

# MONDAY, 8 MARCH 2010

IN THE CHAIR: MR BUZEK

*President*

*(The sitting was opened at 17.05)*

## 1. Resumption of the session

**President.** – I declare resumed the session of the European Parliament adjourned on Thursday, 25 February 2010.

## 2. Statements by the President

**President.** – I have several things to say at the beginning of the session. In opening this plenary session of the European Parliament, once again I have to inform you of several tragic natural disasters which have occurred in recent days. Today, there was an earthquake in Turkey in which at least 57 people died. Last week, there was also an earthquake in Chile, which claimed nearly 300 victims, and storms raging across Europe caused the deaths of over 60 people, most of whom were citizens of France. Furthermore, we should not forget Haiti, where the latest toll of victims of the earthquake in January is now in excess of 300 000 people. In all these cases, I have sent condolences and expressions of sympathy, on behalf of the European Parliament, to the victims' families. Every unexpected and premature death is, more than anything, a tragedy for the families concerned, but when victims are numbered in tens or hundreds of thousands, it is also a tragedy for entire nations and the whole world. Let us join in solidarity with the families and also send expressions of solidarity to the countries which have been hit by such a tragedy.

Thursday, 11 March marks the 20th anniversary of the restoration of Lithuanian independence. Lithuania was the first country of the Soviet bloc to declare independence from the USSR. Among the Lithuanian Members of the European Parliament, there are four signatories of the declaration of independence of 1990. Congratulations to our fellow Members from Lithuania.

*(Applause)*

Also, on 11 March 1990, the Congress of Estonia, a democratic, provisional parliament, adopted a declaration of reestablishment of the state after 50 years of Soviet occupation. We also congratulate our fellow Members from Estonia.

*(Applause)*

Wednesday, 10 March marks the 51st anniversary of the popular uprising in Tibet. As a result of the uprising, the Dalai Lama and 80 000 Tibetans had to leave their country. We continue to hope, and we regularly appeal to the authorities of the People's Republic of China, to change their attitude to the Tibetan nation and to begin a fruitful dialogue with its representatives.

*(Applause)*

In relation to remarks made by Mr Farage during the last plenary mini-session and pursuant to Rule 153(3) of the Rules of Procedure, I have spoken to Mr Farage and have decided to penalise him by withholding his daily subsistence allowance for a period of 10 days.

*(Applause)*

I would also like to inform you about something else, about another theft which has taken place. The theft was suffered by a Member in the proximity of the European Parliament's premises. For quite some time now, I have been engaged in talks with representatives of the authorities in Brussels, and also with the Belgian authorities. Our fellow Member, Mrs Durant, is acting as go-between in these talks, because she knows the situation in Brussels and in Belgium very well. Our current plan, together with the Commission and the European Council, is that we want to create a special zone around the premises of all three institutions, in which security will be provided not only by the authorities in Brussels, but also by the Belgian Government and the central authorities in Belgium. Intensive talks are under way on this matter. Meetings were held about

it last week, straight after the theft, and more will be held in the next few days. An official meeting with the police has been arranged for 22 March. I would also like to tell you that we are working very hard to improve security around the premises of the European Parliament, as well as other European institutions, not just Parliament. We are treating this as a matter which concerns us all.

**3. Approval of the minutes of the previous sitting: see Minutes**

**4. Composition of Parliament: see Minutes**

**5. Signature of acts adopted under codecision: see Minutes**

**6. Lapsed written declarations: see Minutes**

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

**8. Transfers of appropriations: see Minutes**

**9. Petitions: see Minutes**

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

**11. Documents received: see Minutes**

**12. Order of business**

**President.** – The final draft agenda drawn up on Thursday, 4 March 2010 by the Conference of Presidents pursuant to Rule 137 of the Rules of Procedure has been distributed. The following amendments have been proposed:

*Monday:*

No changes.

*Tuesday:*

No changes.

*Wednesday:*

The Group of the Greens/European Free Alliance and the Confederal Group of the European United Left – Nordic Green Left have made a request to add a Commission statement on the 'Amflora' variety of genetically modified potato.

**Rebecca Harms (Verts/ALE).** – (DE) Mr President, ladies and gentlemen, we have once again moved for the subject of the licensing of the genetically modified potato Amflora to be put on the agenda for various reasons. After the Commissioner for Health became responsible for the licensing of genetically modified organisms, in my opinion, citizens thought that we would now approach the licensing of such GMOs with greater care. The opposite is the case. So soon after the Commission took office, I consider it a scandal that by licensing the potato, the Commissioner for Health has explicitly ignored the concerns of the World Health Organisation.

Moreover, in the previous legislative period, time and again, there was great disagreement between the Council and the Commission on the licensing procedures, because many Member States did not agree with the licensing offensive that Commission President Barroso himself promoted. We had agreed to develop another prudent procedure for licensing. Where is this procedure now? Since the majority of citizens are against these genetically modified organisms, we have a duty to hold a debate this week on this licensing and the offensive that is perhaps still trundling towards us.

*(The President cut off the speaker)*

I would like to ask for a roll-call vote on this.

**Francesco Enrico Speroni (EFD).** – (IT) Mr President, ladies and gentlemen, apart from any possible assessments by individual Members or political groups, I believe it is appropriate that we should be able to deliver an opinion on such an important issue. We often discuss issues that are a very long way from the European Union, although they are relevant. This is an issue that concerns us and concerns our voters, and for that reason, I believe we should put it on the agenda.

**Martin Schulz (S&D).** – (DE) Mr President, I share the concerns of my fellow Member, Mrs Harms, and in many Member States, we are having an extremely heated debate on this issue. For that reason, as early as last week in the Conference of Presidents, I said what I would like to repeat now; there is no point in having a rushed debate now without a resolution, which then fails again.

It makes much more sense to call on the competent committee to appoint a rapporteur to deal with the process and also the technical background of the approval procedure.

The approval of the Commission has an eight-year lead time. Eight years was spent on this issue. The decision was made in the Commission on the basis of European law with decision by majority. The question we must now consider is whether decisions with such a scope should be subject to a right to opt-out by Parliament and whether, in the end, there is the opportunity for Parliament to retract such a far-reaching decision.

For this reason, a rapporteur should be appointed to check the mechanisms and, if necessary, present a report, with the goal of reaching a legislative majority in Parliament which forces the Commission to table a legislative proposal within a year on the basis of our interinstitutional agreement. I consider this far better than such a rushed debate.

*(The President cut off the speaker)*

**President.** – Please keep to the rules. In accordance with the Rules of Procedure, these are one-minute statements, and this applies both to statements in support of the request and to statements against. Please do not speak for longer, because this disrupts the order of business and contravenes the Rules of Procedure. Please remember this.

I have received a request from the Confederal Group of the European United Left – Nordic Green Left, and also from Mrs Harms, for a roll-call vote. We will take the vote now.

*(Parliament rejected the request)*

*(The order of business was thus established)*

### 13. International Women's Day

**President.** – The next item is the statement by the President on International Women's Day.

Women's Day in Europe is, today, a different day from the one we remember, at least in Central and Eastern Europe. Nowadays, it is not only a matter of giving flowers to women we know. Today, Women's Day is also an opportunity for important debates on equality, support for mothers in families with many children and ending violence against women. The European Parliament is actively involved in these debates.

The Committee on Women's Rights and Gender Equality is an extremely important committee. In November 2009, we adopted a resolution on the elimination of violence against women in which we call on the European Commission and Member States to establish consistent programmes of action against this form of violence. It is our ambition that the European Union will be able to set an example to the whole world in this matter.

Women deserve more, today, because we do want, after all, to save Europe from demographic collapse, but this must not be done at the expense of women. Mothers of three or four children must have the possibility of employment and promotion on the same principles as men. Widely available nurseries and kindergartens, as well as jobs, are only one of the ways of achieving this objective. On the other hand, however, mothers who wish to remain at home with their children should also have the opportunity to do this, for example, by a suitable system of taxation based on the whole family, and not only on the two spouses.

Our objective is to achieve full equality where this is possible and where this is essential, in other words – everywhere. Discrimination at work and in society must become history. In the European Union, women and men are of equal dignity and have equal rights, and defence of these rights is a job for us, too, for the European Parliament.

My wish for all ladies present in the European Parliament is that every day could be their day, so that they would never feel victims of discrimination, and that there would be more and more of you ladies and fellow Members in the European Parliament.

**Corien Wortmann-Kool**, *on behalf of the PPE Group*. – (NL) Mr President, as you have said, today is International Women's Day. It is the hundredth anniversary of that occasion. Is this cause for celebration? We have achieved a great deal, but we still have a long way to go; and we can only do this if all of us – women and men – work together.

This year, one theme of International Women's Day is women's solidarity and assertiveness the world over: an important theme at a time of economic crisis. It provides guidance for men and women to work together towards a better future for ourselves and our children, as only together can we ensure that women and men are equal not only before the law but also in their day-to-day lives and in economic and social life. After all, women make up approximately 50% of the world's population but their earnings account for only 10% of worldwide income. Only 5% of world leaders are women. Women account for 75% of the world's poor. This can, and must, be greatly improved.

Yet this is not just about poverty. Looking at other parts of the world, in particular – large parts of Asia, for example – boys are more highly regarded than girls; they yield more for the family. This results in daughters being abandoned and even female foetuses being aborted. Sadly, trafficking in women is also a familiar and frequent phenomenon. In Africa, many young women and girls are victims of war and rape. There are many underlying cultural causes and these too must be accorded great importance if the position of women is to be improved. Women and girls suffer oppression, particularly in Muslim countries, where there are underlying religious causes.

That is why it is important that we, the European Union, also highlight equality between girls and boys and between men and women in our aid programmes and our international relations. Therefore, this is about not only poverty reduction but also the dismantling of cultural prejudices. Herein lies an important task for the High Representative, Commission Vice-President Ashton, and also for Commissioner Georgieva.

Yet there is also a great deal of work still to be done closer to home, and indeed even in our group, particularly with the support of our Chair, Mr Daul. I should like to devote my closing remark to ourselves here in the European Union. It all starts at a young age, during a child's education, and access to education is still not guaranteed for girls in Europe. The access rate should be 100% in our civilisation. This should be an important objective of the new EU 2020 strategy.

**Martin Schulz**, *on behalf of the S&D Group*. – (DE) Mr President, ladies and gentlemen, a society in which men and women do not have equal rights in work and life is not a democratic and humane society. The basic prerequisite for justice in society is that it is administered regardless of a person's gender. That is something we men take for granted, not so women, even in Central European societies, not by a long shot. That is seen most clearly in one of the greatest scandals which I believe we must rid ourselves of as soon as possible. As Parliament, we could make a significant contribution to this.

Really, how can a society rightly maintain it is equal if men and women receive different pay for the same work in the same place? Nowhere is the discrimination of women in this society more frequently accepted without comment than in places of work, where women do the same work as men, to some extent, under far more extreme living conditions, and receive largely 30% or 40% less pay for it. We must rid the EU of this shame. If we here in Europe are to send out a message on International Women's Day, let it be equal pay for equal work in the same workplace, for both men and women. That is a central requirement of social justice.

(Applause)

We have acknowledged that the Commission is making an effort. We can see that today, the European Charter on Women's Rights is about to get off the ground. That is good and we welcome it. However, we are a little disappointed and I ask you to pass this on to Mrs Reding and Mr Barroso. We would have liked this launch to have been more than a formal statement; we would also have liked the promise that was

originally made to have been kept, namely that Parliament will be involved and that the agencies of civil society must be involved. Now this has not happened. We can still make up for this. However, we would appreciate it if there was more than simply a formal statement and the institutions cooperated to help rectify the particular example that I have just mentioned. My fellow Member, Mrs Wortmann-Kool, has mentioned other examples.

On International Women's Day, there is one thing we Europeans must all acknowledge: in our continent, we still have not achieved equal rights, but the dramatic injustice towards women in other parts of the world, ranging from genital mutilation to the compulsory wearing of the veil, all these basic fundamental rights that women and, above all, girls worldwide are deprived of, should not only concern us on 8 March.

For that reason, I would like to offer my thanks to the human rights experts in Parliament. Here, every Thursday afternoon during the Strasbourg week, we discuss, among other matters, human rights violations towards women. On International Women's Day, we should also say that these debates on Thursday afternoon deserve at least the sort of attendance that we have now in plenary.

**Diana Wallis**, *on behalf of the ALDE Group*. – Mr President, I am going to start by saying that this was a speech I did not expect to be making until a few moments ago, but it is important that we celebrate International Women's Day, and especially this one, some 100 years since this celebration was first proposed. It should be a day, yes, to celebrate how far women have come, but, yes, also to raise awareness about how much further we still have to travel in terms of equality.

Mr President, you exhorted that there should be more women in this Parliament. The achievements are good but they are still not good enough. If I look at Parliament in my own country, some estimates say it will take us 200 years to reach parity at the current rate of progress, so we are not going fast enough to really achieve proper equality.

The other issue that this Parliament is working on this week is human trafficking and violence against women. Last week, I visited an exhibition in my constituency at home with an exhibition of paintings and photographs of women who had been trafficked from a country next to our Union – Moldova – into our Union. Some estimates say that women – and, indeed, men – are being trafficked at a rate as high in numbers as was comparable with the whole of the African slave trade in 350 years, but women are the main victims. If we, as a European community, cannot do something about this and deal with the women who are the victims of that trade, then it would be a poor thing if we do not make progress on this day.

The other issue we should concentrate on are the many women's health issues that have to be addressed and which are not given the time and energy that they should be. Much has been achieved, much can be celebrated, but there is very much more to do.

**Marije Cornelissen**, *on behalf of the Verts/ALE Group*. – (NL) International Women's Day, 8 March. I have celebrated this day for as long as I can remember, like my mother and grandmother before me. On 8 March, I sometimes become disheartened thinking of everything that must still be done for men and women to enjoy genuine equality of opportunity. There are so many women for whom violence is a day-to-day reality, so many women living in poverty, so many women having to single-handedly care for their children and parents; and so few women making it to the top in business, academia and politics.

Yet then, I think of the generation of my grandmother, who had to stop work when she got married and had absolutely no educational opportunities, and that of my mother, who fought very hard to have a say in what happened to her own body, and I see how far we have come in the space of one century; I see that change really is possible. We need to do our best now, however, if we are to make the world a better place in the near future.

The European Union can make an important contribution, but only if it moves beyond fine words. The fight for equal rights has already been burdened by far too many fine words for far too long, and these have been joined by several more. On Friday, the Commission presented a Charter of Women's Rights containing very many fine words. I harbour a very healthy scepticism about its implementation. This scepticism is reinforced by the fact that the European Parliament and non-governmental organisations (NGOs) were not consulted, as Mr Schulz has already said. Since this is Commissioner Reding's first act as the Commissioner responsible for equal opportunities, however, I am more than willing to give her the benefit of the doubt.

The kind of initiatives with which she accompanies her fine words are what counts. If, in this period, she presents us with a directive to combat violence against women, a directive on paternity leave, strong measures

to combat discrimination against women, strong measures to increase the female employment rate – for example, by improving the mutual compatibility of working hours and school hours – and quotas for women in top jobs, at least in her own ranks of the Commission, if the Commission translates its fine words into genuine action, my colleagues in the Group of the Greens/European Free Alliance and I will be the first to stand up and show our appreciation.

If we want to see change, we need to work together: the Commission, the Council and the left and right in this House. Today, 8 March, is not only International Women's Day but also my son's birthday; he is two years old today. I hope with all my heart that, in 30 years' time, he will live in a Europe where he and his wife – or husband – share child care responsibilities equally, and where women have just as much chance of becoming a professor, CEO or European Commissioner. In the coming years, his mum will be doing her very best to achieve this, and fortunately I am not the only one.

