this legislation clearly suggests, however, that it is not very effective in its current form. We have no other instruments available to us apart from legislation. This means that our task is clearly to help in ensuring that the existing legislation contributes towards solving this long-standing problem in such a way that the labour market becomes a fairer place.

I would like to conclude with one final remark. Many fellow Members have emphasised that the continuation of such differences is unacceptable from the perspective of equal rights. I would like, however, to emphasise another angle, another aspect to this issue, and that is the requirements applying to economic competition, because equal pay for equal work is enshrined in the Treaty of Rome as a requirement of fair economic competition. I feel that this is the response to give to those colleagues who have been emphasising that the labour market operates under a different set of requirements.

President. – The debate is closed.

The vote will take place on Tuesday 18 November 2008.

Written statements (Article 142)

John Attard-Montalto (PSE), in writing. – The legal framework within the EU relative to equal pay for men and women is widespread. The problem lies with enforcement.

It is agreed that discrimination in pay based on gender is diminished by existing legislation. Indirect discrimination is still an issue. Mostly, this results from economic segregation and in such cases existing legislation is limited in application. Evaluation of the legislative framework shows some differences in legislation concerning Gender Pay Gap (GPG).

Although operative legislation *stricto sensu* has the same scope, existing directives show fundamental differences:

- a) in 1975 the GPG was considered to be an economic competition issue, an “integral part of the establishment and functioning of the common market”, while
- b) the 2006 Directive relies on the principle of ‘equal treatment and equal opportunity’.

The data show a persistent gap between pay for men and women. The latest figures show a 15% difference between the gross hourly pay of men and women. In the private sector this is more prevalent and the rate rises to 25%.

The GPG used to be explained by differences on an individual basis, such as age, education and experience. Evidence suggests, however, that these differences play a relatively minor part in the persistence of GPG.

Petru Filip (PPE-DE), in writing. – (RO) The principle of equality of opportunities and equality of treatment between women and men is a topic with specific connotations in the Eastern Europe countries which have recently been integrated. The benchmarks used for professional performance essentially continue to be predominantly male-based. This outlook cannot be changed easily in the former Communist zone where, as a result of the propaganda efforts of the regime, the collective mentality has adopted a totally artificial model of equality. The lack of consistency with the primitive equality promoted by the propaganda of the Communist regimes has succeeded in undermining current efforts to promote equal treatment between women and men.

Based on these premises, I feel that every effort made nowadays to promote the principle of gender equality needs to focus on a broader educational aspect, offering the Community’s citizens realistic system models for non-discriminatory treatment. In order to implement this principle throughout the Community, we need Europe’s institutions to propose more than organising a European Equal Pay Day.

Zita Gurmai (PSE), in writing. – (HU) It is no coincidence that one of the main elements of the 2006-2010 roadmap for equality between men and women is the effort to eliminate the pay gap between the sexes. The problem of the pay gap between men and women goes beyond the fundamental principle of equal pay for equal work. The difference in wages mirrors the serious inequalities that can be observed on the labour market and that affect women most of all. This indicates Europe’s serious democratic deficit.

Solving the problem requires complex arrangements, which cannot be made without political determination. Existing legislation needs to be perfected, and its practical application promoted and monitored.

The true principle of equal opportunity can only be put into practice if each Member State shows decisive political will, and takes constructive steps to end the pay gap between the sexes. It is unacceptable that a good number of Member States should still fail to devote special attention to the pay gap between the sexes, be that in public debates or in political programmes.

Launching a social debate and organising educational campaigns are likewise indispensable. I urge that a package of political measures be prepared in order to remedy this problem, which in any case must take into account national differences and tried and true practices.

We need more precise and detailed statistical information in order to ascertain the true state of affairs and closely monitor developments. The reasons for wage differences need to be examined, and the information thus gained should be used to shed light on discrimination and to remedy and prevent it in the future.

Livia Járóka (PPE-DE), in writing. – I would like to congratulate Ms Bauer for her hard work in contributing vital recommendations to the European Commission on the application of the equal pay principle. The pay gap has a major impact on the status of women in economic and social life and constitutes an obstacle to equal economic independence.

There are several areas where women are affected by the gap in pay based solely on gender in Europe. Women encounter differences in their hourly pay in new and old Member States alike. Differences can be seen in the income distribution between men and women: 20 percent of women, compared to 40 percent of men in Europe, receive a similar income distribution in the top-range of salaries. Another glaring pay inequality lies in sectoral gender segregation, as half of jobs in three sectors are male dominated.

Finally, the over-representation of women – 30 percent – in part-time positions affects labour market contributions. These figures are even worse when it comes to women with certain ethnic origins, such as the Roma. While the EU's legal framework regarding equal pay is very extensive, in the European Union women are still paid less than men – even those with similar skills and education – which proves that improving legislation by strengthening its effectiveness is the main goal to achieve.

Anneli Jäätteenmäki (ALDE), in writing. – The gender pay gap is alarmingly high in the EU. There have been some initiatives to decrease it, but the rate at which the gap is shrinking is much too slow. Parliament has repeatedly asked the Commission to take initiatives. The report on the gender pay gap outlines many specific ways the EU can tackle this problem.

It is important to define concepts like 'pension gap', 'direct pay discrimination', and 'indirect pay discrimination' more clearly and in more detail so that we have better tools for dealing with the gender pay gap.

We currently are lacking the accurate statistical data that we need to assess the situation. Member States and the Commission should improve their statistics, but so should private companies. Companies should be required to perform regular pay audits and make the results widely available.

Another way we can help to solve this problem is to add a specific reference to pay discrimination in Article 26 (Prevention of discrimination) of Directive 2006/54/EC.

It is simply unacceptable that women in the EU earn on average 15% less than men. As a governing body, we must do something to correct this injustice.

23. General arrangements for excise duty (debate)

President. – The next item is the report by Astrid Lulling on behalf of the Committee on Economic and Monetary Affairs on the proposal for a Council directive concerning the general arrangements for excise duty (COM(2008)0078 – C6-0099/2008 – 2008/0051(CNS)) (A6-0417/2008).

Astrid Lulling, rapporteur. – (FR) Mr President, Commissioner, ladies and gentlemen, this proposal for a directive, which is meant to replace the 1992 Directive, is above all intended to make the introduction, on 1 April 2009, of the electronic supervision of the movements of goods subject to excise duty – the famous Excise Movement and Control System – compliant with the legislation.

It is therefore a technical measure, but at the same time a step in the direction of less red tape, less fraud and more speed.

Apart from a few amendments, which I have tabled and which have been accepted, to guarantee more consistency in the operation of the new system, we are in agreement concerning this strand of the European Commission's proposal.

In its view, the Committee on Industry, Research and Energy has made the Committee on Economic and Monetary Affairs's report far more cumbersome by copying a large number of amendments negotiated within the Council. In fact, this move achieves nothing substantial as far as we are concerned.

The political debate lies elsewhere. It relates to the conditions of movement and taxation of goods subject to excise duty, in particular alcohol and tobacco purchased by private consumers. The European Commission has had the wisdom, for once, to submit a text that is based on recent case-law, that is to say, case-law that permits Europeans to transport goods subject to excise duty that are purchased in a Member State other than that of their residence, without quantitative restrictions, provided that the goods have been purchased for private consumption purposes.

My proposal and my position as rapporteur are unequivocal: I am wholly in favour of this Commission text, which is clear, precise and based on the principles governing the internal market. However, some of my fellow Members, socialists and liberals in particular, have felt obliged to table amendments that would re-instate tax frontiers such as those that existed before 1992, by re-introducing indicative limits.

The fact is, indicative limits in theory mean quantitative restrictions in reality. As a result of the absences, and taking advantage of the lack of knowledge of certain fellow Members, they have obtained a majority in committee. My political group has taken the unanimous decision to table amendments intended to re-establish the European Commission's initial proposals. It is only fair that we do so. We do not want a return to borders and to practices such as those that existed before the single market.

On the contrary, we want solutions that are adapted to our time, including with regard to electronic trade. Our message to the Council must be clear: do not propose to our fellow citizens that we go back on the *acquis communautaire*.

What seems just as incomprehensible is the attitude of certain socialists and liberals who want to do away with the last remaining duty-free shops at the land borders of the European Union. The Commission wants this too, unfortunately, even though these shops in no way disrupt the single market. Their closure would lead, however, to thousands of job losses, in particular at Greece's borders. We have really picked a good time to propose such things!

There is worse to come, however. The circumstantial majority in the Committee on Economic and Monetary Affairs has even rejected my amendment, which was to keep the duty-free purchase option for travellers whose final destination is a third country, in order to take account of the situation concerning connecting flights.

Why, if I am travelling to Singapore from Luxembourg, via Frankfurt or Paris, can I not buy duty-free in the airport of departure? I must say that this is rather depressing, Mr President; I would inform you that I have six minutes, but I will not use them all. I have confidence, now, in the good sense of most of our fellow Members – it is a pity that they are not here – to adopt a solution that is also in the interests of consumers and that does not re-invent new tax and bureaucratic barriers.

Those who vote against our reasonable proposals tomorrow will have difficulty in explaining this backward step to our compatriots. They can count on me and on my colleagues to denounce their rearguard views.

IN THE CHAIR: MR VIDAL-QUADRAS

Vice-President

László Kovács, *Member of the Commission*. – Mr President, let me first of all thank the rapporteur Mrs Lulling and the ECON Committee for the report and the speedy treatment of this proposal, which provides the legal basis for the computerisation of excise procedures as of April 2010.

Member States as well as the Commission have invested a lot in the Excise Movement Control System (EMCS). It replaces the current paper-based movement monitoring system with a new computerised one.

The greater use of trans-European networks for communication between traders and excise authorities, and between excise authorities themselves, will reduce the time needed for the discharge of tax liability for excise movements.

This will provide excise authorities with an essential tool to effectively address fraud and hence protect legitimate trade. At the same time, it will improve the services to taxpayers who will benefit from improved legal certainty and real-time information exchanges with their tax authorities.

Apart from these new provisions, the proposed Directive will entirely recast and update the old Horizontal Excise Directive of 1992. It will simplify and modernise the excise procedures, with the aim of reducing excise obligations for traders, in particular for traders carrying out cross-border business, without compromising excise controls.

Clearly, as the Commission had proposed a new and up-to-date legal framework for excise, some of the more political issues included in this legislation had to be re-discussed.

This concerns the issues of land-based tax-free shops, the position of transit airports and the maintaining of guide levels to distinguish commercial excise movements from movements of excise goods for personal use.

Many amendments proposed by Parliament already conform to the text of the general orientation agreed in the ECOFIN meeting of 4 November 2008, or go in the same direction. They are also acceptable to the Commission.

I am therefore confident that the proposal can be adopted soon and that the timely application of the EMCS is ensured.

Manuel António dos Santos, *draftsman of the opinion of the Committee on Industry, Research and Energy*. – (PT) I am going to use the first of my two minutes to quickly highlight the main principles of my opinion, which was unanimously adopted in the Committee on Industry, Research and Energy.

These principles are as follows: increase efficiency in production and distribution of goods and services, mainly by reducing red tape; improve the existing rules and adapt them to the current circumstances, notably to facilitate risk-based monitoring procedures for national administrations; simplify procedures and increase transparency for intra-Community trade, by increasing legal certainty and fair rules; finally, the system for the collection and reimbursement of duty should not give rise to discriminatory criteria, and should avoid double taxation.