(Applause)

**Marina Yannakoudakis**, *on behalf of the ECR Group*. – Mr President, International Women's Day gives us a united opportunity to focus on issues and challenges women face today – to focus on the various forms of inequality that many women experience, but also to celebrate achievements by women throughout the century.

We in the United Kingdom are especially proud to celebrate figures that have helped our nation progress in the field of women's rights: women such as Emily Pankhurst, leader of the British Suffragettes, which won women the right to vote, Shirin Ebadi, winner of the Nobel Peace Prize in 1993 for her efforts in promoting human rights, especially for women, and Margaret Thatcher, the first British woman Prime Minister, elected in 1979.

The issue of women reaching high positions and being given equal opportunities to men is just as relevant today as it was in the UK when the first female prime minister was elected.

We can provide educational opportunities and employment, but the pay gap still remains. We can legislate against discrimination in the workplace, but we cannot legislate against the pressures of juggling work, family life and managing a home.

As a parliament, we should be working towards assisting women to have a choice in what they do. If they choose to go into a career, they must be supported to do so on an equal playing field. If they chose to stay at home and bring up their family, they must not be undervalued. The phrase 'just a housewife' needs to be outlawed. No woman is 'just' anything. Each is valued for her contribution.

So, if we talk about great women achievers, I believe one group of women must head the list and in the UK, we celebrate their contribution on 14 March, that is, the mothers of the world: the women who voluntarily give up their own ambitions and contribute their life to bringing up their children. For, by doing so correctly, they contribute towards a goal we all have – a society based on equality and tolerance, where human rights are respected, whatever your gender.

**Eva-Britt Svensson**, *on behalf of the GUE/NGL Group*. – (SV) Mr President, today we are celebrating International Women's Day and it is 15 years since the UN platform for women's rights was established. Halfway through the review which is now under way in New York, I and the other members of the delegation from the European Parliament can only say that women all over the world will have to content themselves with the status quo. Despite the positive resolutions recently adopted by Parliament, the Tarabella report and the resolution on Beijing +15, unfortunately, the UN meeting has not yet produced any results.

The EU governments involved in the negotiations clearly have less challenging objectives on women's rights than the European Parliament expressed in the resolutions referred to earlier. Sometimes, it seems to me that the EU governments use the Beijing platform primarily as a means of lecturing non-EU countries about equality. It is often easier to tell other people what to do than to produce results oneself.

Before he was elected, the President of the Commission, Mr Barroso, promised to draw up a Charter of women's rights. Today, we have had the chance to read the Commission's document. I and my group, the Confederal Group of the European United Left – Nordic Green Left, are deeply concerned about the weakness of the content and the way in which the charter has been drawn up. There is a major risk that it will not be worth the paper it is written on. Parliament, the national bodies and the European voluntary organisations were not involved in and did not contribute to the charter and, of course, the citizens of Europe did not take part in the process either.

I would like to explain to Mr Barroso that it is not enough to make a declaration about common values. What the women and the men of Europe need is a powerful document which has been developed and drawn up in collaboration with all the relevant parties.

Let this be the first draft of a Charter of women's rights. Use the period until the next International Women's Day to hold debates and discussions with Parliament, the national bodies and the voluntary organisations in Europe. When we then celebrate the next International Women's Day, it will be clear that we have made progress.

We are working to defend women's rights not just on 8 March, but on every day of the year. This is what the women and the men of Europe need.

**Marta Andreasen, on behalf of the EFD Group.** – Mr President, on this day, I wish to ask all politicians and legislators to stop issuing all these demagogic laws on equality that make life more difficult for women who wish to work. They are scaring organisations away from employing women. Equality is not about laws: it is about behaviour.

As a working mother, in all my 30 years of professional life, I have never been recruited or promoted on anything other than my qualifications and merit, and I would be insulted if somebody gave me special treatment merely due to my chromosomes. However, I do have specific requests for this Parliament to defend the women of this world.

I want the Spanish land-grab problem to be debated and resolved, to end the suffering of many women and men who risk demolition of their houses and cannot live in them. Do you not think this is violence?

I want this Parliament to stop the flow of EU funds to the regions where this enormous breach of human rights is taking place. Do you not think this is violence?

I want this Parliament to hear and protect those who want to communicate their concerns on structural irregularities affecting the European budget, as I did eight years ago, and ensure they do not suffer my fate. Is this not violence?

I want you to withhold discharge to the European Commission until the auditors clear 100% of the budget without reservations. This is how I wish this Parliament to honour the women and the men of Europe, those who, with their taxes, allow this European Union to exist.

**Krisztina Morvai (NI).** – (HU) I would like to point out to my fellow Members that it is a grave mistake to talk in general about European women and the rights of women living in the European Union without taking into account the second-class position of women in Central and Eastern Europe's post-communist new Member States. The time has come for the EU to go on a fact-finding mission to investigate their particular lack of rights and, on the basis of the results, to remedy the existing serious discrimination among women inside Europe itself.

Allow me to mention just two areas. Both are related to globalisation, the neoliberal economy, liberalised free trade and their drawbacks. The first is that multinational companies as well as large, EU-registered European firms, use different standards for labour law and occupational health. I am thinking, for instance, of large retailers, hypermarkets, such as those on both sides of the border between Austria and Hungary. The same company applies different standards concerning breaks, lunch time and notices of termination. They keep Eastern European, in this case Hungarian, female employees practically in slavery.

The second area, completely unexplored, is the migration of women within the European Union. Women in a second-class position in Central and Eastern Europe, such as Hungarians, seek employment as domestic staff in the West, living as servants, as economic refugees, who often had to leave behind their children. From the point of view of their rights and dignity, their situation is much more like that of women in Third World developing countries than that of their sisters in Western Europe, who are fellow citizens of EU Member States. This calls for urgent redress.

**President.** – I would like to give a warm welcome to Commissioner Dalli. Welcome, Mr Dalli. The Commissioner will now make a statement on behalf of the Commission.

**John Dalli, Member of the Commission.** – Mr President, I am very pleased that my first attendance at the plenary session of the European Parliament takes place on this important day – 8 March, International Women's

Day. It is also an honour for me to represent the Commission, and in particular Vice-President Reding, who will lead the Commission's efforts to protect fundamental rights.

This is a unique opportunity to collectively celebrate the economic, political and social achievements of women, past, present and future. In 1957, gender equality was enshrined in the European treaties. Since then, an impressive number of legal instruments, followed by a great number of decisions by the European Court of Justice, have created a legal arsenal at EU level.

I would like to remind you that gender equality is not only a fundamental value enshrined in the treaty, but also that gender equality policies have proven to be a driver for economic growth. Last Friday, the President of the European Commission and Vice-President Reding renewed the Commission's commitment to the values of gender equality by presenting a Women's Charter.

The Women's Charter represents the political commitment of the Commission to advance equality between women and men in five areas: equal economic independence; equal pay for equal work and work of equal value; equality in decision making; dignity, integrity and an end to gender-based violence; and gender equality beyond the Union.

The Women's Charter will be followed, in September 2010, by a new comprehensive strategy for equality between women and men. This strategy will translate the principles of the Women's Charter into concrete actions to be implemented in the next five years.

These are ambitious projects and objectives that the Commission will not be able to achieve alone. It will need to work in close cooperation with its main partners at EU level and, in particular, with you, the European Parliament and the FEMM Committee. International Women's Day is an excellent opportunity to remind us all of this commitment.

**President.** – That ends the speeches related not only to International Women's Day, but also to our constant efforts at achieving equal rights for women and eliminating violence.

#### 14. One-minute speeches on matters of political importance

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

**Elena Băsescu (PPE).** – (RO) On 8 February 2010, Romania accepted the invitation extended by the President of the United States to participate in the development of the US anti-missile defence system. This is proof of the confidence placed in my country, bearing in mind as well the professionalism which has been demonstrated by the Romanian army in Afghanistan and Iraq. Three batteries each comprising eight missiles will be stationed on Romanian territory. According to the timetable agreed with the US side, this defence system is intended to be operational as of 2015.

I believe that the subject of anti-missile defence must be made topical and be put on the European Union's agenda because we must be informed about the risk of proliferation of ballistic missile programmes.

I must point out that the new system is not targeted at Russia. In fact, some of the comments and requests made by Moscow have been taken into account in redefining the US system's new architecture. In the period which immediately follows, bilateral negotiations will be started with a view to signing the necessary agreements, which will have to be ratified by the Romanian Parliament.

Thank you.

**Georgios Papastamkos (PPE).** – (EL) Mr President, I am making the major assumption that the restoration of the public finances of a Member State of the euro area is the responsibility of the euro area itself. However, coordinated intervention is required in order to protect the common currency against speculation.

The horrendous financial crisis in Greece and the financial imbalance in other Member States have highlighted the need for politically directed European economic governance. In my question to the Commission on 17 February 2010, I proposed that a European Monetary Fund be set up. I am delighted to see that Commissioner Rehn is moving in that direction. We shall await the Commission's integrated proposal.

**Carlos José Iturgaiz Angulo (PPE).** – (ES) Mr President, a Spanish Central Criminal Court judge has confirmed what many of us were already aware of, namely that Hugo Chávez, the President of Venezuela, cooperates with ETA and FARC terrorists. This proves that Mr Chávez is in cahoots with terrorists, that he gives sanctuary



to murderous terrorists on Venezuelan soil, and that he helps them by bestowing official positions in the Venezuelan Government upon them. Essentially, Mr Chávez is cooperating with ETA criminals.

As a Basque, a Spaniard and a European, I wish to denounce and condemn the appalling attitude of the dictator Hugo Chávez. I urge the European institutions to take all necessary measures to condemn Mr Chávez and thus also condemn his policies in support of terrorists.

I would also remind Mr Rodríguez Zapatero's government, which currently holds the rotating Presidency of the European Union, that there is no point in being friendly and wishy-washy with Mr Chávez as it has been to date. There is no point either in displays of affection, or in friendly gestures and cooperation, because when the Spanish Government goes back on its word and humbles itself before Mr Chávez as it has done recently, this is tantamount to punishing the victims of terrorism, disdaining the Spanish justice system and thereby punishing freedom and democracy.

**Vasilica Viorica Dăncilă (S&D).** – (RO) Although the European Union's Solidarity Fund operates well on the whole, the experience acquired during the early years of its implementation indicates that there are still major constraints and weaknesses in the fund's operation. These are linked to the fund's lack of speed in providing funding, to the level of transparency of the criteria for mobilising the fund in the event of regional disasters, as well as to the restrictions to natural disasters.

I must remind you that Romania received financial support from the European Union for the projects implemented in the areas affected by flooding. However, the fund's resources were released late in relation to the time when maximum effectiveness would have been achieved.

With this in mind, I think that the possibility of assistance being granted in the form of an advance payment scheme, based on an initial estimate of the direct losses, to a country affected by a disaster, at its request, would be a facility greatly appreciated by the affected areas, immediately after a disaster has occurred.

Thank you.

**Antonio Masip Hidalgo (S&D).** – (ES) Mr President, Fidel Castro and his oligarchs betrayed the ideals of the Cuban revolution long ago. Those ideals had been shared by peoples the world over, especially the cream of international youth, whom they inspired.

At present, however, the Castro brothers' dictatorship is characterised by a lack of compassion for political prisoners and prisoners of conscience, and for their own people. It puts me in mind of the period when Franco was on his deathbed, because of the mistreatment of political prisoners, who were also perceived as common criminals, and because of the same obsessive disdain towards exiles.

Castro has ended up like Franco and all other enemies of freedom who become entrenched in power. Nonetheless, we are called upon to save lives and display solidarity with those who are fighting and suffering. That is our duty, as Europeans who are committed to democracy, freedom and human rights.

**Gianni Vattimo (ALDE).** – (IT) Mr President, ladies and gentlemen, we know that the Commission and the Spanish Presidency are very much stepping up the pace of negotiations with certain Central and South American countries in order to conclude association agreements before the May summit between the European Union and Latin America.

As a Co-Vice President of EuroLat, I would like to draw Parliament's attention to the fact that with some of these countries, there is a risk of accelerating negotiations whilst neglecting important points concerning human rights and the respect of human rights in various regions. For example, in Colombia, assassinations of trade unionists continue to happen practically on a daily basis. In Honduras, with whom we are negotiating an agreement, a government remains in place that is simply the product of a military *coup d'état* which took place last year. In Guatemala, there are similar problems, not relating to human rights but concerning certain aspects of the agreements, which are being overlooked.

I believe it is important that the Commission and the Presidency proceed with more caution.

**Diana Wallis (ALDE).** – Mr President, it being International Women's Day, I wanted to raise a particular female health issue which persistently remains a Cinderella issue. I stood here two, maybe three years ago talking about a silent, unseen, painful and debilitating female illness – endometriosis: an illness which destroys lives, families and fertility; you see, some women do not even have the chance to be mothers. Maybe it is

because it is about women's menstruation that we do not want to talk about it; do not even want to name it. So I will say it again – endometriosis.

It still has no known cause, still no known cure and still affects up to one in every ten women and rising. This week is also Endometriosis Awareness Week across Europe. So, when are we going to take those women, their families and their sufferings seriously? It is good that you are here, Commissioner, to hear this; perhaps proper dedicated funding – and, I hope, before next year.

**Sandrine Bélier (Verts/ALE).** – (FR) Mr President, ladies and gentlemen, you touched on the subject of storm Xynthia, which has just struck Western Europe causing the deaths of almost 60 people and considerable material damage.

I am extremely sad today, but also angry because this human catastrophe could have been avoided; at the least, its impacts could have been limited. Until recently in France and throughout Europe today, coastal areas and flood zones are being developed in spite of and in violation of current European, and indeed national, legislation.

These are often Natura 2000 sites, and their protection from urbanisation is essential to limit the effects of similar natural events. It is up to us to demonstrate greater accountability, to make sure that Community regulations – in particular, the Birds Directive and the Habitats Directive – are strictly applied by Member States, and to make the Structural Funds conditional on the requirements of sustainability, safety and biodiversity.

The EU 2020 strategy is a unique opportunity to redefine our relationship with the environment.

*(The President cut off the speaker)*

**Ivo Strejček (ECR).** – (CS) Mr President, ladies and gentlemen, important Czech media reported last week that the German transport police have introduced much stricter checks for Czech drivers on the German side of the border. According to the reports, the checks are more frequent and substantially more thorough. According to witnesses, the situation is made worse by the fact that some people even have to provide urine samples during the checks, under conditions that are tantamount to an affront to human dignity. It is not, therefore, a matter of routine roadside checks combined with the inspection of travel documents or documents relating to the technical condition or origin of the vehicle. Czech citizens travelling freely within the Schengen area should not be considered as second class citizens. They are fully-fledged, equal and sovereign citizens of a Member State of the European Union and they must be treated as such. Mr President, I would like to ask you to pass this information on to the relevant authorities so that they can examine it properly and arrange the necessary remedy.

**Kyriacos Triantaphyllides (GUE/NGL).** – Mr President, European Obesity Day is an initiative which brings together medical, patients' and political communities to support overweight and obese European citizens. Its objective is to establish 22 May as the annual European Obesity Day, raise awareness of the need for action at European level and ensure that the voices of overweight and obese patients are heard.

Obesity is a disease, not a problem. Each Member State should face the challenge and provide efficient support to this population group. According to the World Health Organisation, the statistics on obesity in the whole of Europe – not just the EU – are staggering, reaching epidemic proportions. If no action is taken, there will be an estimated 150 million obese adults – 20% of the population – and 15 million obese children and adolescents – 10% of the population – in the region by 2020. We must therefore strengthen the voice of obese and overweight patients.

**Ilda Figueiredo (GUE/NGL).** – (PT) Mr President, today we celebrate the centenary of the declaration of International Women's Day, which has become a symbol of a revolutionary fight. On a worldwide day of action by women for their rights and against all forms of discrimination, I salute all women but especially all those that are still victims of discrimination, inequality and various kinds of violence.

At this time, it is also important to stress the topicality of this fight for equality in law and in life, considering that the crisis of capitalism has specific consequences in the lives of women, as the main victims of insecure and underpaid jobs, and of poverty! Most of the 85 million people living in poverty within the European Union are women.

Therefore, as we celebrate this day and we urge all women not to abandon their dreams, we reiterate the importance of the fight against injustices and discrimination, opening new horizons for a better life in equality.

**John Bufton (EFD).** – Mr President, I would like to bring to your attention the fact that now we are actually going to have a referendum in Wales. Yes, believe it or not, a referendum. We were denied one on the Constitution, we were denied one on the Lisbon Treaty, but we are to have one in Wales on further powers for the Welsh Assembly.

Now that is the issue at stake, but there is a sting in the tail. All the political parties in Wales – Labour, Plaid Cymru, Liberal Democrats and Conservatives – are supporting this and they are wishing for more powers. Well, I have got news for them: I do not.

They are treating people in Wales like fools. At a time now, when independence will be next on the agenda, we could end up having as many as 80 Assembly Members. In Wales, we have care homes under threat, we have schools under threat of closure, our roads are like a Third World country, and yet our political class in Cardiff Bay, as over here, are determined to push ahead with this mad idea.

I welcome the fact that there is a referendum, but I hope the good people of Wales stand up and vote 'no'.

**Miroslav Mikolášik (PPE).** – (SK) Allow me to express my deep sympathy and solidarity with the victims of the natural disaster in Madeira.

The emergency situation demands flexible action, to satisfy the basic needs of the people quickly and to provide material aid as well as to restore rapidly the key infrastructure that has been damaged. I hope the Portuguese authorities will assess the amount of damage as soon as possible and also that no formal administrative obstacles will be placed in the way of providing financial assistance from the European Union Solidarity Fund.

Since the mobilisation of resources from the Solidarity Fund requires the European Parliament's consent, I trust Parliament will set an example by responding promptly and by passing a resolution along this line. Allow me to express still one more sentence of solidarity regarding the catastrophe caused in Western France by the recent torrential rains in Vendée.

**Lena Kolarska-Bobińska (PPE).** – Mr President, here in the European Parliament, we recently adopted a resolution on Ukraine in which we questioned the granting by the former President of Ukraine of a high state award to Stepan Bandera, a leader of the struggle for the country's independence. This paragraph in our resolution has attracted much criticism in western Ukraine.

I would like to say that this resolution did not question Bandera's goal of an independent Ukraine. Indeed, the resolution supported the cause of a strong, united and free Ukraine, which has the full backing of the European Union and my native Poland, but the resolution did suggest regret that the award was given with little regard to the tragic circumstances of the wartime struggle for an independent Ukraine. This saw ethnic cleansing carried out also in the name of Bandera.

My view is that what was missing from the award given to Bandera was an expression of regret for innocent victims of the struggle. Only then could it have fully served the goal of an independent Ukraine in peace with its neighbours. The award should have been accompanied by an effort for reconciliation with the families.

*(The President cut off the speaker)*

**Csaba Sógor (PPE).** – (HU) Slovakia's language law has been the object of numerous critical comments lately. I would now draw your attention to the opinion of the European Commission's Legal Service. It states that the language law and its implementing regulations are not, in their present form, compatible with fundamental rights and the pertinent documents of the Council of Europe, or even with Slovakia's law for the protection of minorities. The opinion deplores the lack of reasonableness and proportionality in the language requirements. It considers that the law endangers the free movement of workers, one of the greatest achievements of European integration, and is also a threat to the functioning of the European Union's integrated internal market. In addition, the amended language law is declared by the Legal Service to contravene the Audiovisual Media Services Directive as well as Article 56 of the Treaty on the Functioning of the European Union, which addresses the freedom to provide services. The report states that the section on health institutions could, in practice, lead to discrimination, and that as far as fundamental rights are concerned, the rules protect

the State's interests far more than the rights of individuals. I request that the Commission takes the necessary steps to ensure that Community law continues to prevail without fail.

**Rovana Plumb (S&D).** – (RO) I must mention the subject of women's involvement in the labour market. Data from Eurostat confirms an encouraging trend. While in the 1970s, women did not even account for 30% of the European labour market, in 2008, this figure reached 43%, and the global crisis has pushed it up to roughly 50%.

Romania, too, is part of this trend, as a result of the economic crisis which has hit the business sectors in which men are predominantly employed. However, wage discrimination between women and men exists on the labour market. This is why it is important for the legislative package envisaged by the Commission to include targets relating to the elimination of these gender pay gaps, in order to encourage greater participation by women in the labour market. This legislative package must also feature in the European Union's 2020 strategy.

**Evelyn Regner (S&D).** – (DE) Mr President, recent events in Turkey have once again confirmed that there are still insufficient guarantees for the rights of trade unions as well as workers. For more than two months, 12 000 employees of the now privatised former state tobacco monopoly, Tekel, fought mass redundancies, short-time work and the loss of the social rights they had won.

Several times during the strike, President Erdoğan threatened to have the protest camps in Ankara cleared by the police. At the start of the strike, police attacked workers with tear gas and water cannon.

I would like to ask you to call on the Turkish authorities to treat trade unions as social partners with equal rights and to issue legislative provisions that guarantee the unconditional protection of trade union rights. The rights must be tailored to EU standards and the ILO Conventions.

**Luigi de Magistris (ALDE).** – (IT) Mr President, ladies and gentlemen, recently, there has been yet another environmental disaster in Italy, on the River Lambro and the River Po. Also recently, the Court of Justice in Luxembourg condemned Italy for endangering public health with their illegal waste disposal and their inability to control the collection of waste in Campania. An increase in cases of leukaemia has been reported recently in Taranto through the Ilva steelworks, as well as asbestos removal in schools in Crotone and dioxins in Campania. It is an ongoing environmental disaster.

I strongly ask the Commission what it intends to do to ensure that the Italian Government falls in line with standards of the European Union directives, particularly with regard to the recent ruling by the Court of Justice, which strongly condemned Italy for not being able to dispose of waste in Campania. For many weeks and months, the city of Naples was a laughing stock all over the world.

**Nicole Kiil-Nielsen (Verts/ALE).** – (FR) Mr President, the London Conference on Afghanistan has led to panic sweeping through the heart of Afghan society, and women are particularly afraid. The peace plan agreed on by 70 countries includes a fund to help reintegrate the Taliban and a Loya Jirga – peace council – must take place within the coming months in order for this reconciliation to be put into effect.

Women do not want to and must not pay the price for this reconciliation. The Taliban are still demanding the suppression of women's rights and the return of Sharia. It is to be feared that the Loya Jirga will modify the Constitution and that the articles protecting women's rights will disappear; in particular, Article 22 of Chapter 2.

Today, 8 March 2010, I solemnly request that the European Union act as guarantor of the future of Afghanistan's women, as the re-emergence of the most femicidal regime in history cannot be countenanced.

#### IN THE CHAIR: MR ROUČEK

*Vice-President*

**Simon Busuttil (PPE).** – (MT) The diplomatic incident between Switzerland and Libya has escalated and is having very serious consequences for many European Union citizens who want to travel to Libya but who are being denied entry. In particular, adverse consequences are being suffered by workers who earn their living in Libya, as well as European investors who are being prevented from sending their workers there. In the meantime, workers who are already in Libya are trying to remain there for as long as possible in order to cover for those who still cannot enter Libya. The European Union has nothing to do with this incident

and has found itself hostage to an issue between two third countries. I therefore appeal to the European Union to take all possible measures to solve this issue as soon as possible.

**María Muñoz De Urquiza (S&D).** – (ES) Mr President, the government of Spain has asked the government of Venezuela for an explanation following a court ruling referring to alleged cooperation between the government of Venezuela and ETA.

Mr Iturgaiz should update his information, because on Saturday, the government of Venezuela and the government of Spain issued a joint communication regarding this matter. In the communication, both governments reaffirmed their intention to cooperate fully and work together to combat terrorism.

We should all rejoice at this intention and congratulate the government of Venezuela on the desire it has expressed to cooperate with the government of Spain in combating terrorism and ETA, instead of sending out inflammatory messages or attempting to derive political capital from as serious an issue as terrorism.

I believe it is important to respect the independence of the judiciary, diplomatic relations and, above all, cooperation between states as we strive to continue the vital struggle against terrorism.

**Olle Schmidt (ALDE).** – (SV) Mr President, on Saturday, the people of Iceland said a resounding no to the Icesave agreement. Only a week ago, the Commission recommended that the EU should begin membership negotiations with Iceland.

It is true that the finance ministers in London and The Hague have right on their side, but nevertheless they also have a significant responsibility. Those consumers who were unwise enough to invest in Icesave also have a right to some compensation for their losses. However, the claims must be reasonable and proportional. We now need new negotiations with the governments in London and The Hague.

The Icelanders must be made to feel welcome in the EU, but, of course, they will never vote in favour of EU membership if the finance ministers in London and The Hague are allowed to determine Iceland's fate. The British and Dutch treasuries must not be permitted to control the European Union. It is time for the EU to take action and to show solidarity with the Icelanders.

I would like to quote from the Hávamál, the words of Odin the High One from the Poetic Edda: (*The speaker speaks Icelandic*)

That is Icelandic: 'We have to solve the problems together'.

**Yannick Jadot (Verts/ALE).** – (FR) Mr President, during the night of 27 to 28 February, storm Xynthia hit western France particularly hard, claiming many lives. Naturally, our thoughts are with the victims and all those who mobilised to help them. We are calling very clearly for the European Commission to make the Solidarity Fund available quickly in order to help the most affected people. However, we must also learn lessons from this tragedy.

How is it possible that there are between five and six million people in France living in flood zones? There is obviously pressure from the property lobby, but it is also true that a few months ago, President Sarkozy was calling for construction in flood zones to be permitted. Responsibilities therefore lie with politicians.

We are calling for all European cofinancing linked to reconstruction and restoration to be conditional on respect for the law: coastal law and prevention plans relating to flood risk. Naturally, we are also asking once again that we show swift support for all the worst affected sectors, in particular shellfish farming.

**Ashley Fox (ECR).** – Mr President, Buckfast Abbey has been producing fortified wine in Devon, in my constituency, since 1890. Unfortunately, this wine has now come under attack from some Labour Party politicians. They would rather blame one alcoholic product for an increase in antisocial behaviour than accept that their social policies have failed.

Buckfast wine should, apparently, be banned because it contains both alcohol and caffeine. If that happens, what happens next? Will young people be prohibited from mixing Red Bull with vodka? Will Irish coffee be banned? How will this be policed?

This is the nanny state gone mad. Calling for one product to be banned will not solve the problem of irresponsible drinking. We should trust consumers to enjoy whatever drinks they choose. The majority should not be punished for the actions of the ignorant few.

Do people honestly think that, if Buckfast was banned, the hooligans who currently drink it to excess would start drinking tea?

**Rui Tavares (GUE/NGL).** – (PT) Mr President, one or two years ago, when the euro was strong, the *Wall Street Journal* was betting on its failure and explained how it might happen. The economies of the euro were very diverse, it said. It would only take the most vulnerable to fail.

That is what happened and now everybody is complaining about foreign speculators. It would be better, however, if they complained about themselves, if they complained about the European leaders. Nobody forced us to form a monetary union without political union and without social cohesion. Likewise, nobody forced us to hesitate and falter when the so-called 'peripheral' economies come under attack.

Let us be very clear about one thing: there is no such thing as peripheral economies. When a euro economy is under attack, it is the euro that is under attack. It is the Union that is under attack and it should respond in solidarity; the same solidarity that was valuable for Eastern Europe and that was valuable for Germany in its reunification.

If not out of solidarity today, it will be out of self-interest later, given the size of these markets and the size of their debts and the exposure of Central European banks to them. It would be better if we acted out of solidarity.

**John Stuart Agnew (EFD).** – Mr President, the EU's 'harmonise everything' policy creates many casualties, not least the Instrument Meteorological Conditions (IMC) rating for private pilots in the UK. This is a vital safety rating that enables holders to fly on instruments in cloud and poor visibility, which is not permitted by the private pilot's licence. It is unique to the UK because of our capricious weather conditions, and it also has a very good safety record.

In developing a harmonised European pilot's licence, the European Aviation Safety Agency is about to wipe out the IMC rating, leaving many private pilots unable to fly unless they can guarantee cloudless skies for the entirety of their trip. This is a bit like guaranteeing that England will win the World Cup on a penalty shootout. After losing visual perspective, an untrained pilot has about 50 seconds to regain it before losing control of his aircraft. Therefore, the abolition of the IMC rating is a serious threat to the safety and future of private flying.

The European Aviation Safety Agency must think again. This is yet another example of sensible, practical British law being subordinated to over-the-top and expensive EU legislation.

**Angelika Werthmann (NI).** – (DE) Mr President, ladies and gentlemen, one of the Millennium Goals is the halving of world poverty. The Commission declared 2010 European Year for Combating Poverty and Social Exclusion. Sixteen per cent of Europeans – that is 79 million people – live below the poverty line. Seventy-nine million Europeans have to make ends meet on only 60% of the average income of their respective countries. If you are poor, you lose the opportunity to contribute to large parts of civil society. If you are poor, you suffer. The strategies for the 2010 European Year for Combating Poverty and Social Exclusion must have an impact, even during the economic crisis.

**Rosa Estaràs Ferragut (PPE).** – (ES) Mr President, ladies and gentlemen, I have taken the floor to highlight and condemn implementation of the Spanish Government's Law on the Coastline, in particular, its effects on the island of Formentera. Formentera is one of the Balearic Islands. It is 19 kilometres long and has a perimeter of 69 kilometres.

The implementation of this law will be positive in areas devastated by urban development. It will not, however, be beneficial for the island of Formentera, because it requires the elimination of most of the island's tourist facilities, which means small family businesses will be seized. These facilities are the island's livelihood and have been legally established for between 30 and 40 years. By way of example, I could mention the Hotel Rocabella, which was the first hotel on the island, or the bar and restaurant known as the Blue Bar, which is internationally renowned and has helped to promote the island abroad. Seventy per cent of these facilities would be affected by the implementation of the aforementioned law, despite having been established legally when they were set up. All this law would do would be to permit seizure.

We therefore call for a fair demarcation system for the island of Formentera. I call on the Spanish Government to undertake a new demarcation, respecting private property, in line with the many rulings on the subject by the Court of Human Rights at Strasbourg. Never again should a law like this one with retroactive effect be drawn up. It is causing a great deal of damage. In particular, it should be borne in mind that all these

facilities were built with respect for the environment. Furthermore, the coast is protected under national and local legislation. It is not possible to build within 300 metres of the coast or to increase the amount of hotel accommodation.

**Proinsias De Rossa (S&D).** – Mr President, the reply received recently by President Buzek from Prime Minister Netanyahu justifying his refusal to allow this Parliament's delegation to enter Gaza last December requires a robust response. He is free to object to our meetings with Palestinians in Gaza and East Jerusalem, but he has no right to prevent them – nor, indeed, to interfere with this Parliament's democratic rights.

High Representative Ashton must pursue her intention vigorously to visit Gaza; she must press Israel to end the siege and the humanitarian crisis which Goldstone has described as illegal collective punishment of the population.

Finally, I want to welcome the agreement on proximity talks, but I am seriously worried that escalating tensions around religious sites in East Jerusalem and Hebron could destroy the possibility of progress. I believe High Representative Ashton should act to de-escalate those tensions.

**Tunne Kelam (PPE).** – Mr President, as the President of Parliament kindly reminded us, on 11 March, Lithuania and Estonia mark 20 years since the passing of two fundamental legal acts.

As the Lithuanian Supreme Council adopted a declaration of independence, in Tallinn, the first session of the Congress of Estonia passed a declaration on restoring the legal state power in that still Soviet-occupied state.