These were the guiding principles of the opinion that I presented to the Committee on Economic and Monetary Affairs, on behalf of the Committee on Industry. I would repeat that there was broad consensus on the opinion within the Committee on Industry.

That is why I must say, as a Member for the Socialist Group in the European Parliament, using my second minute, that I do not understand Mrs Lulling's observation that the Socialist Group and the Group of the Alliance of Liberals and Democrats for Europe – and only they – introduced quantitative limits. It was not just the Socialist Group and the ALDE Group as, at least in the Committee on Industry, it was everyone, given that my opinion was unanimously adopted, as I said.

I feel it is truly extraordinary that quantitative limits have not been included, as we know that this type of duty has various aims. Obviously the first is tax revenue, but there is also protection of public health. Of course, each country attaches a different level of importance to each of these two aims.

I therefore feel that the solution we found (of defining quantitative limits) is a fair and balanced solution, which does not excessively benefit any country in particular. It also does not prejudice any of the countries which naturally have a different understanding from that of the country which Mrs Lulling represents and which I naturally respect. However, the wishes of that country obviously cannot be placed above the general wishes of the other countries of the European Union.

My final comment in just 10 seconds is that the Socialist Group obviously supports the internal market and the expansion of the internal market and does not believe that the proposals adopted in either the Committee on Industry or the Committee on Economic Affairs may jeopardise the internal market.

Bill Newton Dunn, *rapporteur for the opinion of the Committee on the Internal Market and Consumer Protection*. – Mr President, Parliament defends individuals and small organisations, small businesses, as opposed to governments who want to sweep away inconvenient things and the Committee on the Internal Market and Consumer Protection feels very strongly that the external land-border shops should be allowed to remain. They should be better policed, as should all the policing against crime across borders in Europe be much better, but it is not a reason to sweep them away.

Secondly, on sea and air travel, the Internal Market Committee believes strongly that travellers – based on their final destination, as opposed to a transit destination – should be allowed to buy duty-free because that would help small regional airports generate revenue. It may be inconvenient to the governments, but we defend it very strongly.

The third and final point that I want to make – which it is very regrettable that the Commission did not include in its 2006 consultation on this legislation – is the removal of these exemptions which it is now proposing. Why did it not include it? Why did it not carry out an impact assessment on what it would mean before it proposed it?

Zsolt László Becsey, *on behalf of the PPE-DE Group*. – (HU) Thank you, Mr President. I would like to congratulate both the Commission and the rapporteurs for their work, and I believe that this electronic updating system will have a timely and very positive effect.

I would like to make two remarks. First, let us allow the internal market to operate. If the tax record system and the exchange of information are working well, I believe that traffic for personal use by private individuals will not cause great harm. If someone somewhere – having purchased goods for personal use – pays the excise duty, then the wholesale prices, and in part the divergent VAT rates will in any case compete with each other.

It is not necessary to put limits on everything, and it is entirely unnecessary to send negative messages in the interests of protecting the treasuries of high-price countries. It would be very strange within the Schengen zone in particular, if we were to bother with police or customs inspections, since we know that there are various other methods for scanning the contents of larger lorries. Therefore, I see no point in an indicative listing.

My other remark is that I too support the rights of citizens leaving the internal market to purchase such goods when they leave that market. As regards overland travel, I do not think that this would give rise to large-scale smuggling, or that the neighbouring Member States would suffer great losses, since prices in neighbouring third countries are much lower than within EU Member States. Thus, I am not thinking of industrial-scale export of goods.

I presume the same is true in the case of airports, since one cannot take such great quantities of goods in checked baggage or carry-on bags that we should have to forbid taking such goods for personal use to third countries outside the customs union. Thank you very much, Mr President, for the opportunity to speak.

Elisa Ferreira, *on behalf of the PSE Group*. – (PT) Mr President, Commissioner, ladies and gentlemen, I should like to begin by congratulating the main rapporteur, Mrs Lulling, and the shadow rapporteurs, Benoît Hamon and Olle Schmidt. For unavoidable reasons, my colleague Benoît Hamon cannot be here today, so I will try to convey his position, which is the position of our political group, on a matter that deserves our full attention. In fact, taxation in terms of excise duties is a sensitive matter.

When talking about excise duties, we must remember that they are levied on clearly defined consumer goods and services: tobacco, alcohol and energy products.

The Commission proposal amends a text dating from 1992. The internal market in these goods has changed a great deal since then. It should also be noted that the new electronic system for managing and controlling transactions is a change that we welcome and that should simplify the operation of the system, for both operators and tax authorities, as the Commissioner has just mentioned.

As regards the more technical aspects – including time limits for forwarding documents, rules for the establishment of financial guarantees by operators, and so on – the Commission proposal and the rapporteur's report deserve congratulations and agreement as they represent genuine and useful advances.

However, with regard to these excise duties, the political content should not stop at technical aspects, as already mentioned by my colleague Manuel António dos Santos. The goods covered by this proposal are sensitive goods, the sale of which should not be subject merely to the forces of competition. In this respect, I should therefore like to focus on two illustrative examples. One is the guideline limits for the personal transport of these goods and the other is the rules applicable to Internet sales.

On these subjects, we clearly disagree with the rapporteur.

With regard to alcohol, tobacco and also fuel, the differences in taxation between the Member States are huge and therefore the retail prices also differ. I only need to point out that the price of a packet of tobacco can vary between EUR 1 and EUR 7 within the Union due to these significant differences in duty.

As a rule, duties are payable in the country of consumption, except with regard to goods transported within the European Union. Under current rules, certain quantitative limits must be respected, otherwise it may be presumed that the goods are being transported for commercial purposes.

The Commission proposal aims to abolish these quantitative limits and, on this specific aspect, the rapporteur, Mrs Lulling, agrees. This was not the understanding of the Committee on Economic and Monetary Affairs. By contrast, we agreed to lower these limits, following initiatives by the shadow rapporteurs, Benoît Hamon and Olle Schmidt, and also myself.

Liberalisation does allow some consumers to purchase these goods more cheaply. However, this does not make sense where it may prejudice the public finances of Member States or public health objectives which

Member States have the right to safeguard. It also does not make sense where it may support the grey market, which is something that we should all avoid.

Therefore, the final agreement reached in committee was to maintain the limits at a reasonable level, namely 400 cigarettes or 45 litres of wine per person. These are the amounts assumed to be for personal consumption. As a result, those travellers who purchase these goods up to this limit will not be affected.

For the same reasons we oppose Amendment 68 of the Group of the European People's Party (Christian Democrats) and European Democrats, which proposes to tax distance sales, particularly those made over the Internet, in the seller's country and not in the consumer's country. This is an (unjustified) inversion of the general principle applying to taxation. This amendment would also open the door to a large-scale grey market and must therefore be absolutely rejected.

Finally, I must just mention the issue of duty-free shops. The internationally recognised principle is that duty-free shops may only exist at ports and airports, to ensure optimum control and prevent any risk of fraud or abuse. We must therefore allow sufficient time for people to adapt and that is why we propose, on behalf of the Socialist Group in the European Parliament, a transitional period for those Member States which still have duty-free outlets, allowing them to gradually adjust to the new situation. We therefore propose the distant date of 1 January 2017 to allow a gradual convergence towards the common rule.

We believe that this approach is appropriate. It is an approach which resulted in consensus. It was not total consensus, but it was adopted by a majority in the Committee on Economic and Monetary Affairs, and I hope that it will be adopted in the vote tomorrow in plenary.

Olle Schmidt, *on behalf of the ALDE Group*. – (SV) Mr President, Commissioner and Mrs Lulling, we meet again on this issue. Of course, it is not the first time we have come into conflict with each other, Mrs Lulling and I, on the form excise duty should take in Europe. However, it is probably the first time that I have felt that I am the one with the majority on my side. It is dangerous to pre-empt things, but we will see how it goes.

On the issue of the new technical system, EMCS, we are fully in agreement. It is on the sensitive issue of import quotas that our views seriously diverge.

If the committee's approach is taken up, Parliament will have made clear both its commitment to freedom of movement in Europe and its commitment to encouraging the desire for a sensible public health policy. As always when it comes to tax-related issues it is necessary to find a balance between what should remain within a Member State's competence and what is considered our common responsibility. If we vote through the Committee's proposal it will mean that the European Parliament will establish that tobacco and alcohol are not the same as any other goods, just as we have previously heard in this House, and must be treated differently. This is, of course, nothing revolutionary, as many people have been saying this for a long time.

By deciding to halve the indicative import levels while at the same time retaining the principle of a limit, we are giving Member States a lot of room to conduct their own policy while at the same time the common legislation will make it easier for undertakings and individuals to conduct cross-border trade. Or to put it more simply: Sweden will be given room to prioritise public health issues while Lulling's Luxembourg can continue its packaged low tax policy. The internal market cannot be built with alcohol tourism as its model.

Drunkness and its consequences is not a Swedish problem, as I sometimes hear people say. Recently, we have heard demands for forceful measures to combat drunkness in the United Kingdom, something that the British Members should also think about perhaps. I think that it is high time that the European Parliament took a more sensible view of these issues and gave Member States the opportunity to take action in the direction of public health.

Zbigniew Krzysztof Kuźmiuk, *on behalf of the UEN Group*. – (PL) Mr President, Commissioner, speaking on behalf of the Union for Europe of the Nations Group, I would like to draw your attention to three points. Firstly, changes in duties at European Union level should encourage an increase in the production and distribution of goods and services, mainly by reducing red tape, but also by making it easier for national administrations to apply control procedures based on risk analysis.

Secondly, the solutions proposed in this directive meet these requirements. Simplifying administrative procedures and an electronic system of information exchange will for the tax authorities of the Member States become a tool for improved and better managed controls. Thirdly, we must support the solutions put forward by the rapporteur on including distance selling of excise goods within the scope of the directive,

and also, in the duty suspension arrangement, by the application of reduced guarantees in respect of entities which meet the conditions of good behaviour and regularly use the system of guarantees.

Trevor Colman, *on behalf of the IND/DEM Group*. – Mr President, the Commission proposal relating to procedure 2008/0051(CNS) states in Article 10 that ‘Member States may [...] make excise goods which have been released for consumption eligible for reimbursement [...] of excise duty’. On this basis, Ms Lulling tells us that, as regards the conditions for reimbursement of excise duty, the proposal lays down, as a general principle, that it is for Member States to determine these conditions.

However, Article 10 goes on to say: ‘provided that such reimbursement [...] does not give rise to exemptions other than those referred to in Article 11’. Article 11 refers to exemptions for diplomatic purposes, for subsidising international organisations, for assisting the armed forces of NATO and under special arrangements with non-EU countries, all of which – I think you will agree – are rather specialised exemptions which, contrary to Ms Lulling’s assertion, do not uphold the general principle that it is for Member States to determine the conditions for reimbursement.

There is no exemption for Member States in this proposal, and on these grounds I commend to Members Amendment 54, which seeks to repair a glaring flaw in this proposal.

Margaritis Schinas (PPE-DE). - (EL) Mr President, we find ourselves facing yet another eccentric proposal by the Commission; with what is no more and no less than a bulldozer policy, it proposes to abolish all duty free shops at land borders between the Community and third countries.