The Congress of Estonia presented a unique democratic alternative to the existing Soviet institutions. Elected by 90% of newly registered Estonian citizens, it united the absolute majority of Estonians, represented by almost 30 political parties and movements, in a quest to restore real independence and a nation state. This quest was successful largely also thanks to the solidarity of Europe.

**Corina Crețu (S&D).** – Mr President, you are staying so much in line that I think that, for these one-minute speeches, at least today on International Women's Day, Parliament should have made a gesture of generosity to women.

(RO) I would like to draw your attention today to a number of cases of discrimination against Romanians in Europe which, unfortunately, are steadily on the increase lately. Just very recently, the spokesman for the Copenhagen police made some racist and xenophobic statements against Romanians, while the Danish press is branding a whole nation for the crime apparently committed by a Romanian immigrant.

At the start of this year, a 13-year-old Romanian girl in Italy committed suicide, leaving behind a shocking statement about the discrimination she was subjected to by schoolmates. You, too, may have seen recently posters displayed on the trains of the French national railway, SNCF, which were asking customers to report any acts committed by Romanians to the SNCF's national security agency.

I believe that you will all agree with me that any person who breaks the law must pay. However, branding a whole nation like this is unacceptable. Indeed, the cases I have told you about here illustrate the deterioration in the climate of interethnic coexistence in countries with a tradition of democracy. These are displays of behaviour which are incompatible with the principles forming the foundation of the European Union and seriously spoil the European Community spirit, revealing the existence of a disgraceful iron curtain between the EU's citizens.

**Seán Kelly (PPE).** – (GA) Mr President, I have a few words to say on the Atlantic Strategy.

Over the past weeks and months, I have listened with interest and indeed approval to the discussions regarding the Danube Strategy and the Baltic Strategy, but never a word did I hear about an Atlantic Strategy. I think there is great room here for development as well.

The 2020 strategy has outlined very clearly that no country can go it alone, and certainly countries along the Atlantic seaboard such as Ireland, Great Britain, France, Portugal and Spain can make an awful lot of progress in many areas, particularly offshore energy, marine research, fishing, maritime and naval construction, ports and biodiversity. I would call on the Spanish Presidency to make this a priority in the coming months.

(GA) If they succeed in doing that, they will have accomplished something great by the time the term of their Presidency is over.

**Maria do Céu Patrão Neves (PPE).** – (PT) In the last three months, six very serious sea accidents have occurred in Portugal, in which 13 fishermen have lost their lives. In eight cases, it still has not been possible to recover the body, and they have involved the total loss of the boats and the livelihood of many others.

The fishing communities of Castelo de Neive, Matosinhos, Setúbal, Areosa, Peniche and Caminha are in mourning; I would like to join with them with my speech here today.

A somewhat harsh winter that did not allow many days' fishing and the scarce support available for fishermen staying on shore forced them to go to sea in adverse conditions. The ageing of some boats, the lack of on-board safety and proper safety training make accidents even more likely. This is an unacceptable situation that should be eliminated urgently.

In this context, establishing conditions that can ensure the safety of fishermen should be one of the main goals of the reform of the common fisheries policy, by investing in the modernisation of boats, the strengthening of safety measures, the training of fishermen in basic safety and in decent living conditions when sea conditions make it advisable to stay on shore.

**Alajos Mészáros (PPE).** – Mr President, my contribution addresses the need for a unified approach to the recognition of Kosovo. In adopting the Lisbon Treaty, our Member States have accepted many new commitments. One of these is the new integrated and unified proceedings in foreign and neighbourhood policy.

Kosovo has been recognised as an independent state, so far, by 65 countries of the world, including 24 out of 28 NATO countries and 22 out of 27 EU countries. This is the right time to encourage our hesitating Member States, namely Cyprus, Greece, Romania, Slovakia and Spain, to put aside their concerns in this matter and join the majority in recognising Kosovo as soon as possible. This would be an important signal demonstrating the increasing unity and integration of the EU.

**Andrew Henry William Brons (NI).** – Mr President, global capitalism moves people around the world – some legally, some illegally – as though they were simply expendable facts of production.

It moves goods and even services around the world in a bid to undercut the prices of its latest victim, closing factories, farms and offices and throwing workers on the scrapheap.

It moves money around the world, closing workplaces in Europe and the developed world and opening them in places where wage rates are a fraction of the cost.

The European Union's embrace of global capitalism is an embrace that will smother us all. Whenever there is an economic crisis, politicians line up to denounce protectionism. However, it is only protectionism that will enable us to rebuild our manufacturing bases and guarantee our peoples their livelihoods. Economies exist, or should exist, to serve our peoples. We do not exist to serve economic forces.

There is no way in which Europe can compete with the Third World without becoming part of it, and it is happening already.

**Carlos José Iturgaiz Angulo (PPE).** – (ES) Mr President, I regret that some of those present in the House today should opt to congratulate Mr Chávez, who is in cahoots with terrorists and has included ETA leaders in his government. My group and I, faced with a choice between Mr Chávez and a Central Criminal Court judge like Mr Velasco from a state governed by the rule of law, have no hesitation in supporting that Central Criminal Court judge.

Furthermore, if Mr Rodríguez Zapatero were to stop being all matey with Mr Chávez and humbling himself before him, and instead treated Mr Chávez as what he is, a terrorist supporter, the credibility of Spanish foreign policy on the international arena would be enhanced.

**Franz Obermayr (NI).** – (DE) Mr President, once again, I would like to refer to the discussion in the last debate about one-minute speeches, in which we expressed our unease about the fact that it is obviously unclear when it is your turn and that when you have applied five times, it would be nice to know when your turn will be. Several colleagues submitted this request. At the time, it did apparently find a sympathetic ear. I fail to understand why we clearly are not learning from this and trying to make it easier for MEPs and to announce a clear procedure and keep to it. I put my name forward at 17:00 and cannot quite comprehend the procedure.



**President.** – We are sticking to the procedure, but you have to take into account that we have more than 60 requests and we have 30 minutes for this procedure. We gave the floor to about 35 of you.

We shall write down your name, and I can promise you that next time you will be among the first, but that is the way we do it. I would like to give the floor to all of you but, unfortunately, we do not have the time.

**László Tőkés (PPE).** – (HU) Mr President, I have the same complaint. I have not been given the floor for six months. I do not know the rule. We always sit through the debates and are sitting here pointlessly.

For half a year, I have not had the floor. I do not know of any regulations so I sit here in vain.

**President.** – Mr Tőkés, I personally gave you the floor on at least one occasion. I do not think that it is correct to say that you never had the floor.

I would like to remind Members to give their names well before we start, because we make a list. I can assure you that, next time, you will be among the first.

## **15. Animal health requirements applicable to the non-commercial movement of pet animals (debate)**

**President.** – The next item is the report by Mrs Bairbre de Brún, on behalf of the Committee on the Environment, Public Health and Food Safety, concerning the draft Regulation of the European Parliament and of the Council amending Regulation (EC) No 998/2003 on the animal health requirements applicable to the non-commercial movement of pet animals (COM(2009)0268 - C7-0035/2009 - 2009/0077(COD)) (A7-0082/2009)

**Bairbre de Brún, rapporteur.** – (GA) Mr President, this is the first amended regulation to come before the plenary meeting and the first that comes under the provisions of the Treaty of Lisbon. I would like to express my gratitude to the shadow rapporteurs – Mrs Soullie, Mrs Willmott, Mrs Vălean, Mrs Evans, Mr Nicholson and Mrs Rosbach – for their help during a series of complicated negotiations; and I am grateful for the exceptional support I received from the Parliament's legal services and codecision unit. I would also like to thank the Council and the Commission.

The substance of the Environmental Committee dossier was agreed at the beginning of December, and from the start of this year, we have been dealing with certain aspects relating to how Article 290 of the Treaty on the Functioning of the European Union can be implemented with regard to this dossier.

It sometimes seemed that we would never manage to come to an agreement. However, we succeeded. We agreed a solution for this dossier. In doing so, we ensured that pet owners could continue to travel across EU borders with their pets, while including a transitional system that allows certain Member States to apply stricter controls, depending on disease, for a period of eighteen months.

The proposed amended regulation recognises the progress that has been made hitherto. To ensure that the rabies situation in the EU improves from here on, the transitional system will be extended in five Member States until 31 December 2011 – by that time, provisions relating to the non-commercial movement of pets will be the same all over the EU. It is recommended that the transitional system should also be applied in relation to tapeworms (*Echinococcus multilocularis*) and ticks until 31 December 2011.

As regards the new procedures which take the place of the committee's procedure, the Commission should be empowered under this regulation to adopt delegated acts under Article 290 of the treaty, through which the European Parliament and the Council delegate to the Commission the power to adopt non-legislative acts which have general application in order to add to or amend non-essential elements.

For example, in order that diseases other than rabies may be contained – diseases that could increase as a result of movements of pet animals – the Commission could adopt preventative health measures through delegated acts. In the second place, in order to allow for technical progress the Commission could, through delegated acts, adopt modifications to technical requirements with regard to identifying animals; and in the third place, they could, through delegated acts, adopt modifications to technical requirements in relation to anti-rabies vaccinations, in order to allow for scientific and technical developments.

We succeeded in agreeing the wording for all of this and for arrangements relating to the implementation of Article 290 of the treaty in relation to this dossier, and we kept all of this as consistent as possible with regard to the European Parliament's powers under the Treaty of Lisbon.

The agreement at first reading demonstrates how important the urgency of this dossier is to every person who took part.

Finally, I would like to say that the fact that a rapporteur from one of the small groups took on such a complicated dossier with the active cooperation of shadow rapporteurs from other political groups is an important democratic signal and something of which this institution should be proud. I would like, once more, to express my thanks to everyone from the three institutions – the Parliament, the Council and the Commission – who worked unrelentingly on this dossier. I hope that colleagues will support this work through their votes.

**John Dalli**, *Member of the Commission*. – Mr President, I would like to thank the Committee on the Environment, Public Health and Food Safety for its work on this dossier. I would especially like to thank the rapporteur, Ms de Brún, for her efforts to reach an agreement on this issue, which is a sensitive one for some Member States. We also appreciate that, apart from the issues involved, she had to steer the process through the difficult part on delegated acts. Thank you very much.

I am pleased that the intense discussions held between the three institutions have resulted in a compromise text that fully reflects the technical measures proposed by the Commission and also addresses the necessary adaptation of the proposals to the Lisbon Treaty in a way that is acceptable to the Commission. Indeed, our joint work has been complicated and slowed down by this alignment. Nevertheless, the Council is now in a position to ensure that this work is finalised on time.

Before a vote is taken on the compromise text, I am pleased to confirm that the Commission does not intend to propose a further prolongation of the transitional regime, which will come to an end on 31 December 2011. This means that fully harmonised rules will be in place from 1 January 2012. However, the Commission does intend to propose a revision of the regulation in its entirety before 30 June 2011 and, in particular, the aspects of delegated and implementing acts.

As regards the notification of delegated acts, the Commission will also take account of the periods of recess of the institutions in order to ensure that the European Parliament and the Council are able to exercise their prerogatives within the time limits laid down in the relevant legislative acts.

Finally, I can confirm the Commission's commitment, jointly expressed with Parliament and the Council, that the provisions of this regulation shall be without prejudice to any further position of the institutions as regards the implementation of Article 290 of the Treaty on the Functioning of the European Union or individual legislative acts containing such provisions. I hope Parliament will support the compromise text, which I firmly believe properly addresses all concerns raised by this House.

**Christofer Fjellner**, *on behalf of the PPE Group*. – (SV) Mr President, Commissioner, this is a very important report, partly because it looks at how we can make it easier for pet owners in Europe to transport their pets across national boundaries and partly because it deals with preventing the dangerous spread of diseases carried by pets throughout Europe.

As a Swedish Member of the European Parliament, I am particularly interested in this question, because there are two diseases which we fortunately do not yet have in Sweden, the dwarf tapeworm and, most importantly, rabies.

During the discussions on this proposal, I have been concerned on a number of occasions that we would need to amend the regulations we currently have in Sweden and that this would result in the dwarf tapeworm and rabies reaching Sweden. This would have appalling consequences, not least with regard to the way in which we exercise the right of public access to the countryside in Sweden, in other words, our opportunities to roam freely through the woods and fields.

I am very pleased to see today that Sweden will be able to retain its current exemptions, at least for a transitional period, which will allow us to ensure that these diseases do not enter our country.

Throughout the course of the process, we could not take it for granted that this would be the case. Even right at the end, a debate took place in the committee procedure which I, at any rate, was worried would create

uncertainty and give rise to a loophole in the application of the procedure that would result in the risk of these diseases reaching Sweden.

I would like to extend my warm thanks to everyone who has worked hard to find solutions to enable pets to be transported across Europe and to ensure that the exceptions in countries where certain diseases are not present could be retained, so that we do not need to be concerned anywhere in Europe that new diseases will be introduced as a result of this proposal. I would like to thank the rapporteur, the Council and the Commissioner.

**Linda McAvan**, *on behalf of the S&D Group*. – Mr President, can I start by thanking Mrs de Brún, who took on this dossier expecting it to be fairly expeditious. It then became very complicated as we found ourselves negotiating whole new delegated acts without precedents for future acts, so congratulations to her and to the Council and Commission. Commissioner, one of your first tasks here is to find a solution.

A lot of the debate has been about the technical aspects of this legislation, but it is an important piece of legislation for lots of citizens, being about moving their pet freely around the EU. When we first adopted this legislation a few years ago, there was a lot of support for it, but we have this transitional period, which Mr Fjellner has mentioned, which is important to prevent diseases spreading to states that do not have those diseases.

I welcome the Commission's support for extending the transitional period so that, when we do have the new legislation, all countries will have the same legislation. We will, by that point, have much higher levels of animal health and animal welfare across the EU.

On the comitology issue, our group supports the compromise that has been negotiated. We think that Parliament should have parity – equality – with the Council in legislation. The whole issue was about the expert groups and who these experts should be. What we would like to say is that when we talk about experts being consulted, this has to refer to all experts, and the Commission will be looking with experts from the Member States, from non-governmental organisations, and also those perhaps which the European Parliament is recommending.

I am very pleased that we have this agreement. It enables the transitional period to be agreed in time for when the derogation runs out, and we look forward to hearing the Commission's new proposals for the future legislation.

**Adina-Ioana Vălean**, *on behalf of the ALDE Group*. – Mr President, let us recall that free movement has been one of the fundamental pillars of the single European market, which aims to achieve increased competition and larger economies of scale and confers on the EU its main power of attraction. Over time, the ability of people to move freely within the EU has become not only a basic component of the internal market but a fundamental right.

By removing the barriers created by different national provisions and regulations, European citizens, as well as businesses, can thrive. Likewise, the possibility for EU citizens to carry their pets with them, without being subjected to specific national regulations and standards, is important, as it can significantly reduce their travel efforts and costs. I am pleased that the Commission proposal points in that direction.

I welcome the general regime passport, which will harmonise the animal health measures and controls that will facilitate the free movement of pet animals. At the same time, I agree that we need to guarantee a high level of protection for human and animal health. This transitional regime will allow more time for the right infrastructure and staff to be in place. So, under this argument, Parliament will certainly vote tomorrow to prolong the transitional regime for some Member States until the end of 2011, as these countries allegedly need to take specific health risks into account.

However, this is not the first time that some Member States have been allowed to apply more stringent health requirements than others. Initially, the transitional period lasted until July 2008. Then the transitional period was extended to 2010. Now we have agreed to a new prolongation. Thus, while I have some sympathy for the fears of the Member States who consider that their pet population is more prone to certain diseases, and I understand that the proposed prolongation would be simultaneously completed with EU-funded vaccination programmes to eliminate sylvatic rabies in some Member States, I believe that this should be the last extension of the special treatment enjoyed by these countries. We all know that asymmetrical measures and opt-outs will not bring the full benefits of the internal market in this area. So let us all agree that this transitional regime needs to be eliminated and that a level playing field has to be ensured as soon as possible.

Interestingly enough, the more contentious issue in this report has not been the content that has sparked heated debate among us on how to apply the new Lisbon Treaty provisions regarding the comitology procedure. This is the first codecision file where these provisions are to be put into practice. Given Parliament's extended powers under the new treaty, it was crucial for us that this particular regulation did not set a precedent for future decisions.

In this regard, I welcome the written statement which was agreed between Parliament and the Council during the trialogue, stating that this file should not be treated as a precedent.

**James Nicholson**, *on behalf of the ECR Group*. – Mr President, first of all, let me begin by thanking the rapporteur for all her hard work on this report. What many of us felt at the beginning would be a dossier which would not cause us much of a problem turned out to be an awful lot more tricky than we thought.

Unfortunately, the rapporteur had to take the brunt of most of the negotiations, but she certainly had to work very hard to ensure this report got through within the necessary timeframe, which was very important as we were under pressure to secure the extension of her derogation which was due to run out in June of this year.

In my opinion, this is a small but vital piece of legislation which will protect those areas and those countries that are concerned by the threat of rabies; the disease continues to occur in some parts of the EU, and hopefully by the end of 2011, vaccination programmes will have proved successful in eradicating the disease once and for all.

Until then, however, we have found a way which allows us to continue to enforce our own stricter requirements under the transitional period before we move, in line with other EU Member States, to the general regime.

**Anna Rosbach**, *on behalf of the EFD Group*. – (DA) Mr President, I would like to thank Mrs de Brún for the excellent job she has done on updating this technical regulation on travel with pet animals within the territory of the EU. Many ordinary families find it a challenge to complete all the vaccinations and paperwork required for all the members of the family to go on holiday together. It is necessary, however, because some countries are fighting a hard, long-fought battle against uncontrollable animal diseases. Various measures have been taken: quarantine of varying lengths, double-checking with vets both before and after travel depending on the destination country, expensive compulsory vaccination of wild animals at national level – to name but a few. I can therefore well understand why some Member States fear any easing of their stringent national regulations, and I consider it necessary that we respect their high safety requirements and would like others to emulate them.

Consequently, I would like to ask the Commission whether it would not be a good idea nonetheless to implement veterinary border controls at which the owner of a pet animal must demonstrate that the animal travelling with him or her is free of dangerous diseases, has been vaccinated and has its papers in order in respect of the destination country. That would also provide an opportunity to check pig and other animal transports that do not meet EU requirements, and the smuggling of puppies and kittens which are far too young could also be exposed by border controls.

**Horst Schnellhardt (PPE)**. – (DE) Mr President, Commissioner, welcome to the European Parliament. Ladies and gentlemen, I would also like to compliment the rapporteur who has done a competent job. The document covers many areas. In recent years, we have seen a growth in pets and domestic animals and naturally, also the desire to be able to take these animals with us on trips. That is right and it should be so, as being able to take your pet gives you an increased sense of well-being. For that reason, however, in Europe, we must have regulations to prevent the spread of animal epidemics. We have them. We have very good regulations in Directive 998/2003 and from 2011 we will have the European Vaccination Card, which will accurately document which vaccinations animals have received. Moreover, from 2011, electronic tagging will prevent confusion and deception.

In recent years, we have done a lot to curb animal epidemics in Europe, especially rabies, also through the achievements of the European Commission, which first pushed through and financed the vaccination of foxes. That is a very important matter and we should acknowledge it. These special regulations that are repeatedly approved for some countries are burdens for citizens. Here, the expense bears no relation to the benefit. I have received letters from many citizens complaining of annoying behaviour at borders. Let me just cite the United Kingdom as an example: arriving two days too early in a half-year stay means a EUR 3 000 fine and the animal is quarantined for six weeks. We should consider whether this kind of behaviour is right.

Therefore, Commissioner, I think one more year, but then this must end. We have European regulations that apply to everyone. The risk of disease spreading – if the animal epidemic situation remains as it is, we must always presume that – no longer exists in this form with pets and domestic animals.

**Jo Leinen (S&D).** – (DE) Mr President, Commissioner, welcome to Parliament. I would like to join my fellow Member, Mr Schnellhardt, by saying you have a major task in this area, to create genuinely equal conditions in the 27 Member States by 2010 so that household pets can be transported and brought from one country to another without obstacles.

Free movement for dogs and cats was certainly the goal of the 2003 regulation. Now, for the third time, we are making an exception. In the EU, some things take a really long time: ten years to tune such regulations. No country in the EU wants diseases to be introduced and I also wonder why 22 countries accept the idea of dogs and cats being allowed to travel with their owners and five countries do not.

You should examine whether the reality and the obstacles still correspond to these special provisions. I know that there are thorny debates at national level, but we are now one legal space and it is time, by 2011 at the latest, to introduce free movement, the single market for pets. The animal expert, Mr Schnellhardt, has already mentioned the conditions, namely that there is a vaccination card and that instruments like electronic tagging will be used, which will then give you access to the five countries when you are on holiday or travelling to work and wish to take your pets with you.

This regulation on pets will go down in history. It is, in fact, the first legal act since the Treaty of Lisbon and we wanted a level playing field with the Council of Ministers in the empowerment of the Commission for delegated acts. That was an uphill struggle, but it was worth it. My congratulations to Mrs De Brún for this report and, of course, for this procedure to begin a new era. That is why it is so important, because we have perhaps a hundred legal acts in a year, but 6 000 delegated acts, and from this we can gauge how important it is to set the new procedure on the right track from the beginning.

**Chris Davies (ALDE).** – Mr President, I just wanted to say a few words in praise of the legislation we have. I understand it was based upon the United Kingdom's pet travel scheme, which was introduced about a decade ago. That helped us reduce dramatically the quarantine regulations we had in our country which had caused much distress to both pets and their owners. I understand the first animal to take advantage of the pets travel scheme was a dog called Frodo Baggins, and after that, many hundreds of thousands of animals have been able to travel more freely.

Then the EU brought in this legislation, following very similar principles, about five years ago, and it has proved a great success. Hundreds of thousands of animals now travel with their owners each year across Europe. I am told that 60% of them happen to be British animals, which may say something about the British character, but we will not go there in this forum. Of course, we have also kept the balance right. The concern was to enable movement without spreading disease, and the reality is that rabies has been kept very firmly under control – 2 700 cases 20 years ago down to less than 300 cases last year, and not one single case associated with the movement of domestic animals under this scheme.

I am somewhat disappointed that ferrets are not moving in the numbers that I originally anticipated. When this legislation was first discussed, many ferret owners in the United Kingdom came to me and asked why this legislation could not include their animals too. They wanted to take them to ferret exhibitions across Europe. The Commissioner is looking surprised, but there was a debate. Apparently you can vaccinate a ferret against rabies but the vaccination does not show, so it was problematic. Eventually, we decided that the incidence of rabies in domestic ferrets was so small that we could include them, but apparently, I am told, there have been relatively few movements. Perhaps one reason why – to answer Jo Leinen's point – is that in some countries, like Portugal, ferrets are still classified as vermin so pet owners are reluctant to take their animals to those countries. It could be worse – it could be China, I suppose.

Commissioner, just to finish, the great advantage to me is that I can now look to my constituents and, when they ask me what the European Union has done for them, I can say that we have made it possible for you to take your pet on holiday – your cat, your dog or your ferret.

**John Stuart Agnew (EFD).** – Mr President, I understand that the original idea for the creation of pet passports came from the Official Monster Raving Loony Party in the UK, which probably best sums up this dangerous scheme.

My country had a compulsory six-month quarantine period for domestic pets. Under the EU pet passport system, this important bulwark against the spread of disease was summarily removed. The unelected European Commission was able to overrule the democratically elected British Government and introduce a system without a quarantine period that relies on vaccinations and the accuracy of paperwork.

As a farmer, I know something about vaccination. It is by no means a guarantee against animals bringing diseases across borders. The effectiveness of the vaccination can be compromised by many things, including its being administered to an animal that already has the disease it is being inoculated against. Vaccinated animals can also be carriers of the disease without displaying a symptom. Batches of vaccine of varying quality and forged paperwork is a real probability.

I understand there is no standardisation of enforcement of the scheme. Some countries require the formal passport while others will take documentation in any form; still others will not accept the passport as proof of vaccination. Many airlines are unable to provide details of the formal procedures and staff are poorly trained.

In other words, it is an accident waiting to happen. There is a saying in my country, 'If it is not broken, why fix it?' Such advice is wasted on the Commission.

*(The speaker agreed to take a blue card question under Rule 149(8))*

**Chris Davies (ALDE).** – Mr President, I would just ask the honourable gentlemen, would he not think his tirade against the European Union would be stronger if the British Government had not introduced similar legislation before the European Union did?

**John Stuart Agnew (EFD).** – Mr President, I think that the European Union has become far too big, has far too many cultures, and I simply do not trust this system at all and it is going to get worse.

**Mairead McGuinness (PPE).** – Mr President, I welcome the Commissioner and I thank the rapporteur for her work. Just to continue with Mr Agnew's point of 'if it ain't broke, don't fix it', I think that is exactly what we are doing here: we are extending derogations where Member States have asked that that happen, but we are allowing the movement of pets. I am sure those who are in the visitors' gallery thought that it was quite a simple matter to move pets between Member States, but because we are dealing with issues around animal health – and indeed human health – it is not quite so simple. We do need stringent rules and controls on that, while recognising that many British people, but also people from other Member States, like to bring their animals with them.

My worry about this report was that it might get bogged down in the technicalities of life after the Lisbon Treaty which, quite frankly, lots of people outside this Chamber should not worry about, or indeed know about – it was of importance to us as a Parliament. I think the rapporteur has settled the case very well on our behalf and has been congratulated for so doing. The danger was, had it slipped through the net, we would not have had in place measures to address the concerns of Sweden, Ireland, the UK and others. But we are in the right place now.

I think the future is much more important. Commissioner, you mentioned that you have plans to look at new legislation in this regard. I think that is what we should be talking about at this stage. What we all want in this House is high animal and human health standards, and this new legislation that you promise should ensure that.

So, well done to the rapporteur and to those involved in this report in bringing it to the stage it is at today. It has satisfied all concerns – not for all, perhaps, to my extreme left here, but for most of us. I hope you will consult wisely and widely in relation to what we need on new legislation on the transport of pets. We have it with farm animals; we need simplified but effective rules for pets.

**Marita Ulvskog (S&D).** – (SV) Mr President, the Commission has produced a positive proposal to amend the regulation on the animal health requirements applicable to the transport of pet animals. I am particularly pleased that this will allow us to extend the period during which a number of countries, including Sweden, can retain their stricter regulations relating to rabies and dwarf tapeworm.

The Swedish Board of Agriculture, which is the relevant authority in Sweden, has said that, without the option of special controls, the tapeworm, for example, would probably become established in Sweden. This would have a negative impact on the freedom of access to the countryside, which is an important part of the everyday life of people in a country like Sweden.

I would like to thank the Commission, the rapporteur and the shadow rapporteurs for listening to our requirements and, therefore, making it possible to introduce what is initially a temporary solution.

**IN THE CHAIR: MR McMILLAN-SCOTT**

*Vice-President*

**Nessa Childers (S&D).** – Mr President, first of all, I would like to thank my colleague, Ms de Brún, for her hard work on this report.

The case of a 38-year-old woman who died in the Royal Victoria Hospital in Belfast last year was a tiny reminder of the ongoing threat posed by rabies to Ireland. It is believed that she contracted the disease when trying to break up a fight between two dogs while on a working holiday to South Africa.

More recently, four people had to receive preventive injections in Dublin after an illegally imported kitten started to act strangely and bit them.

Rabies is one of the oldest zoonotic diseases which affects humans, and is invariably fatal once symptoms have occurred. Global travel patterns mean that the disease is never far from our door.

It is for this reason that Ireland practises strict quarantine of imported animals, and it is only because of these stringent measures that we are able to maintain our status as rabies-free. In order to continue this record, it is crucial that the transitional agreement which this proposal would extend until the end of next year is not allowed to lapse in July 2010.

The additional safeguards proposed are also crucial to both human and animal health, as they would help solve the fight not just against rabies but also against specific ticks and tapeworms from which Ireland is currently free.

By accepting this proposal, this House would facilitate the fight against rabies and provide a base for its eradication across Europe. For these reasons, the urgency of this matter must not go unstated.

**Miroslav Mikolášik (PPE).** – (SK) I agree with the amendment to the regulation on animal health requirements applicable to the non-commercial movement of pet animals, which *de facto* facilitates movement across borders within the European Union.

I would also like to acknowledge the work done by the rapporteur, who has produced a top-quality report, including such measures that would lead to vaccination against rabies and other diseases, as well as further preventive actions. I am convinced that in just taking such a step, we will totally harmonise standards in the European Union's internal market and move toward the so far most extensive elimination of the threat from transmission of these diseases.

However, I am aware of the ongoing risks and the dangers in the transport of animals and, therefore, I support a reasonable extension of the transition periods for Member States such as Malta, Ireland and Sweden, whose internal standards are stricter. This is a prudent approach which particularly stresses prevention and takes the special characteristics of the respective countries into account.

**Daciana Octavia Sârbu (S&D).** – (RO) I would first of all like to congratulate the rapporteur on all her hard work, along with all those who made this compromise possible. I am pleased that the report allows Member States to continue implementing their protection measures against the spread of rabies, and also that it will result in the free and safe movement of pets throughout Europe after 2011.

I think that a good compromise has been achieved, which provides an effective response where Member States have justified concerns about the spread of certain diseases, while also offering the guarantee that when delegated power is used, the Commission will consult a number of experts – from the Commission, Member States, NGOs or from national parliaments.

In a wider context, we have received written assurances that this report will not set a precedent for the use of delegated powers in the future. As a result, consideration will be given to Parliament's concerns about creating a precedent for the new comitology procedure under the Treaty of Lisbon.

**Andreas Mölzer (NI).** – (DE) Mr President, the efforts of the European Union to stem or completely eradicate animal epidemics and diseases like rabies are, of course, extremely laudable and it is certainly very positive that measures are being taken to facilitate cross-border tourism with pets.

The European Vaccination Card, vaccination programmes or even the electronic tagging of pets are indeed sensible measures that may make this easier. However – and I know this from our experience in Austria – there are phenomena that threaten this. For example, the illegal smuggling of puppies from cheap Eastern European countries to Central Europe or the European Union repeatedly leads to the introduction of diseases.

The mass transport of animals across the EU, including in Austria, could also allow dangerous diseases to reoccur. Wild animals are furthermore liable to ignore border controls and may, of course, also repeatedly lead to the spread of animal epidemics like rabies. It will be necessary to take measures in this area.

**John Dalli**, *Member of the Commission*. – Mr President, I think that we can all be proud of the swift progress made on this file, which has been conducted under extreme time pressures and in a difficult legal context.

The 18-month prolongation of the transitional regime regulating the movement of pets into five Member States will give them the time to adapt to the regime which applies in the rest of the European Union. I have also confirmed that the Commission does not intend to propose a further prolongation of this transition time.

At the same time, it will allow the Commission to prepare a comprehensive proposal aimed at revising the regulation in its entirety and, in particular, bringing the old comitology provisions into line with the spirit and the letter of the Lisbon Treaty.

I have to agree that this is an important file for European citizens, and I am pleased that we have had a successful conclusion.

**Bairbre de Brún**, *rapporteur*. – (GA) Mr President, I would also like to welcome Commissioner Dalli to the European Parliament and I also welcome the opportunity to work with Commissioner Dalli. I welcome his statement to the Parliament this evening. As he said, the substance of my report agrees with the approach of the Commission's proposal.

I would also like to express my thanks to everyone who spoke in tonight's debate; most of them in favour of the proposed system, with only a few people in opposition.