The big question is why? Why, Commissioner, did you have this thought and, having had it, why did you not table it at the consultation which you organised in 2006 and why did you not include it in an impact assessment which you were obliged to carry out within the framework of the new principle of better regulation?

You must therefore explain to us why we should tell hundreds of workers that they will lose their jobs, especially in these difficult times; you must explain to us what this impact is on the internal market which is so great that you need to abolish at one fell swoop all shops at land borders with third countries, which in the case of my country, in Greece, are working extremely successfully and with no fraud problems and no impact on the internal market. Parliament and the political groups which share this opinion must also take the political responsibility for explaining to the workers why it is that we want to abolish these successful shops.

As far as I am concerned – as Mrs Lulling said quite clearly and as the IMCO said quite clearly in its report – we have not been given a convincing answer, which makes us believe that, for the Commission, this is something of a whim. We have not been given a convincing answer.

I therefore make an eleventh-hour appeal for us to vote tomorrow in favour of Amendments 63, 64 and 65, so as to prevent this bulldozer policy from flattening once again everything that is working in the European Union.

Katerina Batzeli (PSE). - (EL) Mr President, Commissioner, I shall make a specific proposal for the system of exemption of land-based shops.

Commissioner, you are introducing a general exemption for land-based shops which constitutes discrimination against these undertakings and has an important impact on the functioning of these otherwise healthy shops, which make a significant contribution to national communities and local employment.

In Member States such as Greece, with long land borders with third countries, these shops have been operating smoothly and profitably for a long time while, on the other hand, the question of systematic infringement of the criterion of purchase for personal use or cases of systematic abuse and tax evasion are clearly controlled by the national authorities. I consider that allowing duty free shops to continue to trade on land borders would be a solution which is also in keeping with the Commission’s own proposals, while controlling their *modus operandi* and stamping out cases of tax evasion would, as with all other shops, be the responsibility of the ports and airports.

I therefore consider that, in the forthcoming vote, we should support Amendments 57, 63, 64 and 65 and, in the worst case scenario, Amendment 69, which extends the period of operation of these shops to 2012.

Colm Burke (PPE-DE). - Mr President, I welcome the report on general arrangements for excise duty. I wish to highlight the progress made in the matter of purchasing duty. The original proposal, if implemented, would have restricted passengers to purchasing duty-free goods only in the final airport of departure before leaving the EU. In practical terms this would have meant that if a person went on a journey from Cork in Ireland to Dubai via Paris they would only be able to purchase duty-free goods in Paris. This would have decimated the profitability of Irish regional airports, as many currently rely on commercial activities for the bulk of their income. This would undoubtedly have led to job losses. However, this has now been addressed and accordingly I would like to congratulate the rapporteur on working to address our concerns.

This represents a welcome development at a time when the Irish Government has introduced a new airport tax which will discriminate against beleaguered smaller regional airports to the advantage of the already congested Dublin airport. In that regard I call on the Commission to investigate the legality of this measure under EU competition rules. I welcome the report from Mrs Lulling and the Commission.

Peter Skinner (PSE). - Mr President, perhaps if I were Mrs Lulling living in Luxembourg I might feel as strongly about not having indicative limits.

Unfortunately, I live on an island where there is a lot of smuggling and much of the alcohol and tobacco which people think that they can use for their own particular purposes is in fact later sold on to other people through commercial resale. I am afraid that anything we do to end the indicative limits would send a signal and a message to those smugglers who look for the resale of alcohol and cigarettes.

Indicative limits may not seem like a safe guide for consumers but they are a safe guide for children, children who often end up taking the alcohol and cigarettes sold by bootleggers and smugglers who bring them into my region in the South-East and sell them in the streets, on the back streets and on the estates, for small change, one or two cigarettes at a time perhaps, but enough to get kids started.

It is this trade which needs to be controlled and can only be controlled by setting indicative limits so that we can get to the source of the people who are trying to do this and trying to smuggle it past our police and customs officers.

That is why I believe that indicative limits should stay. It is not, as I say, an end to the integration of the single markets, but it certainly does bring about a better idea of social cohesion and social behaviour and, in the United Kingdom, the customs and excise officers and the police officers asked for this. They asked for it because it gives good guidance as to what people would be expected to bring back for their own personal use.

Tobacco has a life of only six months, so when you stop vans packed to the ceiling with cigarettes, you have to ask the question: is that really for personal use or is it going elsewhere for resale, and often to children?

Gabriela Crețu (PSE). - (RO) Fellow Members, excise duty and electronic charging systems in general appear to be technical matters, but they also serve certain powerful political objectives. However, to be able to use them, we need to take account of the specific situations in Member States, along with the abstract theories. At the same time, we need to maintain consistency with more general principles of the policies which we apply. For instance, the principle of equal treatment.

This report would meet both conditions if a proposal is accepted. This applies in particular to Amendment 69, which refers to maintaining duty-free shops at customs points in the Union other than at ports and airports, until 2017. This amendment will eliminate the discrimination between those who travel by water or air and those who travel on land, which is totally unjustified not only from an economic and theoretical, but also a practical perspective. At the same time, it offers a certain advantage to those living in the border areas, as has been pointed out already. These people are generally economically disadvantaged due to their peripheral status, but if their jobs were to disappear, this would have a negative impact on them.

Fellow Members, there are serious reasons for you to accept this amendment during tomorrow's vote. Compared to the huge expense we are prepared to go to without any objections in order to save corporations, this exemption has only minor financial repercussions.

Zuzana Roithová (PPE-DE). - (CS) Mr President, the free movement of people and goods is one of the great achievements of the European Union but it does not function well in the case of goods which are subject to varying high levels of consumer tax between the Member States. The conflicting views of the Commission, the committee, the European Court and the rapporteurs concerning quantitative policies have shown that we will not find a good solution as long as these tax differences continue to exist. It bothers me that the

Commission has not carried out an impact study in order for us to assess the economic importance of the parallel market and the social importance which restricts our citizens and which perhaps we all acknowledge. I would like this debate to lead to the coordination of consumer tax policies on alcohol and tobacco, for, among other reasons, the health risks. It is a fact that countries with high taxes cannot boast of any visible success in the fight against alcoholism.

Silvia-Adriana Țicău (PSE). – (RO) Mr President, Commissioner, Chapter 4 sets out the basic provisions and procedures which are applied as part of the Excise Movement Control System. The novel aspect is the introduction of the system and administrative documentation in electronic format.

In order to ensure the efficient operation of the computerised system, Member States should adopt within their national applications a uniform data set and structure in order to provide a reliable interface for economic operators.

The transitional period for adopting the Excise Movement Control System under suspension of excise duty must be set with due regard to the feasibility of introducing the computerised system in each Member State. With this in mind, the Member States and Commission are taking the necessary measures to implement key public facilities at national level and to ensure their interoperability.

Commissioner, in view of the food crisis mentioned and the social and economic importance of Europe's agriculture, I believe that we need to look closely at the possibility of abolishing excise duty on fuels used for agricultural activities, as well as on the energy used to pump water for irrigation purposes.

László Kovács, Member of the Commission. – Mr President, from the discussions I do see a general support for the main objective of the Commission proposal, which is to provide the legal basis for the computerisation of excise procedures by April 2010.

I want to emphasise and confirm that the purpose of the proposal is to simplify and modernise the excise procedure, to improve control of the movement of excise goods and at that same time to reduce red-tape excise obligations for traders and to reduce the burden on private travellers. These were the guiding principles for the proposals.

I would like to make some observations in relation to the amendments concerning some of the more sensitive issues in the proposal.

On the 'guide levels', the Commission could accept to maintain guide levels as a tool, although we did not want to introduce or propose guide levels. However, the present quantitative reference values have to be kept. We cannot accept a reduction of these values, which would be a step backwards in comparison with the 1993 Directive.

On the abolition of tax-free shops at land borders, which is another sensitive issue, I want to remind you that the origin of this approach dates back to as early as 1960, when the WCO, the World Customs Organisation, recommended the abolition of land-border tax-free shops, and I also want to remind you that in 2002, when the accession talks with 10 new countries were completed, countries like Slovenia, Hungary and some others were forced to abolish their land-based tax-free shops; so I think that the proposed solution, which provides a very long transitional period for Greece and for Romania, is quite fair in comparison to the stand taken with regard to the former new countries.

On the reimbursement of excise duty to small fuel distributors, the Commission maintains the principle that the insolvency of the final consumer cannot be a ground not to charge excise duty. At the same time, in view of the ongoing economic crisis and sometimes remaining high fuel prices, and to ensure fuel distribution to end users, it should be possible for Member States to otherwise safeguard the interest of small distributors, provided that such measures do not disturb competition.

Concerning the impact assessment, a point which many speakers raised, I want to remind you that an impact assessment was already made in 2004, so we simply did not find it necessary to repeat it two years later.

In conclusion, I would like to thank Parliament for its support and constructive approach. Providing the legal basis for the new Excise Movement Control System will allow the Member States to speed up their preparation for the introduction of the system, foreseen by April 2010. The Commission will take all necessary steps to ensure that all central systems will be operational by that date, as well as provide support to allow a smooth transition to the new paperless environment.

Astrid Lulling, *rapporteur*. – (FR) Commissioner, we very much want the Excise Movement and Control System to replace the paper system in April 2009, and we hope that the whole unfortunate debate on the indicative limits will not delay adoption of the directive.

I should like to say to Mr Dos Santos that these indicative limits have nothing to do with health or with Luxembourg. I should like to point out to Mrs Ferreira that, in 2005, we adopted in this House the report by the member of the Socialist Group in the European Parliament, Mr Rosati, in which we already endorsed the abolition of the indicative limits. Moreover, Mr Hamon, who now has other concerns, had proposed in his amendment much higher limits than those of the infamous social-liberal compromise concocted behind my back. To Mr Schmidt, I would say that we really ought not to mix things up and speak in the same breath about taxation and health. Moreover, the scourge of alcoholism is, unfortunately, directly in proportion to the level of excise duty; the higher the rate of excise duty, the greater the scourge of alcoholism in countries. The latter are obviously free to impose as high a rate of excise duty as they like, because we have only minimum rates, not maximum ones; but, please, do not talk to us about health policy when you have rates such as that.

I should like to say to Mr Skinner that, really, smugglers could not care less about levels and indicative limits. Moreover, in the Commission's proposal, there are criteria for defining goods acquired for personal use that are better safeguards than the indicative limits, including against smuggling. I hope that, tomorrow, we will be able to find the right solution, namely the one that I am proposing.

President. – The debate is closed.

The vote will take place tomorrow at 12 noon.

24. European Union Solidarity Fund: obstacles for its reform (debate)

President. – The next item is the debate on the oral question to the Commission by Gerardo Galeote Quecedo, on behalf of the Committee on Regional Development, on the European Union Solidarity Fund: obstacles for its reform (O-0092/2008 – B6-0472/2008).

Gerardo Galeote, *author*. – (ES) Mr President, Commissioner, ladies and gentlemen, once again we are dedicating a debate in plenary to the reform of the European Union Solidarity Fund which, as we all know, is intended to alleviate the damage caused by a major natural disaster within the Union territory.