The Commission's proposal and my report use a scientifically-based approach. In light of the different situations regarding rabies in Member States, the Commission chose a safe, precautionary approach. It is appropriate that the end of the proposed extension coincides with the period in which it is expected that the European Commission will put an end to EU funding for a vaccination programme aimed at eradicating rabies in wild animals in some Member States.

As Commissioner Dalli and Mrs Vălean said in relation to the proposed date, the structure in place can be changed and the staff that are already there can be retrained. The transitional system will be extended in five Member States until the end of 2011 and by that time, provisions relating to the non-commercial movement of pets will be the same all over the EU. In the meantime, people will be able to cross EU borders with their pets, but the transitional system will be in place to allow some Member States to apply stricter controls during that period.

Again, I would like to express my thanks to everyone who helped with this work. The work was occasionally complicated, but although it was hard, it was worthwhile in the end. Thank you all.

**President**. – The debate is closed.

The vote will take place tomorrow (Tuesday, 9 March 2010).

#### **Written statements (Rule 149)**

**Pavel Poc (S&D)**, *in writing*. – (CS) The aim of Regulation (EC) No 998/2003 on the animal health requirements applicable to the non-commercial movement of pet animals, which entered into effect on 3 July 2003, was to make it easier for pet owners to travel with their pets. This was to be achieved through the introduction of a passport showing that an animal has been inoculated against rabies, and stipulating the obligation to mark animals in order for them to be clearly identified. The proposed amendment, in addition to making the original regulation more specific in technical terms, again extends the period during which journeys with dogs and cats to Finland, Ireland, Malta, Sweden and the United Kingdom are subject to stricter requirements. The differences in the protective measures of the previously-mentioned Member States, especially the different time-limits for inoculations and serological examinations and the different deadlines for anti-parasite examinations, unnecessarily complicate and increase the cost of travelling with pets in the



EU. In practice, this means that a sizeable number of EU citizens will be discriminated against unnecessarily for a further year and a half when exercising their right to free movement between EU countries. The repeated extensions of the time period may indicate that the Commission set the period incorrectly in the original directive, without regard to the actual state of affairs, or that certain Member States were unable or unwilling to implement Regulation 998/2003 on time. In any case, such exemptions do not show an even-handed approach on the part of the Commission to the implementation of general regimes in EU Member States.

## 16. Revision of the Package Travel Directive (debate)

**President.** – The next item is the Commission statement on the revision of the Package Travel Directive.

**John Dalli, Member of the Commission.** – Mr President, I am grateful for this opportunity to give you an update of the Commission's work on reviewing the Package Travel Directive. At the time of the adoption of the directive in 1990, package holidays were the most common type of holidays. Since then, the market scene has changed significantly: the development of the Internet has made it possible for consumers to make their reservations directly from tour operators, air carriers and hotels. Furthermore, the rapid development of low-cost air carriers has revolutionised the supply of air transport. It has also enhanced competition and consumer choice in the travel market.

Nowadays, a majority of EU citizens organise their holidays themselves rather than purchasing predefined packages. These changes have resulted in a decreasing number of consumers being protected when going on holiday. We are also aware that the existing directive has led to an uneven playing field for the holiday industry, with some operators being regulated by the directive while others are not, even though they sell similar products.

Moreover, the minimum harmonisation of the directive has caused legal fragmentation in the Member States. This means that the current legislation may not be up to date.

For this reason, the Commission launched the impact assessment process to prepare for a possible revision of the Package Travel Directive last year. In the context of the impact assessment work, the Commission published a study on consumer detriment in the area of the so-called 'dynamic packages' in November 2009.

At the same time, the Commission launched a public consultation on the revision of the directive. This consultation was closed on 7 February 2010. The Commission is now examining more than 170 contributions, which will feed into the impact assessment. The scope of the possible revision will depend on the outcome of the impact assessment.

However, let me explain briefly the guiding principles of this work. First, a high level of protection is key if we want to make sure that consumers have confidence in their holiday purchases. Second, we must improve the functioning of the internal market for travel, in particular, since cross-border purchases are so frequent in this area. There is therefore a good case for more harmonisation of the relevant legislation in Member States. Finally, I think it is necessary to create a more level playing field for the businesses selling travel packages.

The Commission is planning to present its proposal early in 2011. The key challenges for the revision will be to define the scope of the directive. The Commission will look into the possibilities of extending the scope of the directive to cover a wider range of travel arrangements including the 'dynamic packages'. This could help to reverse the trend of the decreasing number of consumers being protected when going on holiday.

We will need to update the different information requirements and clarify the obligation and liabilities of the professional parties to the contract. Finally, in order to improve consumer awareness, the Commission will explore the cost and benefits of introducing a standardised package travel label which would have to be displayed when selling package holidays.

In parallel with this work, the Commission is examining the possibilities of enhancing protection against bankruptcy for passengers buying stand-alone air tickets, as recently requested by the European Parliament.

At the beginning of 2009, the Commission published an independent report that explored the different possible ways of addressing the consequences of bankruptcies. We also launched a public consultation on the future of air passengers' rights on 15 December 2009. These elements will serve as a basis for the impact assessment. We aim to present the most appropriate bankruptcy protection measures to Parliament before the end of 2010.

**Andreas Schwab**, *on behalf of the PPE Group*. – (DE) Mr President, on behalf of my group, I would firstly like to thank Commissioner Dalli for his promises and explanations that in 2011, he plans to undertake a revision of the Package Travel Directive dating from 1990. In terms of timing, it fits exactly in the current window, which we should use, because in the area of package travel, there is a whole range of issues when consumers are not properly informed about their rights. For example, on many websites, they are seduced into booking further offers through additional links, although these offers are not subject to the same protection mechanisms as the original ones. Here we are talking in particular about offers from low-cost airlines.

Secondly, in most Member States of the European Union, these low-cost airlines make the service of judicial documents impossible so that consumer protection is greatly hampered, exactly where consumers actually want to defend themselves legally. This absolutely must be changed with a new proposal for a directive.

Thirdly, we must also ask ourselves whether the rights of air passengers and the rights that are in force pursuant to the existing Package Travel Directive should, in the long term, be transferred into a common document, to eliminate contradictions between components of both legislations.

Fourthly, I believe – and this is something you have pointed out – that the assessment of the work of travel agents that varies from country to country also means that the cross-border provision of goods and services is being made very difficult for travel agents. In some countries, travel agents are liable just like package tour operators; in other countries, like mine for example, travel agents are only intermediaries. Here it would be preferable if, Europe-wide, we could at least agree on principles to facilitate the cross-border work of these travel agents.

Due to the increasing use of the Internet by consumers, package travel deals on the Internet should, in future, also be labelled as such, so that abuse here, too, remains impossible.

**Alan Kelly**, *on behalf of the S&D Group*. – Mr President, this debate comes at a very timely juncture for tourism, the air travel industry and consumer protection.

We had a summer where it seemed that half of Europe was stranded on holiday, with airlines and travel agents going bust left, right and centre, and consumers being stranded away from loved ones, in countries that were not their own. It was clear that our laws had failed to properly protect consumers. We had several reports of passengers left with no information about when they could get home, no transparency about who was technically responsible for their situation, no phone number to call to get any information and no idea how to seek redress when they did get home.

Therefore, I welcome this timely debate and the Commission's efforts to tackle this matter, as all of us have let this area go for too long. Many problems with the Package Travel Directive were identified almost 10 years ago in a parliamentary report, but very little has moved on it since. I know that the proposed Consumer Rights Directive will deal with some issues, but cross-border air travel needs more European laws for the protection of consumers.

The very fact that the law is still called the Package Travel Directive shows how outdated it is. The majority of consumers no longer use travel packages if they have found cheaper methods to go on holiday and see the world. Forty per cent of travellers in my own country, Ireland, do not bother to use packages, and I know this is replicated in many other Member States. Most people are now acting as their own travel agents with online booking on sites such as Tripadvisor, where they effectively become their own travel agent. Our laws now must reflect this change in consumer behaviour.

One of the most significant issues that must come from any review is to demonstrate clearly to the consumer who is responsible in the event of these delays and cancellations. Travel companies must be mandated to provide very clear information. Consumers must be told where they can get this information and be informed of their rights in the circumstances.

*(The President asked the speaker to speak more slowly for the sake of the interpreters)*

Under the current legislation, there are no clear lines of responsibility. In the event of a mishap, is it the airline that is responsible? Is it the travel agent? Is it the airport or train station? Who should a consumer ask for the information? Typically, these situations descend into scrambles of information from various sources and nobody knows whether they are going or coming.

If we are trying to build the European economy based on cross-border trade, consumers have to be aware of their rights and entitlements and how these are enforced and communicated. I know, for example, that

it is extremely difficult to find an airline's complaints department. How can you get redress if you do not know where to go or ask?

What I will be calling for – and I am hopeful that the Commission will take this on board – is for the basic principles of customer care to be enshrined in clearly communicated legislation that is uniformly understood and simple. Updating this law is not enough. Member States must be obliged to communicate new legislation to citizens once it is agreed.

Finally, one other idea that the Commission might consider is: how much does a flight cost? We are all aware that the advertised price does not include taxes and charges: there are charges to check in, charges for extra pieces of luggage, charges for virtually everything and anything. Revising this directive provides an opportune moment to compel travel and airline companies to provide better transparency, and we must take this opportunity to do so.

**Gesine Meissner**, *on behalf of the ALDE Group*. – (DE) Mr President, Commissioner Dalli, I would firstly like to give you a warm welcome on behalf of the ALDE Group. You have already said that you are planning a revision of the directive we are talking about.

We can indeed be glad that we live in Europe, as in Europe in the European Parliament, we can even discuss how we can go away on trips with ferrets and other pets. That was the previous debate and I was delighted and proud to be a European because we can even regulate something like that for the protection of consumers and animals.

Now, however, we are talking about people travelling. That is an important right in Europe. We want mobility and freedom of movement for people and we have considered how we can ensure that. Twenty years ago, we had the directive regulating package tours, so that you could say to yourself 'I can go and explore other countries, see the beauties of other countries in Europe and know exactly that my rights protect me'. I will be informed in advance on what to expect, I will not be misled, the information must be right and if something does not work, I will receive compensation. That was 20 years ago.

As you said, Commissioner, a lot has changed since then. Now people are frequently booking on the Internet themselves and that then leads to loopholes in the system. Six months ago, we in the Transport Committee put a question to the Transport Commissioner because in the context of SkyEurope in Slovakia, we had the case of passengers with low-cost flights being stranded and not being transported further. Here it was actually a matter of a small loophole, which only affected those who had booked on the Internet without a credit card, but we do want people to be able to move freely in Europe, so that they can actually enjoy their holidays and are protected at the same time.

That means if we have loopholes in the system in terms of consumer protection and if we want to have a high standard of consumer protection for people in Europe, then we need a revision of this Package Travel Directive and we must also consider whether it is necessary – as my fellow Member has already mentioned – to have a special regulation for air passengers. We still have to discuss this and I am already looking forward to this with great expectation, as we want to be able to travel happily and safely, not just with animals, but, of course, also with our families.

**Frieda Brepoels**, *on behalf of the Verts/ALE Group*. – (NL) Mr President, Commissioner, ladies and gentlemen, as our new Commissioner has already said, the legislative framework is no longer suited to today's reality of a greatly changed travel market, which has given rise to very many problems and a great deal of frustration, not only among consumers but also among travel agents and tour operators. It is clear that the number of people still enjoying effective protection under the existing directive has fallen tremendously even though more people are travelling.

Indeed, the European Parliament has been calling for a revision of the directive for years. As you said, the sticking points and possible solutions are well known. Another consultation has just been completed. In my opinion, it really is now high time we took the plunge. I welcome the Commission statement, but I should just like to identify a number of specific points that are very important to us.

Firstly, the scope of the directive must certainly be clarified and even extended. As we have already heard, more and more consumers are putting together dynamic travel packages or booking separate travel services. Just recently, as a result of the problems with the Eurostar, we saw thousands of tourists running into problems because they were not given any compensation for hotels or theatre tickets they had booked. This kind of thing is unacceptable.

In my opinion, passengers' rights must also be given a clear place in the directive. We do have to take sufficient account of the widely differing travel markets and differing holiday practices of consumers in the various Member States and of national case-law, of course, but harmonisation is required, as some concepts differ greatly, such as that of the tour operator, the agent and force majeure. I read in the consultation held by the Commission in 2007 that, in fact, very detailed feedback came in from the industry and the stakeholders, and so I ask myself what the problem is. Why are we not taking a decision now? There have also been calls for a kind of 'Travel Protection Label'. I should have liked to hear the Commissioner's opinion on this.

My second point concerns the role and responsibility of travel agents. This needs to be defined much more clearly, as consumers are inundated with information via the Internet but this is far from reliable and can even cause significant harm: in extreme cases, people have paid rent for holiday apartments that do not even exist. Therefore, the role of travel agents should be regulated much more precisely.

We have already discussed bankruptcies. In a Parliament resolution, this House made a very clear call for the passengers affected to be better protected. Living as I do in a border region between Flanders and the Netherlands, I also wish to call for particular attention to cross-border sales, as protection is often limited to the travel contract entered into in a particular Member State.

My final point concerns consumer information on prices. In most other sectors, the prices of services sold must be fixed and all inclusive, and this should also apply to travel services. Do you share this view? I should have liked to hear your views on this. Consumer rights must be clarified and stricter and more specific information requirements must apply in the case also of force majeure and a change in the range of travel services offered. Perhaps we should also consider introducing sanctions in the new directive. I hope the Commission will get to grips with this very soon and present us with a new proposal to discuss in this House.

**Adam Bielan**, *on behalf of the ECR Group*. – (PL) Mr President, the EU Package Travel Directive, which we are debating today, comes from the year 1990, 20 years ago, and so from the times when the most popular form of holiday was a two-week package tour, reserved, usually, in a travel agency and chosen from among the offers remaining in the brochure.

The directive provides for fundamental means of consumer protection in the case of this type of package, which includes, principally, clear information about the packages being offered, the right to withdraw from the trip, compensation for services of lower standard than agreed and matters related to the insolvency of travel agencies. The problem is that in the last 20 years, there has been a complete change, both in the business model and in the pattern of consumer behaviour. I, myself, reserve most of my holiday trips via the Internet, very many people in Poland do the same, and in the European Union as a whole, the proportion of people who book their trips in this way has now reached 23%. There are countries, such as Ireland and Sweden, in which this proportion is as high as 40%, while almost two-thirds of the people who buy their holidays in this way do not realise that their interests are protected to a significantly lower degree than in the case of people who still buy holidays in the traditional way. We should fight this. I am pleased that the European Commission has, at last, raised this matter. I think 20 years is definitely too long.

I hope that, today, we will hear from the Commission specifically when the directive will be revised and what direction the revision will take. For it must not be the case that in the European Parliament or in other EU institutions, we encourage citizens of the Union to use the services of e-commerce and also to buy services in cross-border trade, while at the same time not offering the same protection to the people who do this.

**Andreas Mölzer** (NI). – (DE) Mr President, it is certainly not only differences in consumer protection, but also language differences which, until now, have made package tours to other Member States difficult. It is already 15 years since the European Union created fundamental basic protection as well as common procedures. In my opinion, the revision of these procedures must not get out of hand to the effect that they are subject to blanket standardisation in the name of the freedom to provide services. Travel needs themselves may vary from country to country. In general, I also consider it dangerous to measure everything by the same yardstick and campaign for enforced conformity everywhere.

If we want travel agents to assume greater liability as travel intermediaries, we must be aware that this may have serious economic consequences. If we want to avoid killing off small local travel agents with the simultaneous uncontrolled growth of online travel, then the tour operator should primarily be made liable.

The relatively satisfactory protection on package holidays will hopefully reassure those holidaymakers who are worried by the current negative headlines about Greece. Further announcements of strikes and protests could intensify the tendency to avoid other Mediterranean countries and the price collapse in relation to

Greece. The state's debt crisis guarantees that this will be a critical year for Greek tourism, this we know. We can expect further strikes and protests. Hopefully, we will be spared the experience of discovering how travel protection would function in a case of national bankruptcy.

**Ádám Kósa (PPE).** – (HU) I would like to draw the attention of my fellow Members to the excellent objective mentioned during his hearing by the new Commissioner for Transport, Siim Kallas. To my mind, what I heard impressed me as an excellent principle: the free movement of people is one of the most important freedoms. To this end, we need to integrate the rights concerning the various modes of transport and incorporate them into one integrated charter. We need transparent systems. I would like to remark that this topic is included among the priorities of the Spanish Presidency. Why is this so important? It is important because the 20-year-old directive fails in every area to take into account the rights of people living with disabilities when they are travelling, even when they are travelling in groups. People living with disabilities are given no opportunities whatsoever. That is why I come back to my remark at the beginning. An integrated charter of passengers' rights would enable everyone – including people living with disabilities – to make use of transportation services, including group travel services. When this becomes a reality, we will truly be able to say that in the European Union, everyone can travel freely.

**Silvia-Adriana Țicău (S&D).** – (RO) The Package Travel Directive encompasses transport and accommodation services, along with other related services provided through package holidays. It also sets out consumers' rights and the responsibilities of distributors and tourism service providers.

The 1990 directive fails to take into account new trends, such as buying package holidays and making payments via the Internet. The rise in the level of Internet use and the emergence of low-cost operators have made 23% of European tourists and 20% of European households buy customised package holidays via specialist websites.

The directive must therefore be revised to include within its remit suppliers of 'dynamic' package holidays as well. Consumers must be fully informed about their rights and about how these rights are guaranteed by each of the offerings available, both for the complete package holiday and each component individually.

I also feel that it is important that websites which offer travel services are accredited. This will help guarantee that the identity of the tourism service provider can be recognised and, by extension, there will be a clear assumption of responsibility for the information and services provided.

The study published by the Commission in January 2009 on package holidays organised at the customer's request, known as 'dynamic packages', indicates that the proportion of package holidays purchased online rose by 12% in 2009, even though their value only accounts for 25% of the total value of tourism services sold. 66% of the transactions made online involve direct purchases via the websites of airline operators, travel agents or via specialist websites offering last-minute travel deals.

Tourists prefer dynamic packages because they offer greater flexibility, lower prices compared to traditional package holidays and a higher quality of service, or because they cannot find traditional package holidays to meet their requirements. In addition, the dynamic package holidays purchased can only be paid for using online payment methods.

However, approximately 70% of the complaints received last year by the European Consumer Centres Network related to tourism services and were due to the incorrect and incomplete provision of information prior to and during the trip, the provision of services falling below the standards advertised, flight cancellations or delays, and even to failure to provide the services purchased.

I think therefore that it is important and necessary to review this directive.

Thank you.

**Malcolm Harbour (ECR).** – Mr President, I want to thank the Commissioner very much, both on behalf of our group, but also as the chairman of the Committee on the Internal Market and Consumer Protection, for making a very timely appearance before us this evening, and also for having responded so quickly to the oral question from my committee on 3 December which set out a number of areas which he has answered very comprehensively.

I think that we have some time available now, as the Commission is putting its ideas together, in which my committee and, I am sure, the Committee on Transport, whose representatives are here as well, will want to reflect together about many of the issues that you have raised and how this is going to move forward.

I think that, given the nature and change of the whole of the travel and holiday business, and many of the issues raised by colleagues tonight, the new directive needs to be clearly future-proofed, but that means it does not need to be too rigid in terms of trying to anticipate consumer needs.

However, one thing I do think the Commission needs to think about is that there are other aspects that online consumers need to consider when they are shopping for travel; issues about the safety of the hotel, if they have young children, a safe swimming pool, for example, or the fire safety of the hotel, where my committee has done extensive work before. We need some proper indicators and markers there, which may be done by voluntary agreement, but I do think that this needs to be a wide-ranging and ambitious proposal. I get a sense from this that this is what you would like to do, and I think my committee would give you full support in coming up with such a proposal.

**Philip Claeys (NI).** – (NL) Mr President, this is one of those dossiers where the European Union can indeed provide tangible added value by affording a kind of protection to the millions of people in the EU who go on holiday in Europe and purchase travel services there. Cross-border problems call for a cross-border strategy and approach.

All of us here agree that the 1990 directive is hopelessly outdated. Twenty years ago, most people chose trips from a travel brochure and then went to a local travel agency to book them. Nowadays, more and more people are putting their holidays together themselves and booking trips on the Internet. In addition, there are relatively new phenomena such as the emergence of the low-cost air carriers and the growth of the cruise industry.

Well, then, what do I believe to be the essential components of this new directive? Firstly, a definition of the scope of the directive; in short, what kinds of package travel are covered? Secondly, a precise definition of legal liability and, last but not least, far-reaching consumer protection in the event of operator bankruptcy. Only if there are watertight rules for these things will the revision have succeeded and better protection be afforded to millions of EU consumers.

**David Casa (PPE).** – (MT) I would like to seize the opportunity to extend my welcome to Commissioner Dalli for this, his first session, in this Parliament. Indeed, as has already been stated, in recent years, there has been a substantial decline in travel bookings via travel agencies and an increase in package tours purchased online. What consumers do not realise is the fact that travel packages purchased online offer limited protection which is much lower than that provided by travel agencies. On the other hand, packages offered by agencies carry added costs in order to ensure compliance with this directive, while those purchased online do not carry such expenses. For these reasons, I believe that this directive is failing to protect consumers and is also creating an imbalance between operators in the travel industry. In order to ensure that this goes on, I appeal to the Commission to ensure equal protection on all packages irrespective of where such packages are purchased, so as to protect consumer rights which I know are of paramount importance for the Commissioner. Therefore, in the context of the revision of the directive, it should be ensured that definitions and terminology are clarified and updated; these include the definition of the consumer, the seller, the operator and essential contractual terms as well as, as was previously stated, the scope of the directive itself. In my opinion, it should be solely the operator who should comply with the directive, irrespective of how the package is sold, whether directly or via an agency. The operator should be the entity which sells or offers for sale at least one of the services included in the package in its name and which provides access by whatever means to the other services included in the package. I believe that this is a clear example of how I think Commissioner John Dalli will be working in the coming years; we have here clear proof of how the consumer will be given all the rights he merits.

**Olga Sehnalová (S&D).** – (CS) Commissioner, ladies and gentlemen, the revision of the Package Travel Directive must respond to a series of new challenges in the area of tourism, especially in connection with the development of new technologies which have influenced ways of communicating and selling services. This mainly concerns sales over the Internet, which, among other things, has facilitated the dramatic growth in budget airlines. Every challenge has its opportunities and risks. The opportunities include greater flexibility and access to services for customers, while there is a possible risk in the insufficient level of protection for consumers.

Several months ago, the Committee on Transport and Tourism questioned the Commission in response to a series of bankruptcies of budget airlines. In these circumstances, we have witnessed the situation of passengers being stranded in airports without money and struggling to make alternative arrangements for their return journeys. This is only one of the examples of insufficient protection for consumers/airline

passengers. The Commission should find a solution that will deal effectively with the situation in the foreseeable future to assist consumers and to boost confidence in the sector. The holiday season will begin in a few months and we certainly do not want to again experience problems similar to the collapse of the SkyEurope company last year.

However, the consultation with the Commission over this directive has also uncovered other issues. Their common denominator is the need to strengthen consumer protection, especially through better levels of awareness on the part of customers concerning the real terms and the price of services.

I would like to conclude with one more remark, which applies generally to public consultations with the European Commission on various themes. I consider it important for these consultations to be implemented in all EU Member State languages, if we really want to discover a broad spectrum of views on a given topic. In this sense, it is EU citizens who are clients with rights to information and for whom we wish to revise the Package Travel Directive.

**Jacqueline Foster (ECR).** – Mr President, I would just like to comment on the third point of the oral question this evening on airline bankruptcy.

A recent resolution in this House called for the establishment of a guarantee fund that would be used to compensate passengers in case of airline bankruptcy. However, the establishment of such a fund would inevitably have to be funded by the consumer, meaning passengers would be required to pay even more for their tickets. At this stage, this is an unnecessary step and would add to the sizeable list of existing airport taxes, security charges and other duties that they are already forced to pay.

In addition, the Commission should ensure that the national aviation authorities and regulators uphold existing obligations, such as regularly carrying out financial status checks of airlines and exercising their right to revoke airline operating licences before liquidation occurs. We ask the Commission to vigorously pursue this course of action now.

Finally, I would call on the Commission to pursue other options which could protect passengers in this regard, including the provision of obligatory information regarding risk, insurance options and other protective mechanisms.

**Jim Higgins (PPE).** – Mr President, I think we all applauded when the former Commissioner for Consumer Affairs announced on 29 August 2009 that the current directive is totally out of date and does not meet the challenges or the demands of the modern travelling public.

Why is it out of date? Well, these reasons have been enumerated here this evening, but they are worth looking at again. It was fine in its own time but now it is certainly not equipped to meet the modern challenges of the travelling public.

It does not consider consumers self-packaging their holidays, and that has become increasingly the trend. It does not cover consumers based in one country purchasing from suppliers based outside the jurisdiction of the European Union. It does not cover scheduled airlines, and more and more people are now arranging their own package holidays by virtue of the fact that they have easy access to the Internet.

Indeed, over the past number of years, the proportion of holidays that are protected has fallen from about 90% to about 60%. In other words, the current measures do not extend to online travel firms selling foreign holidays with flights and hotels as separate components, a practice referred to by the industry as 'dynamic packaging'.

We pride ourselves on having a lot of achievements within the EU, and we laud ourselves – quite rightly – on our achievements, but, when you look at the current situation in relation to travel protection, the European Union has the least integrated market for travel services of any modern trading bloc.

There is also considerable confusion as to who accepts liability and when a customer is covered. For example, additional security can be obtained by someone using a credit card, but not if the billing is taking place, for example, in my own country, the Republic of Ireland.

And because of the diversity of products in the marketplace today, a blurring has occurred between airlines, tour operators, cruise operators, agencies and so on, so the new legislation is urgently needed.

What we need is a vastly improved, modern piece of technology by way of the implementation of a new directive to cover all the contingencies. We need clarification, we need certainty, and we need protection for the consumer.

**Jacek Olgierd Kurski (ECR).** – (PL) I support revision of the Package Travel Directive. The directive is 20 years old and does not reflect the realities of today.

Today, over half of all consumers organise their trips by themselves, often using the Internet and the offers of cheap airlines. Members who have spoken before me have talked about this. Not all of them, however, have drawn attention to the fact that the scope of the directive needs to be defined clearly. We cannot allow a situation in which we do not know what comes under the directive. Such a situation is not good either for consumers or for business.

Furthermore, I do not think it is necessary to extend the scope of the directive to include individual products or packages made up from products bought from different suppliers, for extending the directive's requirements to cover dynamic packages or affiliate sales would ultimately mean the consumer would pay in the form of a more expensive ticket. I do not imagine that, for example, a hotel stay bought after clicking on WIZZ Hotels just after buying a ticket from WIZZ Air would constitute a package which would come under the requirements of the directive. Consumers must know, in the case of a specific journey, if, and to what extent, they are protected by EU law. All the rest is a matter for the free market.

It would be a good idea to mark journeys covered by the directive with a special European logo.

**Hella Ranner (PPE).** – (DE) Mr President, I am from Austria, a country for which tourism and the tourist economy continue to play a very important role. Almost every one of us is involved in an area of tourism in some way or other. Therefore, this question is rather important for our country and I am very pleased that the Commission is tackling this issue right at the start of the legislative period – and I would like to extend my thanks to the Commissioner in this regard.

Freedom of travel and travel possibilities mean that purely in quantitative terms, there is a very different level of importance than perhaps twenty or more years ago. The possibilities offered by the Internet have also led to the emergence of a completely different kind of travel behaviour. It is, however, all the more important that, if they can afford a proper holiday during the crisis, our citizens can also return from this holiday satisfied. If they should experience a problem, then they should at least get back some of their hard earned money.

It is, of course, tempting to make bookings over the Internet; we know this and it is also cheaper. However, no traveller will be persuaded that if he books a hotel through a travel agent, he will be treated completely differently from someone who has booked it on the Internet and that, above all, any compensation claims will be handled completely differently.

Finally, another small problem. Obviously nobody can see that there are divergences in the guarantee, which treat the tour operator completely differently from the airline. The latter is only liable if its guilt is proven. Anyone who has already experienced this problem knows that this is a major problem which you can normally only consider tackling with very good legal cover.

I therefore hope very much that the Commission will put a proposal before us which takes these problems into consideration and, above all, thinks of our citizens, who have a right to a trouble-free holiday and particularly at this time.

**Georgios Papanikolaou (PPE).** – (EL) Mr President, it is true that widespread use of the Internet nowadays allows consumers to change the way in which they plan things, even down to their holidays. In other words, they have the facility, via the Internet, not to buy ready packages, as we have learned to do in the past, and to pick and choose how they wish to plan their holidays. Of course, now that several parties are involved, the question arises as to who is responsible in the event that there is a problem with the service and from whom the consumer will ultimately claim compensation. My fellow Members rightly raised this matter and we need to find answers and to update the directive which we have applied to date.

This is also crucial for Greece which, as you know, is a tourist destination, and the more clearly we define who is responsible in each instance (the Greek hotelier or the travel agency or anyone involved in the procedure), the more we shall be able to rely on everyone trading in the tourist sector.



I should like to close by saying that legal protection for European citizens is crucial. At the same time, Commissioner, we have a duty to inform everyone who chooses to holiday in a European country of the rights which they have had to date and, more importantly, to inform them of the loopholes and of the improvements we want to make. All this is important, but citizens need to know about it in order to exercise these rights.

#### IN THE CHAIR: MR SCHMITT

*Vice-President*

**Sylvana Rapti (S&D).** – (EL) Mr President, almost everything has been said. However, I should like to focus on four points. This directive is twenty years old. For a woman, twenty is an excellent age. For a directive, twenty means it is in need of a facelift.

That is because four things have entered our lives: the first is the Internet. Now that the Internet has entered our lives, we can choose to holiday in the furthest corner of the world without thinking twice about it. However, when we get there, we may find that perhaps we should have thought twice.

The second is prices. Consumers have both an obligation and a right to know if the prices which they have to choose between are legal or if there is unfair competition.

The third is quality. Accommodation which may be considered exceptional in one Member State may be considered average by a citizen from another Member State.

Finally, there is the question of security. As people work very hard to save for holidays, we must make them feel secure. That is what we want from the new directive.

**Seán Kelly (PPE).** – Mr President, many colleagues have pointed out the necessity of having this review, and the sooner the better. They have particularly mentioned the value to the consumer – and that is absolutely correct – but benefiting the consumer does not mean it is going to affect industry: it can benefit both industry and the consumer.

I particularly have in mind the fact that over the next few years, we are going to have two million people passing the age of 60 in the European Union. That gives a great opportunity to the industry to tap in to what those people would like to do in terms of travel, particularly travel without hassle. If this directive is all-inclusive and offers full protection, it is a great opportunity for the industry to tap into the over-60s in this European Union, which would be of great benefit to them. I think, therefore, that, like the Timeshare Directive, this can be seen as a win-win situation both for the consumer and also for the industry.

**Karin Kadenbach (S&D).** – (DE) Mr President, Commissioner, I am the mother of a large family and over many long years, have learnt to study brochures. It is a great challenge, a challenge that sometimes even those employed in the travel agents are not up to. That is why I would like this new directive to give me real freedom of choice as a consumer. I will only have freedom of choice when comparability is possible, when I have the criteria to compare different offers with one another.