This Fund very quickly proved to be ineffective in meeting its set objectives and, as a result, in 2005, the European Commission presented a proposal modifying the regulation governing this instrument of solidarity. The aim was to improve not only its operability, but also access to it and its coverage in the event of a major natural disaster.

The European Parliament, as can be easily proven, worked promptly and intensively on this proposal so that in May 2006 our institution had finished its first reading. At that time we all thought and believed that the Council would do the same, given that this was a regulation under the codecision procedure. However, as we now all know, that was not the case. Contrary to expectations, the Council put a hold on the process due to its inaction.

During this period, in addition to serious flooding, the European Union has suffered serious fires, which in some cases have resulted in deaths, and also major droughts. However, the Council has remained impassive. The proposal to improve the regulation is still sitting on the Council's table, despite calls from the European institutions and social forces.

Today we want to once again call on the Council to act and remind it that modifying this regulation will not require one additional euro from the Community budget: our demands have no financial consequences and aim solely at rectifying the operational problems that have arisen since this instrument of solidarity was created.

We simply want to improve its operability and agility, always in line with the subsidiarity principle. We note that, as this instrument currently stands, access to it is very difficult, restrictive and inflexible, as we have unfortunately witnessed over the nearly seven years of its operation.

I therefore want to ask whether this inability of the delegations forming the Council to reach a common position has any real explanation, and whether anyone can tell us who and what arguments are blocking reform of this regulation. We should like the European Commission to drive forward the reform of this fund,

to tell us what actions it plans to take, and to clearly set out the possible alternatives that it is considering in order to help unblock this matter. If the Commission does have any alternatives, we should of course like to know what they are and what their time horizon is.

I believe it is appropriate to remind those present, in particular the French Presidency, that this instrument was set up with a laudable objective: to promptly, adequately and visibly show the Union's solidarity with its citizens.

To end, Mr President, I want to make another call, this time specifically to the French Presidency, on a matter closely linked to this one: the creation of a European civil protection force, on which Michel Barnier, a former Commissioner as you all know, presented a report to the European Council in 2006.

I am ending. The Fund was created in particular as a symbolic expression of solidarity between the European Union and its citizens. My final plea is that, if we manage, after so much time and effort, to make this operative in any degree, our first thought and action should be directed towards those who have died in these disasters in the European Union.

Danuta Hübner, *Member of the Commission*. – Mr President, I would like to thank the European Parliament, and in particular the members of the Committee on Regional Development, for their continued interest in, and support for, the Solidarity Fund.

It is an important instrument to promote the European Union's strategic objective of solidarity and, since its creation in 2002, 61 applications have been received and the fund has intervened in 33 cases in 20 different countries. The total amount committed so far is EUR 1 523 million. According to the recent special report by the Court of Auditors, the fund is well managed and delivers quick, efficient and flexible assistance.

However, this fund has its limitations. The threshold for mobilising the European Union Solidarity Fund is extremely high. As a result, the fund is not well equipped for certain types of disasters, typically involving lower eligible expenditure, such as forest fires, and more than two thirds of all applications for the fund assistance presented so far were based on an exception for so-called 'extraordinary regional disasters'.

Moreover, with all the existing Community instruments, it is extremely difficult, or indeed impossible, for us to react to man-made disasters, as illustrated by industrial accidents, such as the *Prestige* oil spill, or terrorist acts, such as the Madrid bombing of March 2004. Likewise, it is not possible at present to provide assistance from the European Union Solidarity Fund in the event of a serious public health crisis.

For these reasons, in April 2005 the Commission adopted a proposal for a revision of the Regulation. Despite joint efforts with successive presidencies since 2005, the Council has so far not been able to reach agreement on this proposal. One reason is that the large majority of Member States consider that the fund works very well under the present scheme and they do not consider it necessary or appropriate to expand it to cover additional situations, fearing in particular the budgetary consequences of such an expansion.

The Council has not formally specified the position of each Member State, although the Council opinions are supported by quasi-unanimity. In addition, it was not indicated where areas of compromise could be found in order to reach an agreement on the Commission proposal.

The Commission remains convinced that revision of the Solidarity Fund Regulation is necessary to increase the Union's capacity to react quickly in case of major disasters which are currently not covered. Therefore, it will adopt a report to take stock of the six years of implementing the fund and to identify Solidarity Fund limitations and any room for improvement. We hope that the report will relaunch discussions in the Council and in the European Parliament on a revision of the current Solidarity Fund Regulation. The report should be ready towards the end of the first quarter of 2009.

With regard to civil protection, the Commission has begun to identify gaps in civil protection response resources on the basis of scenarios for major disasters, and assess options to fill identified gaps. In this context, the Commission will explore innovative arrangements with the Member States for reinforcing the overall EU disaster-response capacity in the framework of the pilot project and the preparatory action included in the 2008 budget.

On the basis of this work, the Commission may propose to fill the gaps through the development of civil protection modules available for deployment at any time or through additional reserve capacities designed to complement national responses to major disasters, including in the area of fighting wild fires.

Rolf Berend, *on behalf of the PPE-DE Group*. – (DE) Mr President, Commissioner, ladies and gentlemen, I am speaking in my capacity as rapporteur for the Social Fund, the 2002 Solidarity Fund and the expanded and improved version from 2006.

This report, which the European Parliament adopted by a huge majority, has been on ice for over two years, because it is being blocked by the Council, despite the fact that citizens are calling increasingly loudly for European solidarity against the background of the ever more frequent occurrence of natural disasters. The Solidarity Fund, which was hastily cobbled together following the devastating floods of 2002 to provide urgently needed assistance, was an instrument that promised immediate aid in the event of disaster. Over time, however, it has emerged that – as you quite rightly said, Commissioner – that the currently available instrument makes it extremely difficult, if not downright impossible, to respond appropriately to large-scale crises at EU level.

Moreover, the current threshold for mobilising the fund is, as you said, Mrs Hübner, extremely high, which means that the derogations are getting out of hand. The revised version of the Disaster Relief Fund, however, provides a clear response to this. The European Parliament therefore feels that it is even more important for this effective instrument to be made available to the people affected by disasters, hence, once again, the specific question: why can the Council not reach a common position on an issue that is so vital to suffering citizens of the European Union? Which Member States support the improved Treaty, and which reject it? You in the Commission have indicated that it might be a possibility at the start of 2009. We hope so, but we also want to push for it once again here, because one cannot simply disregard the vote of this Parliament as the various Presidencies have done previously.

Iratxe García Pérez, *on behalf of the PSE Group*. – (ES) Mr President, Commissioner, as stated by my fellow Members, in 2006 we debated in this House the modification of the Solidarity Fund Regulation with a view to adapting it so that it could become a rapid and effective instrument of response. However, today this issue is still on the table.

It was not easy to achieve the very broad agreement that was reached in this House, given that both the various political groups and the interests of certain countries put forward very different ideas as to how to modify this regulation.

However, I feel that we all made a major effort to reach agreement and allow this regulation to be amended. I feel that Parliament set an example of what we all now have to make an effort to achieve: the consensual modification of the regulation.

The European Commission must make every possible effort to foster this agreement and achieve the set objective. I am pleased at the response given today by the Commissioner, who has said that a study will be carried out in order to determine the objectives that we must now set with regard to the modification of the regulation, not least so that we can ensure future agreement by the Council.

We must ensure that, through the modification of this regulation, a rapid and effective response can be given to those disasters which the Member States are unable to tackle on their own, by extending the current eligibility to industrial disasters, acts of terrorism and public health emergencies, not forgetting such an important issue as the severe droughts which are occurring increasingly often, particularly in certain Mediterranean areas.

In addition, we must be firm in proposing to lower the threshold for mobilising the fund from EUR 3 000 to 1 000 million in damage caused, not forgetting the regional component. This instrument must respond with financial aid to situations of extreme drought, fire and flooding, not forgetting under any circumstances the victims who need immediate help and assistance.

The Solidarity Fund is a political instrument for solving problems, which is why I must once again stress the need to make every effort to take this fundamental issue forward, but we must do so with the necessary changes that are appropriate to today's reality.

Jean Marie Beaupuy, *on behalf of the ALDE Group*. – (FR) Mr President, Commissioner, my fellow Members have already cited some examples. I should like to refer to some of them in order to introduce this subject, since we need to combat natural disasters. Who remembers what took place just a century ago, in 1908, in Messina, where 100 000 people died? Everyone obviously remembers Chernobyl, but if we focus on the last 10 years or so, there were the storms and the sinkings of 1999, the floods in Central Europe already cited

just now, not to mention 11 September in New York, the terrorist attacks of March 2004, the problematic disease, chikungunya, and so on.

We do not know what the next disaster will be or on what scale it will be, but we are sure of one thing, and that is that there will soon be another disaster again.

When that time comes, our fellow citizens, who for 50 years have been used to seeing a supposedly united Europe being built – and a number of reports on which we have voted this week are testimony to this – will turn round and ask us the same question that they have been asking us regarding the current financial crisis: ‘but what have you done?’

Over the past few weeks some of you may have heard the former director of the International Monetary Fund explain in a previous report, from three or four years ago: ‘We said at the IMF that the crisis was going to happen, and we explained how to prevent it’.

So, Commissioner, this evening you have come to listen to us, and we hope that you will be able to hear us and to ensure that, unlike what is happening with regard to the current financial crisis, Europe will not be behind if a disaster occurs.

For my part I should like to make a twin proposal. Firstly, a proposal concerning the type of action to take. You said this in your closing remarks, Commissioner, you referred to the report by Michel Barnier.

We cannot have two separate actions, even though you yourself, like each of us, in particular within the Committee on Regional Development, are forever saying that we need integrated approaches. We cannot have development of the Solidarity Fund, on the one hand, and a prevention policy, on the other. The two should be linked, not least in order to convince these infamous ministers of finance, who explain to us that perhaps even if the Solidarity Fund criteria were adapted – and you spoke about this – it would cost more. They should draw inspiration from the Barnier report and they would understand that if, at the same time, we conducted a prevention policy by pooling the means of action and pooling accident and natural disaster prevention, then, we would save money.

Therefore, it is clearly a question not only of saving money and averting disasters, but above all of saving human lives – that really is the priority.

That is why, Commissioner, I, along with all my fellow Members, urge you to do your utmost to ensure that, at the end of the French Presidency and during the Czech Presidency, you obtain a genuine guarantee from the Swedish Presidency that the action plan will not just be studied, but launched.

We are counting on your determination. We need it. You know that Parliament is behind you – this evening it has said so loud and clear. We shall now wait to receive results for a year’s time, without fail.

Elisabeth Schroedter, *on behalf of the Verts/ALE Group*. – (DE) Mr President, Commissioner, ladies and gentlemen, the Council is not present, but it is the institution that is creating the blockage, and it is to the Council that this discussion should be addressed. After all, who is it that submits the applications when the fires or the floodwaters are spreading? The Member States – and they attach all sorts of special requests. They want generous aid, and it is not always used appropriately: we have just had the example of the United Kingdom.

Nevertheless, I would like to take this opportunity to express another concern to the Commission. Originally, the Commission, under Mr Bernier, was very committed to the area of prevention, because it understood that natural disasters can only really be combated through preventive action. Today, this aspect is not being given sufficient attention. I would welcome it if the Commission could draw up guidelines for the implementation of the Solidarity Fund that really focused on prevention.

I would once again point out that the Commission already has opportunities to put greater emphasis on prevention, for example as part of the ERDF programme, but what are they doing in that connection? So far, little has come across, and little investment has been made to prevent the occurrence of natural disasters. There has been no investment in natural flows, and there has not been enough insistence that reforestation should involve a natural mixture, for example in Greece, where it is the pine forests that burn particularly easily.

I expect the Commission to act with greater commitment on the current applications, and to keep an eye on what the money is being spent on, in order to ensure that disasters do not recur, and to enable investments can really be in harmony with nature. I have seen no sign of this commitment, and in that respect the

Commission needs to shoulder a portion of the blame. Although we talk about natural disasters, the majority of natural disasters are to a large extent man-made, due firstly to the inadequacy of our fight against climate change and secondly to building on flood plains and planting monoculture forests. In this connection, the Commission needs to commit now, and not wait.

Pedro Guerreiro, *on behalf of the GUE/NGL Group.* – (PT) During the debate on modifying the Solidarity Fund Regulation, held on 18 May 2006, in which we actively participated by tabling a series of proposals, we underlined our disagreement with the position adopted by a majority in Parliament. In particular, we disagreed with the failure to maintain the eligibility of regional disasters – which are the kind that occur most – as provided for in the current regulation. We also disagreed with the rejection of the possibility of greater financial assistance for the cohesion countries and convergence regions and we disagreed with the reduction in the threshold for mobilising the Fund, so that it is the European Union countries with the highest gross domestic product which will clearly benefit most.

In line with everything we have done to date, in addition to amending the issues highlighted above, we will continue to fight for the following aspects, *inter alia*: recognition of the specific nature of Mediterranean natural disasters; adaptation of the Solidarity Fund in terms of time limits (having witnessed unjustifiable and unacceptable delays in its mobilisation and the delivery of Community funds to victims); adaptation of the Solidarity Fund in terms of eligible actions, particularly with regard to the specific nature of various natural disasters such as drought and fire; inclusion within the eligible actions of support for re-establishing productive activity in areas affected by disasters, and also operations to provide emergency land-based and airborne equipment for fighting forest fires.

With regard to all initiatives in the area of civil protection, we consider that the priority should be promoting prevention and improving the civil protection resources of each Member State, and also their coordination.

Lambert van Nistelrooij (PPE-DE). – (NL) Mr President, Commissioner, there is the expectation of Europe to be pro-active. Citizens in affected areas cannot understand why it should take months before Europe, caught up in its own procedures, can grant clarity.

How does it work? Something happens somewhere and a few hours later, you can watch it all on TV and you find yourself thinking, this area needs our help and solidarity. This is followed by a deafening silence. We are then caught between the national state and European offices. What is frustrating is that there is no communication at that point. It is stuck in the Council, and has been for the past two years, but surely we should be able to find out what the reason is for the obstruction and hear alternatives. This is the big issue. Shortly, in six months' time, Parliament will be outgoing. When we will have a new Parliament, we will be expected to hand over this dossier, without having achieved our goals, with sound proposals on the table.

The French Presidency is involved in everything other than this dossier. Nothing has happened with it, and we should particularly like to hear why that should be. I should like to congratulate the European Commission though. Mrs Hübner and her colleagues have definitely made some headway with it, and it should be possible to remove the obstruction completely by joining forces. In a naming and shaming exercise, we have to say that the Council and the French Presidency have failed on this score.

Wolfgang Bulfon (PSE). – (DE) Mr President, when do citizens need the solidarity of Europe? When do Member States need the solidarity of the European Union? Primarily, of course, in the event of disaster. This is precisely the question that I asked in connection with the vote on the fourth cohesion report this spring.

Mr President, today we are discussing revising the Solidarity Fund to arm ourselves better for future challenges and to allow us to provide rapid and effective aid. The Commission and Parliament are, according to their resolutions, of one mind concerning the objectives of this legislative initiative. In July this year, I asked the Council about the status of this procedure. It informed me that, unlike Parliament, it saw no need for an initiative at the current time. In view of the fact that a former French Commissioner and minister stressed the need for revision in his report, I find the Council's attitude incomprehensible. I therefore could not ask for a better committee chairman than Mr Galeote, who is not prepared to accept Parliament decisions being disregarded. I would like to thank him quite specifically for that. I would call on the French Presidency, as a matter of urgency, to reconsider their attitude towards the citizens of Europe.

Agnes Schierhuber (PPE-DE). – (DE) Mr President, this is long overdue, and I would like to thank the rapporteur most warmly.

I think this is one of the core issues that holds Europe together, and it is also a question of solidarity. It is high time for the Member States to take action in this area. The EU must provide financial support for those organisations that help us in crisis situations. Many Member States have suffered devastating natural disasters in recent years: I am thinking of the forest fires that repeatedly occur in Greece, including within the last year, and the floods in Central Europe in 2002, which also badly affected Austria.

Disasters like these pull the economic rug from under people's feet. In such situations, exceptional resources are needed, Mr President, because it is not just about emergency aid, but also about rebuilding centuries of infrastructure. One Member State on its own does not have those resources. It should also be borne in mind that, unfortunately, certain States are more prone to these national disasters, and here, too, I am thinking of Austria. The people of Austria are still talking, with considerable gratitude, about how quickly the EU helped them. The European Solidarity Fund should not only help to fund reconstruction, but also support emergency organisations. The work of the voluntary fire service, the Red Cross and other voluntary organisations is priceless: one cannot begin to imagine how much it would cost if such services were not provided on a voluntary basis. These organisations always help in emergencies and are an indispensable part of the social structure in rural areas.

We therefore urgently need to take action to maintain and expand these aid structures. I hope that we will reach agreement here quickly, so that we do not regret it when another disaster occurs and we cannot act quickly enough.

Evgeni Kirilov (PSE). - (BG) As the rapporteur Mr Galeote and a number of other Members pointed out, the Solidarity Fund is a necessary instrument whose very name and purpose is to fulfil one of the most important principles of the European Union – that of solidarity among the Member States. During the time the Fund has been in use, omissions and failings have become evident, and for this reason reform is required to remedy these failings, and to respond to the dangers that face us. As has been mentioned, there is a reform mechanism and the European Parliament has stated its position. The important thing is to account for all potential problems that the Fund may encounter so that it can become an instrument that is genuinely useful and people feel that something is getting done. Nobody needs a useless instrument which has the potential to be used, but which in practice hardly works at all. At the same time, let us state quite clearly, that the greatest effect is achieved through quick response. We are still very far from achieving an effective system. The smaller Member States do not have the resources of the larger ones, while cooperation and coordination at European level is something we can only dream of. And, as has been pointed out, it does not always necessarily mean more cash.

This summer in my country, Bulgaria, there was a huge fire in the Rila Mountains, the most picturesque and inaccessible mountains in the country, which we were only able to contain with the help of French firefighting helicopters, and we are deeply grateful for them. But organising and coordinating the operation cost too much valuable time. The citizens of the European Union are impatient for effective decisions, and not necessarily large amounts of funding. Effective decisions, which as Mr Beaupuy said, could even save us money.

James Nicholson (PPE-DE). - Mr President, we are all aware that the background and the origins of the European Solidarity Fund lie in the devastating floods in Central Eastern Europe in 2002; its necessity was further cemented by other natural disasters such as the forest fires in Greece. And recently the flooding in my own constituency in Northern Ireland brought it home to me how important this is.

Despite widespread support and enthusiasm for the Fund expressed by Parliament and the Commission and among EU citizens, the Council's reluctance to cooperate is hindering its full implementation. Surely the European Union wishes to grant assistance to Member States which have experienced natural disaster. This aid must be administered in a swift and responsive manner in order to have any chance of being effective. However, the Council is currently placing obstacles in the way which are preventing the smooth operation of the Fund. I am glad therefore that the tabling of this oral question and its urgency is a matter which is highlighted by the Committee.

Furthermore I would like to stress the part of the question posed by the Committee, which asked which Member States are opposed to the Fund, and please tell us why. The Solidarity Fund is an extremely important mechanism for the European Union to have at its disposal. However, problems of its implementation have dragged on for far too long and in my opinion this needs to be resolved as soon as possible.

It matters nothing whether it is floods or forest fires, when people are in trouble they need help and assistance and above all they require financial support, upfront and speedily; not like the present system that has taken

months and years and has been stifled totally by bureaucracy. If you really want to do something positive, this is it and will bring you more credit to Europe than any of your other proposals or all of them put together.

I want to make it very clear to the Council. The Council disagreed because, in my opinion – and it is only my opinion – they do not want Parliament, and more importantly, they do not want the Members of this Parliament in the local region, where we are more important than you, the Commission or they, the Council. Because when something happens the people look to the Members. They do not look to the Commission and they do not look to the Council and they do not know who you are. You are an untouchable, faceless, bureaucratic body in Brussels. So it is the Members – so do not run away from it – we, the Parliament, are the people who are out there with the people all the time and we need that support. I have never heard such feeble excuses in all my life; it is time to get this done.

Stavros Arnautakis (PSE). - (EL) Mr President, Commissioner, we usually say that we are a Union whose basic principle is solidarity. Today our citizens need a Union which can put this principle into practice. They need actions, not just words. Today we call on the Council to take account of the citizens' expectations and show that it is up to the job as far as the Solidarity Fund is concerned.

All of us in our countries have experienced the effects of what are frequently occurring natural disasters. We have all witnessed the despair of our fellow citizens who have been affected and we all know and understand how important it is for these citizens to feel that the European Union is standing by them. In May 2006, the European Parliament adopted the European Commission's plan for a new Solidarity Fund, a new, faster and more flexible and effective fund, which it was planning to implement in the period 2007-2013, but which has so far been collecting dust on the Council's desk.

I honestly cannot understand how we can possibly have such a good instrument and yet not implement it. The European Union needs the new Solidarity Fund now more than ever.

Oldřich Vlasák (PPE-DE). – (CS) Mr President, Commissioner, ladies and gentlemen, as a member of the Committee of the Regions I had a chance to see with my own eyes the storm-damaged forests in the Slovakia's High Tatra mountains, the fires in Portugal and the floods in the Czech Republic. In discussions with local people I fully realised how the use of European funds to repair the damage and regenerate the Tatra national park was strongly felt to be a concrete manifestation of European solidarity. The solidarity fund is able in certain crisis situations to assist individual states and thereby to give a major boost to the sense of belonging to a wider Europe. Unfortunately, the actual administration of this fund is not very efficient, so help often arrives after many months of delay. Therefore the European Parliament has been trying for a long time to change the legal framework in order for the law to be able to consider fresh needs when using these financial resources and enabling the provision of rapid and effective help in a shorter period of time.

In view of global climate changes it can be expected that catastrophes involving floods, droughts, storms and fires will become more frequent on our old continent. There are also new threats in the form of terrorist attacks and health pandemics. In reality individual states are attempting on a bilateral basis to cooperate and are organising joint exercises and events for their emergency services. They are thus indirectly supporting some of the ideas on civil defence outlined by Michel Barnier in 2006. Unfortunately, that discussion has yet to be continued.

Ladies and gentlemen, rapid responses, the more effective use of the Solidarity Fund and international cooperation in preventing and attempting to counter the effects of catastrophes are very hot topics, particularly ahead of the forthcoming European elections. I therefore fully understand the questions that have been submitted and I call on the European Commission and the Council to resolve the situation quickly.

Gábor Harangozó (PSE). - (HU) Thank you very much, Mr President. Commissioner, ladies and gentlemen, the European Community created the Solidarity Fund with the stated purpose of enabling it to respond in a rapid, efficient and flexible manner in cases of dire emergencies. It cannot be said, however, that promptness and efficiency characterise the Council when it comes to formulating a common stand.

Unfortunately, the greatest natural disasters do not wait for the formulation of a common stand. In spite of positive results obtained since the existence of the Solidarity Fund, further improvements are needed in order to be able to deliver aid more rapidly and efficiently to those in need. There are enormous challenges facing us, and for this reason I cannot understand why the years go by without the Council taking any decision. Our citizens' understanding will be even harder to gain than mine.

We must not allow further delay, but need to strive for a debate that leads to results, and come to an agreement as soon as possible in order to meet the challenges posed by more and more frequent natural catastrophes. Thank you for your attention.

Rumiana Jeleva (PPE-DE). – (BG) In recent years we have had to face increasing numbers of disasters, both natural and man-made. These disasters have resulted not just in serious financial, but unfortunately also in human, losses. Over the past few years we have had to deal with floods, drought and forest fires in Bulgaria. This weekend Bulgaria experienced an earthquake, which fortunately was not very strong. Although little consolation, it does confirm the need for an effective European Solidarity Fund.

I would like to point out that we are not the only country in Europe to suffer from such disasters. Neighbouring Greece, for example, had to deal with devastating forest fires in 2007. This means we have to do more to deal with the consequences of these disasters. It is clear that we need changes in the regulations to provide more flexible tools. As Mr Berend correctly concluded in his report in 2006, we have to speed up the delivery of aid and decrease the amount of red tape involved. We must ensure that the aid reaches citizens when it is needed, and not days or even weeks afterwards. That is why I welcome the reduction in the threshold and the implementation of new fast-track payments which are an expression of real solidarity. Another aspect that is very important is that the new revised proposal also covers industrial disasters. If in Bulgaria, for example, we have an oil pipeline explosion or a shipping accident, this would also qualify for aid from the Solidarity Fund.

And finally I would like to put forward an idea about funding. We could in the long term think of financing instruments such as the Solidarity Fund by using part of the monies that are lost under the 'N+2' and 'N+3' rules. For the time being, though, we need to concentrate on real change, and that is why I urge the Commission, and in particular the Council, to support the modification of the European Solidarity Fund.

Emmanouil Angelakas (PPE-DE). – (EL) Mr President, Commissioner, the Solidarity Fund is an important tool for the exercise of social policy in Member States hit by natural disasters. It is a practical expression of solidarity with European citizens affected by such disasters and it is through such procedures that we do justice to the vision of active support by the European Union for its citizens.

The important contribution of the Fund in dealing with major disasters was demonstrated during the floods in central Europe, the earthquakes in Italy and the fires in Portugal and in my country, Greece, in 2007, and it is telling that a large number of Member States have used appropriations from the Fund. At the same time, with the current regulation and the existing resources, the European Union cannot respond to other such crises which are not due solely to natural causes, such as industrial pollution, a pandemic in Europe, droughts and such like.

The proposed reform of the regulation covers broader requirements, speeds up procedures, introduces the innovation of advance payments and generally takes practical and positive measures. This being so and given that the European Parliament has adopted the Commission's proposal, I fail to see the reasons and causes for the delay in ratifying the regulation.

It is comforting, Commissioner, that you made clear your support for our views in your stand today. This delay is not in keeping with the spirit of solidarity which should govern us. The Council bears a great deal of responsibility and we hope that it will respond to the call by the European Parliament and assume it immediately, even though it is absent today.

Maria Petre (PPE-DE). – (RO) Mr President, Commissioner, fellow Members, first of all, I would like to say how happy I am that we are finally having a debate on this topic. I hope that today's debate will also produce the results which the Commissioner has already promised us. We all know that the current procedures for actually accessing the Solidarity Fund take a long time. I am therefore proposing that the Union's budget be amended.

For example, when Romania wanted to obtain aid from the Solidarity Fund following the floods which took place in the spring/summer of 2005, it had to wait around a year to receive the money. The provision of the Regulation stipulates that the application should be submitted no later than ten weeks after the disaster takes place and the total value of the losses must be given, which helps to classify the type of disaster. It is rather difficult to meet these requirements when floods are involved, for instance. In order to evaluate the losses properly, the water needs to be drained off completely. This does not depend in any circumstances on national institutions and authorities. The next procedure is for the Commission to verify compliance with the conditions, primarily those of a major disaster. This requires a good deal of time, including additional

information and clarifications. Finally, after the amended budget has been approved, the Commission prepares and approves the decisions for awarding the grants. This is ultimately followed by the transfer of funds, which must be spent within a year at the latest. In practical terms, this money reimburses the expenses already paid out by the beneficiary state following the disaster it has been through. On the basis of these conditions, we all ask ourselves whether this is really emergency aid.

I would like to conclude by saying that rejecting the Commission's proposal to modify the Regulation after discussing it in the Working Group of the Financial Counsellors, without consulting the 'Structure Action' group, may lead to the conclusion that, in practical terms, the finance ministers were not in agreement. This conclusion creates numerous problems for us, especially in the current climate with so many problems and at Member State level too.

Mairead McGuinness (PPE-DE). - Mr President, some of the best questions are raised late in the evening and this is one of them, although there is an element of 'the dialogue of the deaf' because we do not have the Council here to hear this debate.

There are two words which we talk about a great deal in Europe: one is 'subsidiarity' and the other, 'solidarity'. Subsidiarity is about respecting the Member States and their rights and solidarity, in my view, reflects the commonality of the European Union and our support for each other. So, why does this fund not work to do that? Indeed, one of the dangers and the damage as a result of its failure to work is that we make announcements about funding being available and then fail to deliver because the system is complex, bureaucratic and very unwieldy for communities and for individuals to work with.

It is, I presume, about budget and about money, ultimately. I listened very carefully to the comments of the Commissioner responsible for Financial Programming and Budget last week about many things, from the common agricultural policy to other issues but, in particular, calling for a more flexible budget, a budget to react swiftly to world events rather than the European Union running after events.

I am sorry that she did not speak about the need for flexibility to react to events in the European Union because I think that is what we are talking about here this evening. I come from a country which has said 'no' to the Lisbon Treaty, where we talk increasingly about trying to bring citizens closer to the European Union, and the best way to do that is to see Europe in action rather than in words. I am afraid that there are too many announcements about things in the European Union and too little action on the ground where people see it working.

On a positive note there was a survey this morning in the papers which suggests that the Irish public are looking perhaps at changing their minds on Lisbon. So I would hate you to leave the Chamber despondent.

Sérgio Marques (PPE-DE). - (PT) Mr President, Commissioner, ladies and gentlemen, this oral question put to the European Commission by Gerardo Galeote, on behalf of the Committee on Regional Development, is totally justified and relevant. The reasons why the Council has blocked reform of the Solidarity Fund, given its inability to reach agreement on a common position that would allow the legislative process to continue, should be spelt out.

It is difficult to see what reasons there might be for the Council's position, except perhaps mean financial reasons. Does the Council not want a more agile and immediate response to the natural disasters that occur? Does the Council not want this type of speedy response to be available for any other type of disaster, such as major industrial disasters, acts of terrorism or public health emergencies?

It is vital that a clear answer is given to these questions, just as it is also vital to clarify what the European Commission thinks about this situation and whether it intends to take any steps to unblock the legislative process.

The value of solidarity must also be fully ensured in this area. Citizens really would not understand if this did not happen.

Czesław Adam Siekierski (PPE-DE). - (PL) Mr President, this fund is one by which citizens often judge the European Union. In recent years we have observed a growing number of natural disasters, which have been increasingly violent in nature. Time and again we hear of floods, droughts, fires or storms in various Member States. They are not the only problems. We need to make it possible to get aid in events like chemical spillages, explosions, industrial fires or accidents at nuclear power stations.

We also have to be prepared for new challenges, such as countering terrorist attacks and dealing with their aftermath. Neither should we forget crisis situations concerning the health of our citizens, or animal diseases. In the face of such threats, the cost of drugs, vaccinations and equipment are a great obstacle to dealing with these situations. The Fund must be elastic so it can adequately respond to situations, and do so comprehensively. The procedure for applying for aid also has to be as simple as possible.

Mieczysław Edmund Janowski (UEN). - (PL) Mr President, today Commissioner Hübner finds herself in a very difficult situation. She has to reply on behalf of the Council, which has no representatives present. During the Danish presidency in 2002, when there was a flash flood, they managed to mobilise themselves and prepare the relevant documents in a matter of weeks. Today we should accuse the four presidencies for this sluggishness in reforming the Solidarity Fund. We need this Fund. The aid from it should not just be a token of our solidarity, but needs to be fast and effective, with a minimum of red tape.

I believe that we need to address two issues here. One is how the Solidarity Fund should be managed, and in what situations, and the other is how to use other resources, from other funds, such as the Cohesion Fund, for long-term disaster prevention activities. But this is a separate subject. I would like to take this opportunity to ask the Commissioner a question. At one time the question was discussed of setting up a 'rapid reaction instrument' and of readiness for major disasters, with a budget for this eventuality of approximately EUR 200 million. I do not know what is happening with this project, which is also related to the issue under discussion.

Rolf Berend (PPE-DE). - (DE) Mr President, it is unusual to be given the floor again under the 'catch the eye' procedure, but I just wanted to reiterate at the end of the debate that the criticisms expressed this evening are for the most part not directed at the Commission at all.

The Commission has continually helped us in drafting the revisions to this Treaty, and it has always been on Parliament's side in the efforts to implement them. It is the Council that is at fault, and we wanted to phrase this question so that we could express our criticisms to the Council. The fact that it is not present shows contempt for Parliament, and we should not put up with being fobbed off like this.

Mrs Hübner, you have our full support in all your dealings with the Council attempting to get this revised fund off the ground.

Danuta Hübner, Member of the Commission. - Mr President, I have three explanations to present to you. This is not an emergency aid solidarity fund; it is a fund which is based on reimbursement of specific costs for emergency operations after disasters, allowing for a return to normal living conditions. The Commission proposes; Parliament and the Council decide.

Secondly, in the Regulation amendment we propose to enlarge the scope, we propose to lower the threshold and we propose to change the procedure allowing specifically for the advance payment.

Thirdly, the list of my interventions, and those of President Barroso, with seven presidencies is a very long list; it takes practically two pages, the list of all the meetings and letters. None of the seven presidencies, although some of them initially presented positive attitudes, managed to get agreement in the Council for approving the amendment to the Regulation. I refused to withdraw the proposal from the Council, hoping that with the new report that we will produce and adopt as the Commission early next year we will have a new debate which will allow us to go on with amendments; maybe we are now also having new ideas, maybe a broader scope of amendments to this Fund. In that regard, I hope very much that you will be present and participate in this debate and will support the proposal of the Commission.

Briefly on another issue, prevention, we will adopt at the end of this year a communication 'Towards a comprehensive new approach to preventing disasters'. We have already completed the two exploratory studies, we have also completed consultations and the impact assessment is currently in preparation. Also, cohesion policy - somebody, I think Mr Janowski, suggested involving cohesion policy in prevention actions - has as one of its priorities precisely preventive actions, especially in the area of environment.

That is all, Mr President. I hope that we will continue to work together with a view to getting this Fund amended in such a way that it will be more important and more responsive to the needs of European citizens.

President. - The debate is closed.

Written statements (Rule 142)

Margie Sudre (PPE-DE), in writing. – (FR) Parliament and the Commission reached an agreement over two years ago to extend the scope of the Solidarity Fund so that it covers not just natural disasters but also industrial accidents, terrorist attacks and major public health crises.

The agreement specifies that particular attention will be paid to the outermost regions even if they do not meet the eligibility criteria in full, so that they receive emergency aid in the case of unforeseen happenings.

However, this reform has still not come into force, as the Council has not managed to reach a decision, with the result that the adoption of a common position has been delayed even further.

In spite of the fact that this Fund has recently been harnessed to help Réunion following Cyclone Gamede, and Martinique and Guadeloupe, both victims of Hurricane Dean, uncertainty remains about the admissibility of each request, because the Council did not take a swift decision on this reform.

The Commission should also review its proposals with the aim of strengthening the Union's civil protection capacity, in order to exploit the expertise and geographical location of the outermost regions and the OCTs, which aspire to be support points in the event of intervention outside Europe.

On both these issues, the outermost regions expect an ambitious response from the EU in order to guarantee their security.

25. Improving consumer education and awareness on credit and finance (short presentation)

President. – The next item is the report (A6-0393/2008) by Mrs Iotova, on behalf of the Committee on the Internal Market and Consumer Protection, on protecting the consumer: improving consumer education and awareness on credit and finance (2007/2288(INI)).

Iliana Malinova Iotova, rapporteur. – (BG) The report on financial education which will be put to the vote at tomorrow's plenary session is more important than ever. It is clear that the financial crisis we are now facing can be avoided if consumers are well informed of the risks that various types of credit entail. We can definitely say that if in the past we had concentrated more on the financial education of people, we would not be facing the present situation, or at least the crisis would not have assumed the proportions it has. For the sake of the future we must be sure that our children are given the opportunity to learn and to handle credit cards and loans properly everywhere in Europe. We have to concentrate on student mortgage loans and pension and investment funds. These financial products strongly affect the lives of consumers, which is why they must be taken into consideration. We must not forget that increasing numbers of young people are getting deep into debt without even suspecting what effect this will have on their lives.

We have spent many months working very closely on the texts of the report. We conducted a very interesting public discussion with representatives of European and US banks and financial institutions right on the eve of the crisis. Even then the problems had clearly come into focus, and the alarm was sounded. On the other hand, we were able to see the experience and good practice of financial education in countries which have traditions in this area and which are constantly working to improve it – the UK, France, Germany and elsewhere, and we heard the opinions of those who are taking their first steps in this field. I am pleased with the results of the vote on the report in the Committee on the Internal Market and Consumer Protection, and by the Commission's decision on the budgets needed to provide assistance on the project.

We also received many encouraging responses from leading financial institutions on the initiative report. I believe we have reached a compromise solution which satisfies all political groups, which is why I hope tomorrow's vote on the report will be successful. We can only overcome the present financial crisis through joint efforts, which is why we need to unite and work together on this common initiative. It is time to act and to ensure that European consumers have the knowledge they need about consumer and other types of credits, so that a similar financial disaster is not repeated. To achieve this it is extremely important that the Member States implement the measures undertaken and cooperate closely. And finally I would like to thank the members of the European Commission greatly for the assistance they have given me.

Danuta Hübner, Member of the Commission. – Mr President, this is a very timely report. It highlights many of the challenges which European consumers are facing in the context of the current financial crisis. That is why I give many thanks to Mrs Iotova for the outstanding work.

The Commission recognised the importance of financial education for the proper functioning of the internal market in our Communication which was adopted in December last year. Consumers definitely have to be empowered to take responsible decisions regarding their personal finance, and only in this way will they be able to reap the tangible benefits that come from financial integration in the European Union.

Education is the competence of the Member States. The Commission's role in this regard is mainly supportive, but nevertheless important.

The national level is the most appropriate for the delivery of consumer education programmes and it is also the most effective and efficient. Member States have a key role to play, for example by adopting national financial education strategies based on public/private partnership.

We believe that the Commission's role is to act as a promoter of financial education EU-wide, showing benefits, coordinating efforts, demonstrating best practice.

In this regard we have implemented several practical initiatives and created the expert group on financial education, which held its first meeting in October, devoted to discussions on the national strategies for financial education.

We have also been advancing the development of the Dolcetta online tools for teachers to make it easier for them to incorporate financial topics into the existing curricula. Soon we will be publishing the European database for financial education, an electronic library of schemes run by various types of providers. Finally, the Commission regularly offers its patronage to selected events giving visibility to financial education.

We fully agree with the general thrust of this parliamentary report and the majority of its proposals. The issue of crucial importance is the education of children and young people, and the Commission shares with Parliament the conviction that financial literacy should be taught at school.

We are ready and willing to assist Member States in developing their basic educational programmes in the field of personal finances, and a similar concern applies to the idea of tasking the Commission with running EU information and media campaigns on financial education. Such awareness-raising campaigns should be tailored to the specific needs of the audience and are most efficient when run at the national or even local level. Again we are ready to assist.

I would like to conclude by thanking Parliament for its good work on this file and look forward to continuing the dialogue between Parliament and the Commission on the important issues of consumer financial education.

President. – That concludes this item.

The vote will take place tomorrow at 12 noon.

Written statements (Rule 142)

Dragoş Florin David (PPE-DE), in writing. – (RO) Ignorance of the law does not exempt us from its consequences, in much the same way as ignorance of financial mechanisms does not exempt us from the losses suffered.

Finance and banking institutions and insurance companies had and still have an obligation to provide consumers with 'user instructions' for financial instruments so that they can make enlightened decisions. This is why I believe that the need to educate Europe's citizens in financial, banking and insurance matters by governmental and non-governmental institutions is a good solution for those who really want this. However, providing information to the citizens who use these instruments must be a duty performed by the providers of services in this area. I think that it is the obligation of the EU Commission and Member States to warn and inform Europe's citizens about the harmful nature of particular products or services and to regulate the European market so that these harmful products or services cannot appear on the market.

I would like to conclude by congratulating the rapporteur, Mrs Iotova, and our colleagues from the Committee on International Trade and Committee on Economic and Monetary Affairs for the efficient way in which they drafted this resolution.

Zita Pleštinská (PPE-DE), in writing. – (SK) The crisis over risky mortgage loans has confirmed that the level of financial awareness among EU citizens is low. Consumers are not sufficiently familiar with the risks of bankruptcy and excessive debt. Information on financial products from financial institutions, mainly provided

through advertisements, is hard to understand and sometimes confusing. They do not provide consumers with enough information prior to signing contracts.

The job of informing consumers about finance and loans should begin in school, where the consumers of tomorrow should be familiarised with the products of the banking sector. Particular emphasis must be placed on programmes for young people, pensioners and vulnerable groups.

I firmly believe that the Commission should create a budget item for financial education programmes at an EU level, which could bring together all of the relevant bodies, such as the state, non-governmental organisations, consumer organisations and financial institutions.

I would like particularly to emphasise the role of the consumer organisations at a Community level and also at an intra-state level, since they know best the special needs of the target groups in the area of educational programmes. Many Member States fail to assign adequate funding in their budgets to consumer protection policies and fail to give attention or financial support to the activities of consumer organisations.

There are few consumers who can afford the services of personal financial advisers and I therefore firmly believe that consumers should be provided with independent advice on proper training courses via EU educational programmes and within the framework of consumer organisations.

Marian Zlotea (PPE-DE), in writing. – (RO) I would like to congratulate Mrs Iotova for the subject matter dealt with by this report. I consider financial education to be a very important topic. At the moment in Romania, we are facing the problem of people who are no longer managing to pay their debts because they have taken out credit from different banks. Not only have they been badly advised about the implications of this credit, but they have not been given any kind of adequate financial education to allow them to decide which financial service might suit them better.

We must not confuse financial education with information supplied to consumers. Financial education programmes need to be developed according to the age groups and needs of the various sections of the population.

I hope that the Dolceta service will be translated into Romanian and Bulgarian as soon as possible so that all the citizens of the Member States can benefit from it.

26. Consumer Markets Scoreboard (short presentation)

President. – The next item is the report (A6-0392/2008) by Mrs Anna Hedh, on behalf of the Committee on the Internal Market and Consumer Protection, on the Consumer Markets Scoreboard (2008/2057(INI)).

Anna Hedh, rapporteur. – (SV) Mr President, The internal market is an extremely important part of the European cooperation, but for many consumers it is nothing more than a vague concept. Irrespective of how well we recognise its importance, rules and provisions, we are all consumers and are all affected by how the internal market operates. I have always maintained that if we have satisfied and confident European consumers, we will also have an internal market that operates efficiently and thrives.

In order to win this trust, we must make the internal market more efficient and sensitive to citizens' expectations and problems. This does not necessarily mean more or stricter legislation and rules imposed by the EU. Information, education and self-regulation can often be a more appropriate and more effective solution. Irrespective of how we solve the problems, the aim must always be to ensure that we safeguard consumers' rights so that they can make good and well-founded decisions. This is, of course, also a good thing for the market itself. Therefore, the Committee on Internal Market and Consumer Protection and I welcome the Consumer Markets Scoreboard that the Commission presented at the request of the Committee. We believe that it could be an important tool for the future development of consumer policy.

The internal market comprises around 500 million consumers and has a large supply of goods and services. It is, of course, impossible to examine in detail all aspects of the internal market. It is therefore important to use analytic resources where they are actually needed most. I welcome the five areas that the Commission has focused on, namely complaints, price levels, satisfaction, switching and safety. These five main indicators are relevant and applicable, even if there will, over time, be a need to further develop and improve them and maybe also to include some new categories.

I would also like to stress the importance of raising awareness of the Scoreboard amongst consumers themselves and the general public. It is therefore important for it to be written in an easily accessible language. Moreover, the Scoreboard should be visible on relevant websites.

Finally, I would like to say that it will take time to develop the Scoreboard, partly because we have made very different degrees of progress in the different Member States with regard to consumer policy and consumer protection, but also because we are different, with different cultures and different traditions. We must be patient and give this Consumer Markets Scoreboard time.

I would also like to take the opportunity to thank Commissioner Kuneva and her secretariat, as well as my own secretariat, for their extremely constructive cooperation.

Danuta Hübner, *Member of the Commission*. – Mr President, the Scoreboard initiative came into existence less than a year ago and during that time the Commission has greatly appreciated Parliament's interest and support.

The Scoreboard has been the subject of many debates in the Committee on the Internal Market and Consumer Protection, and we have learnt a lot from these debates and from the suggestions made. Thank you very much for all that, but especially thanks to Ms Anna Hedh for the excellent report.

Let me reiterate briefly why the Consumer Market Scoreboard is so important for all of us. If we are to deliver to consumers, we need to be more responsive to their expectations and better understand the problems they are facing in their day-to-day lives. To do so, we need an evidence base that shows how markets perform in terms of economic and social outcomes for consumers, and how consumers behave on the market. Sound policy-making requires accurate data, and we fully share your view on this.

The Scoreboard brings together evidence to identify markets that risk not delivering well for consumers and therefore need further attention. It also allows progress in retail market integration to be tracked, and helps to benchmark the consumer environment in Member States, particularly in terms of compliance with consumer legislation, enforcement, redress, and consumer empowerment. We share your views on which indicators to include in this Scoreboard, and we believe that the establishment of a harmonised EU-wide database of consumer complaints will be an essential step forward. It will allow us to detect problems in consumer markets at an early stage and, if necessary, to take appropriate action.

The Commission firmly believes that it is important to include price data, since prices are one of consumers' principal concerns. The current political and economic climate further reinforces the need for good price data. We need to send a clear signal to our consumers that we are keeping an eye on how prices compare across the internal market. The Commission can assure you that it is fully aware of the complexity of this issue, and will of course interpret this data carefully and make sure the data are put in the right context. Prices may diverge across the internal market for sound economic reasons, but also because of market malfunctioning, and our aim is to find ways to tell the difference.

We share Ms Hedh's view on the importance of close cooperation with Member States. This year, the Commission started to work together with national policy-makers, statistical offices, enforcement authorities and consumer organisations to further develop the Scoreboard indicators, and we will continue with this cooperation in the coming years. Ms Hedh has stressed that we should make this Scoreboard more accessible to a larger public and that we should raise awareness. The Commission accepts this point, and will step up efforts to do so. I invite you to see the results in the second edition of the Scoreboard.

Finally, what the Commission wishes to take from Ms Hedh's report – although I could quote many other points if I had more time – is the wish for more empowerment indicators such as literacy and skills. Within the framework of Eurostat's revised European Social Survey Programme, the Commission plans to run a module on consumer empowerment through which it wants to measure consumer skills, consumer information and awareness of rights and assertiveness. This would allow us to start drawing up a statistical snapshot of Europe's citizens in their capacity as consumers. We see this as the main subject of the pilot project proposed by the Parliament for 2009. Let me conclude by again thanking Ms Hedh for the interest and support, not least in financial terms.

President. – That concludes this item.

The vote will take place tomorrow at 12 noon.

Written statements (Rule 142)

Slavi Binev (NI), in writing. – (BG) I welcome Anna Hedh's report on the Consumer Markets Scoreboard and its aim of making the internal market more sensitive to the expectations and concerns of citizens. Over the past 19 years of Bulgaria's so-called democratic transition, we have had our fill of various privatisation solutions put forward by the ruling authorities in Bulgaria. A striking case is when proven thieves from the ČEZ Měření power company were allowed into the Bulgarian domestic market. The gentlemen of ČEZ, whom we of ATAKA have long identified as blatant gangsters, have been indicted in their own country. 32 of their employees have been arrested for blackmailing customers whom they accused of stealing electricity. But obviously too busy with corruption, the tripartite coalition in Bulgaria did not consider this reason enough to throw these criminals out, as the governments of Canada and Hungary did, and so ČEZ continues to rob and blackmail the Bulgarian taxpayer under the guise of their neat little privatisation agreements.

I believe that the adoption of the Consumer Markets Scoreboard will improve the tools for keeping tabs on sectors which need to be investigated for weaknesses and infringements, will involve the national consumer protection authorities in preserving the quality of social services, and will help to restore consumer confidence in the internal market.

Zita Pleštinová (PPE-DE), in writing. – (SK) The Committee on the Internal Market and Consumer Protection of the European Parliament has the priority aim of improving the position of European consumers in the internal market. It is constantly calling on the Commission and the Member States to research what consumers think about the internal market and particularly what they need. The main precondition for an effective and well-functioning internal market is consumer confidence.

Recognising the advantages of the evaluation table for the internal market which has been used since 1997, the committee has called on the Commission to submit a proposal for an evaluation table for consumer markets as an instrument for assessing the market from a consumer perspective as well.

Complaints, pricing levels, satisfaction, interfaces and security are the five main indicators used in the evaluation table. The committee realises that since this will be the first ever evaluation table for consumer markets, some of these indicators will have to be replaced with new ones in the future. The indicator referring to pricing levels is particularly doubtful.

I agree with the opinion of the rapporteur, Anna Hedh, that the table should be properly promoted through the media and placed on the relevant websites. My preference would be for the Commission to provide financial support for a public awareness campaign which would be carried out by the consumer organisations. Due to their experience in the area of consumer policy, they will know the best way to get the table across to consumers.

I firmly believe that the table will have to capture the interest of consumers if it is to become an important instrument for the future development of consumer policy.

27. Supporting early demonstration of sustainable power generation from fossil fuels (short presentation)

President. – The next item is the report (A6-0418/2008) by Mr Christian Ehler Ehler, on behalf of the Committee on Industry, Research and Energy, on supporting early demonstration of sustainable power generation from fossil fuels (2008/2140(INI)).

Christian Ehler, rapporteur. – (DE) Mr President, ladies and gentlemen, as a Brandenburger I would of course particularly like to greet Mrs Hübner. I would like to give a brief overview of the Committee on Industry, Research and Energy's report on a Commission communication on CCS demonstration facilities. If we are to meet the energy and climate change targets adopted by the European Union, it is clear that one of the most decisive factors is reducing CO₂ emissions, in which connection coal, as a fossil fuel, has an essential role to play. On the other hand, we in Europe are currently faced with a dilemma. We have three goals in environment and energy policy: the first is environmental protection, the second is security of supply, and the third is price stability, which goes hand in hand with security of supply and is particularly important in economically difficult times such as these.

It is clear to all of us in Europe that coal is the only fossil fuel, Europe's only fossil energy source, that is thus strategically important for these three goals. However, without CCS technology, in other words without clean coal technology, this fuel will have no future. The Commission's proposal to support the urgently needed demonstration projects is therefore welcomed by the majority of the committee. The Commission

has put a very sensible proposal on the table. We need – and the majority of the committee agrees on this – to provide incentives as quickly as possible for the use of CCS technology on an industrial scale. However, a majority in Parliament therefore feels – and we have said this quite explicitly – that financial support for clean coal technology is absolutely indispensable to Europe's energy and climate change goals.

The proposal by the Committee on Industry, Research and Energy is therefore very specific, with funds from the Seventh Framework Programme on research and also from anticipated emissions trading allowances to support the construction of at least 12 demonstration facilities. These facilities need to combine the various technologies with the various storage and transport options, and they should be spread as widely as possible across Europe.

We are cautiously optimistic to see the first signs of movement from the Commission in the current trilogue negotiations on the CCS and ETS Directives. With the same cautious optimism, we take the view that we must manage, in the trilogue negotiations, not just to clarify the future framework conditions for CCS but also to lay solid foundations for funding the vital preliminary trial facilities.

Danuta Hübner, Member of the Commission. – Mr President, I thank Mr Ehler very much for his report on the communication of the Commission on supporting early demonstration of sustainable power generation from fossil fuels. We appreciate the general support in the report for our policy objectives and for the recognition of the important role CCS can play in combating climate change worldwide.

The report also clearly recognises the urgent need for up to 12 large-scale demonstration projects to make CCS commercially viable by 2020. Our communication has to be seen as a part of the complete and comprehensive climate and energy package which includes the CCS Directive, which sets the legal framework for allowing operation of CCS technologies in Europe, the emission trading system, which provides the economic and commercial framework for CCS, and the Commission's proposal that suggests that 20% of the auction revenues are earmarked by Member States for investment in low-carbon technologies, such as CCS. No matter what the final decision is, the auctioning revenues will be one of the substantial financing sources for CCS demonstration projects.

Finally, our communication also suggests the creation at the beginning of 2009 of a European coordination structure to support CCS demonstration projects through knowledge-sharing, joint communication activities and other joint actions.

I appreciate your general endorsement of the climate and energy package and especially the communication. However, the report also states that the efforts of the Commission might not be sufficient to reach the aim stated by the Council of having up to twelve demonstration projects. I understand this concern.

To address the financing issue, an amendment to the ETS proposal has been adopted by the Committee on the Environment proposing to use EUR 500 million allowances from the new entrance reserve to finance CCS demonstration projects.

The Commission has sent a policy option paper to Parliament in order to help build consensus in the Council, too, to ensure sufficient financing of low-carbon technologies.

In the report two other issues are also raised with which the Commission cannot fully agree at this point in time. First, the report calls on the Commission to produce a detailed assessment of the costs and the share of private and public funding of each of the twelve demonstration facilities. Let me say in this context that the demonstration projects will only be identified after competitive tenders organised either at European or at Member State level. Cost assessments are currently underway but they can only provide rough cost estimates as each project is unique.

Secondly, it also suggests the use of resources from the risk-sharing finance facility to support CCS. As resources here have been fully committed, as you know, any change would require amendments to the Seventh Framework Programme.

So let me conclude by thanking you for the excellent work on the report, and I hope also that Parliament will keep the overall direction and objectives of the report in the vote.

President. – That concludes this item.

The vote will take place tomorrow at 12 noon.

Written statements (Rule 142)

Adam Gierek (PSE), *in writing*. – (PL) Mr President, Commissioner, one of the European Union's goals is an ambitious climate protection plan up to 2020, known as the 3 x 20 objective. The instruments for its implementation include the introduction of auctioning into the emission trading scheme and of CCS technologies after 2015. However, the emission limit of 500g CO₂/kWh to be imposed after 2015 is technically unachievable, even for modern coal-fired power plants. It would therefore represent a sort of moratorium on building coal-fired power stations, and thus endanger energy security.

CCS technologies could also be used in industries which generate large CO₂ streams as a waste product, for instance in pig iron smelting. For this reason, Member States most dependent on coal should even now start building demonstration plants, so as to acquire the relevant experience. This will require immediate financial support, since any funds generated by emission trading after 2013 will arrive too late. In Poland, for instance, we should now be building two to three such facilities using different CCS technologies. What I have in mind are modern hard coal- or brown coal-fired power plants using different methods of CO₂ storage in porous geological formations or underground reservoirs.

András Gyürk (PPE-DE), *in writing*. – (HU) The question of carbon dioxide capture and storage is today an indispensable part of the discussions about climate change. We are talking about a very promising technology, which nevertheless has yet to earn the trust of society. Its future utilisation could serve as a sort of realistic compromise between the unavoidable use of fossil fuels and the aims of climate protection.

Since carbon dioxide capture presupposes considerable long-term investments, it is crucial for the European Union to establish a consistent, stable legal framework. I think the climate package as amended by Parliament points in all the right directions in this regard.

In a commendable turn, the relevant Parliamentary report proposes issuing free emission quotas to the 10-12 experimental power plants, instead of giving direct financial support. I deem it imperative that the power plants entitled to free quotas be designated by the European Commission according to the principle of regional balance. I agree with the rapporteur that in order to promote the new technologies, sources for new research and development must be substantially strengthened – at both Member State and EU levels.

EU support cannot be a substitute for efforts by the private sector. Provided that carbon capture and storage is really a viable solution, there will be companies willing to take an active role in making the necessary investments. In addition, it is important to note that support for carbon capture should not divert funds from sustainable energy sources. The technology being discussed here may be feasible but is by no means the only solution for limiting the effects of climate change.

28. Agenda of the next sitting: see Minutes

29. Closure of the sitting

(The sitting was closed at 11.10 p.m.)