For me, one of these criteria is the age of the children. Whichever tour operator we are talking about, there are fixed prices for children. Sometimes, this affects six year olds, then ten year olds, next time twelve year olds. With some operators, the first child is not worth as much as the second, and the third and fourth do not exist at all. It is important for the protection of consumers – as well as for the protection of travel agents and operators – that as a consumer, I know what I am buying, so that I feel really well informed beforehand and have comparable criteria.

**Catherine Stihler (S&D).** – Mr President, I would like to add my support to what colleagues have said on the rights of disabled travellers, what Ms Kadenbach said about children, the issue of fire safety in hotels and, in particular, the issue of sprinkler safety in all EU hotels, and the need to future-proof the new proposal. Who could have predicted the rate of change that we have seen in the past 20 years? There are, however, two specific issues that I would like to raise.

We have heard about the issue of credit card charging, and there has been discussion on hidden charges. However, airline and travel companies are exploiting the fact that more people use their credit cards to book due to the protection they receive from using them, by placing double credit card charges for each leg of our journey or placing credit card charges on passengers for one online booking. You might have one online

booking, but you are charged four times for using your credit card because you have four passengers involved. Commissioner, could you please look at this in order that people are protected.

There is, finally, the issue of bankruptcy. In Scotland, we saw the demise of Globespan, and we must ensure that people are compensated and that no one loses out. After all, this is the biggest budget expense many families have in a year and they expect us to protect them. We need to do more so thank you, Commissioner.

**Zigmantas Balčytis (S&D).** – (LT) Over the last two decades, the travel market has developed in a very dynamic manner. More and more people are making their own travel arrangements by purchasing services from various operators and service providers. However, the provisions of the directive currently in force do not apply to these new travel packages, and this means that our citizens are travelling without proper protection. I think that while revising the directive, it is necessary to define more accurately its scope and we should not allow inflexible rules to leave our citizens without appropriate protection. Moreover, the question of liability must be resolved in cases where air carriers or travel service providers go bankrupt. Over the last decade, more than 70 airlines have gone bankrupt, leaving travellers in the dark. Therefore, I believe that this matter must be highlighted clearly when we review the provisions of the directive.

**John Dalli, Member of the Commission.** – Mr President, I have listened to the views of the honourable Members with great interest. Many of you have affirmed the direction being taken by the Commission. Others have underlined and emphasised many points that we have noted to make sure that they are all taken into consideration in the deliberations and discussions that we will be having on this revision of the directive. I would like to assure you that the Commission takes these issues very seriously and is determined to find the best solutions for the way forward.

We are now in the middle of a consultation process. We are analysing the feedback we gathered from the recent online public consultation. Consumers, businesses, organisations and Member States have all contributed. Moreover, I can inform you that the Commission will host a stakeholders' workshop on 22 April 2010. This workshop will focus on possible policy options for the revision of the Package Travel Directive, including all the issues that have been mentioned during this debate. I must stress that it is, as yet, too early to decide the way forward. It is essential to respect the impact assessment procedure. However, I am determined that any action should aim at ensuring a high level of protection for the EU's citizens.

Before I close, may I once again thank all those present for contributing to this debate. Thank you very much.

**President.** – The debate is closed.

## 17. Taxation of financial transactions (debate)

**President.** – The next item is the oral question to the Commission by Sharon Bowles, on behalf of the Committee on Economic and Monetary Affairs, on the tax on financial transactions (O-0025/2010 - B7-0019/2010)

**Edward Scicluna, author.** – Mr President, the ECON Committee has put forward this question and resolution because some careful thinking has to be done. Last year, the committee discussed financial transaction taxes with Commissioner Kovács, who, like many, said he found the idea attractive, and we made it clear then that it would be a good idea to investigate how it would work, including the infrastructure for it.

Since then, the Commission has been investigating the subject, and we are highlighting here the large range of questions needing to be answered. There have been calls, including in the G20 last September, to make the financial sector pay for setting up stability funds and recompense for the damage that they have caused to the real economy. President Barroso has suggested using a global financial levy to fund environmental projects. The original Tobin Tax idea of using a financial transaction tax for development aid has also strongly resurfaced.

It is not the intention of this resolution to bring pressure to bear in any one direction, other than for answers and impact assessments, but, of course, we have many who are strong advocates of transaction taxes and many who have equally strong reservations about them. Nowadays, it does seem highly likely that the collection of a transaction tax is easier, even at international level, given the electronic nature of many transactions, but it is also impossible to ignore the fact that there are more alternative competing destinations for the proceeds of any tax.

One idea concerning the tax is that nobody would notice because it is so small in each instance. On the other hand, others suggest it should be used to deter excessive transactions. It seems to my committee that if the end amount collected is large – and the sums suggest so – then somebody somewhere will actually be paying. Many financial transactions are intermediate, not like end sales, so the intermediaries – banks and the like – will bear the tax. But surely the extra costs – for that is what they are – will simply be passed on to the end user. Some may say that does not matter. However, there are also other ways that taxation could be raised within financial services.

Then there is the question of who is to collect the tax and who is to decide how it is used. Here, there is even the ‘no taxation without representation’ issue. If the tax is collected in London for a derivative transaction that is uncoded, to somewhere else in the world, who says where to spend it? This question may be easier to answer if it goes to a financial stability cause in which the payers are obviously participating than if it is to go outside the financial sphere, such as to environmental projects or development aid. All these things have an international element, both on the paying side and on the spending side. We probably cannot do all these things and have all these benefits, so at the very least, choices have to be made about what we are trying to fix, the method by which it is to be done, and the primary purpose of the tax.

Finally, indeed, are we right to mix regulation with tax-raising? Are these truly complementary?

**Algirdas Šemeta**, *Member of the Commission*. – Mr President, I am happy to contribute to this important debate on the innovative financing instruments and answer this oral question.

Regarding the options for the introduction of a general financial transaction tax, the Commission intends, as announced in its EU 2020 strategy, to contribute to the debate on innovative financing at global level.

It is currently working on defining and assessing different approaches, one of these being a general financial transaction tax (FTT). The ‘financial crisis responsibility fee’ proposed in the US and the ‘stability fee’ on certain assets of banks, as introduced in Sweden, are other ones.

As far as the FTT is concerned, it is clear that the options today differ from the initial discussions on the Tobin Tax, as it would cover a broader base of financial products.

Concerning the advantages and drawbacks of the introduction of the general FTT, the Commission believes that, in assessing the different instruments, it is important to avoid the accumulation of initiatives that could be detrimental to the financial sector, and to ensure that the new initiatives do not result in the relocation of transactions to other regions, which would have a negative impact on Europe’s competitiveness.

Regarding the possibility of implementing a general FTT in the EU if our main partners do not introduce such a tax, I would like to remind you that the IMF is also, in parallel to the work of the Commission, examining options, including a global financial transactions levy.

This demonstrates that the subject is of a global nature and the Commission believes that the best way to tackle this issue is to find global and coordinated solutions. This is our first and preferred option.

Concerning the use of tax as a complementary regulatory tool in the context of financial market reforms, I can confirm that the Commission is considering complementarities between the tax and regulatory instruments and will pay attention to the cumulative impact of these two types of instruments on the ability of the financial sector to support economic recovery.

Regarding the possibility of making the financial system long-term oriented with the introduction of a general FTT, the Commission is not aware of clear data or studies on the relationship between such a tax and the maturity structure of financial intermediation.

Concerning the allocation of revenues generated by a FTT, as the analysis on innovative financing is still ongoing, I think coming to any conclusions about revenue sharing and allocation would be premature. Let me, nevertheless, emphasise that the potential revenues of a general FTT would be very asymmetric, probably located in only a few countries that have the largest financial centres. This asymmetry points to the need for global solutions, including about the sharing and allocation of revenue.

Finally, the timing of the different initiatives. As a first step, the Commission’s services are currently examining the issue of innovative financing instruments overall. The Commission will also take into account the conclusions of our main international partners in order to identify the options with the most potential. It is on this basis that, in a second step, concrete proposals with a detailed impact assessment might be launched, in line with the Commission’s standard approach on better regulation.

**Jean-Paul Gauzès**, *on behalf of the PPE Group*. – (FR) Mr President, Commissioner, ladies and gentlemen, the financial crisis we are experiencing has forced public authorities to intervene financially using public money.

Under these circumstances, it is tempting to consider the implementation of a tax on financial transactions. The income from this tax would be used, for example, to finance the recovery and to develop a sustainable economy, and could initially serve to offset the cost of the crisis borne by the real economy and the taxpayer. This tax would be added to the regulations governing the financial sector, the elimination of tax havens or even the regulations currently being drawn up for derivative products.

At this stage, it would be advisable to evaluate the effects of a tax on financial transactions. That is the main purpose of this oral question: to encourage the Commission to examine in practical terms the various points listed in the draft resolution in order to give an opinion on the feasibility and timeliness of such a tax.

Commissioner, what you have just said is a step in the right direction. It should, however, be stressed – as you have done – that this measure will have to be approached in a realistic and pragmatic way. Such a tax must not be harmful to the European economy or to the competitiveness of the European financial industry.

More generally, it is important to underline the consequences of implementing this tax in the European Union alone, as some people are advocating, if no agreement were possible at international level. We believe that this sort of purely European solution cannot be countenanced.

**Udo Bullmann**, *on behalf of the S&D Group*. – (DE) Mr President, Commissioner, I would like to chip in with a few questions on what Mr Scicluna has stated on behalf of the Committee. Commissioner, if there are 70, 80, 90 or 100 times as many financial transactions in the world as gross national product, and if this development is becoming ever more dynamic, would you then say speculative elements are, for the greater part, linked to this explosion of financial products? If so, how do you then plan to curb them, or what might contribute to curbing them? If short-term financial transactions increase more and more relative to gross national product in the world, do you then share our view that we must strengthen the long-term approach in the real economy, where people work, earn money and manufacture products that we can consume and that we can use. If you share this opinion, by what way and means do you believe will we then be able to achieve this?

Commissioner, if the tax on financial transactions can make a contribution to this – that is what we want to look into – what would the timeframe be for negotiating this with international partners? We have the impression that the financial instruments that were created in the world are being used right now to speculate against the euro area and against the euro and to act against the weakest Member States. Is it not high time now that we dealt with this and define a European approach?

Commissioner, there is one thing I cannot understand, namely why we are urging Member States to raise value added tax by three or four or more percentage points, when a transaction tax of 0.01 or 0.05 percentage points will supposedly ruin competition and weaken Europe's position. I cannot believe that. Take action. That is what Parliament wishes.

**Carl Haglund**, *on behalf of the ALDE Group*. – (SV) Mr President, as we have heard here in the Chamber, the so-called Tobin Tax has been dusted off and brought out again recently as a result of the economic crisis and the increasingly troubled discussions about climate change.

We have also heard that there are high hopes of this tax, which is intended, among other things, to create security on the financial markets and to generate income that can be used to fund a variety of deserving causes, such as development aid and combating climate change.

In my opinion, these hopes are relatively naïve and I am very sceptical about the possibility of introducing a tax on financial transactions that really works. On the one hand, I am one of those who doubt whether it will be possible to implement the tax in practice. On the other hand, I do not believe that it will have the effect that some people are hoping for. Among other things, I am fully convinced that no tax in the world could have prevented the financial crisis which we have experienced in recent years.

Personally, I am also critical of the idea of taxing something and then using the taxes raised for a purpose which has nothing to do with the activity that is being taxed. I believe that this is illogical and not a particularly sound tax policy.

Please do not misunderstand me. I want to see more funding made available for development aid. I am a critic of my own country, which has not managed to reach the level of 0.7 percent of GDP that is often regarded as a minimum.

The Committee on Economic and Monetary Affairs has produced a balanced document on this subject. It is good that a proper investigation is being carried out at EU level into how a tax like this could work. After this, I hope that there will be more facts and fewer political opinions in this discussion. Otherwise, we run the risk of becoming bogged down in a debate about a tax which is impossible to put into practice while, at the same time, failing to find opportunities and solutions for raising sufficient funding for development work and our efforts to combat climate change.

The worst thing that could happen would be for the EU to attempt to introduce this kind of tax on financial transactions forcibly and for ideological reasons, without the rest of the world doing the same thing. This could only lead to an economic fiasco for Europe which is hardly what is needed in times like these. We must bear this in mind. I hope that the investigation will be both serious and effective.

*(The speaker agreed to take a blue card question under Rule 149(8))*

**Catherine Stihler (S&D).** – Mr President, I am trying out the new rule we have so that we can use our blue paper.

I was interested when the previous speaker was talking about their own country, about the reservations that they had, and they were talking about the 0.7% GDP and the Tobin Tax.

Obviously the Tobin Tax is quite different from the financial transaction tax and this is where the confusion often is leading. I think you are absolutely right that we need to get clarity, but maybe I would like you to go into a little bit more depth about maybe why we are not fulfilling the 0.7% and also about how we can get clarity about what we are trying to get here in terms of a transaction tax that actually works.

**Carl Haglund (ALDE).** – Mr President, this new way of discussing is actually quite interesting. It gives us the possibility to have a dialogue.

Finland, unfortunately, is a country that does not put 0.7% of its GDP into development aid, which is a bad thing. That is something that we should handle politically in our country. It is a shame though that our government has not been able to do that.

When it comes to the Tobin Tax and the financial transaction tax, you are right: it is probably something which is not exactly the way that Mr Tobin figured it initially. I am still very sceptical as to whether we could actually have a tax that would globally work, with all countries globally coming in, because that is the only way it would actually work without moving capital elsewhere in the world.

We will see, however, which is why we have the Commission looking at this. It is going to be interesting.

**Pascal Canfin, on behalf of the Verts/ALE Group.** – (FR) Mr President, Commissioner, our public finances are in a situation of crisis and we know that part of the solution may lie in reducing some spending, but that a large part of the solution is in Member States' ability to raise more funds.

The issue at stake, therefore, is knowing what type of tax may be increased, what type of tax must be increased, and what the consequences of these tax increases will be. The Group of the Greens/European Free Alliance estimates that it would be difficult to significantly raise the taxes paid by small businesses, which create the majority of jobs. It is difficult to increase the taxes paid by families – with the possible exception of those paid by the richest – because in the majority of cases, these are already high enough, particularly in Europe.

The question, therefore, is: which taxes should be increased? If taxes on small and medium-sized enterprises are not increased and nor is VAT, other possibilities will inevitably have to be sought. We estimate that a tax on financial transactions is, in the end, the least painful tax for the European economy. It is the tax with the least negative consequences for the global competitiveness of the European economy.

Moreover, the cost of financial transactions has diminished enormously over the last ten years or so, both because of a certain number of technical improvements – if they can be called that – and because of European regulation.

In fact, these reductions in costs have been entirely absorbed by the financial industry and the banks. It would not be totally unjustified if, by means of a tax on financial transactions, part of the profit saved by the banks from these decreased costs made its way back to the public authorities that saved them.

As is always the case, this House is turning this into a very ideological debate, but it is actually quite technical. Transaction costs existed before; they have been reduced. Today, we are proposing that they be increased again in order for public authorities to benefit from these technical improvements and not just private actors.

Naturally, the issue of whether the European Union can take this step forward on its own is being raised. It is clear to everyone that it would be better if this were done within an international framework. If others – specifically, the United States – do not follow our lead, the following question arises: is the European Union's prospect of achieving this then ruled out?

Some statements – for example, that of Mr Gauzès – suggest that the Group of the European People's Party believes that Europe can do nothing on its own. That situation would not, of course, be perfect and there would be obstacles to circumvent. Does that, however, mean that the European Union should necessarily position itself at the lowest common denominator, that it should have the least possible regulation, and align itself with the least ambitious actor? That does not seem to us to be the sort of thing that will strengthen the European Union's position of leadership in the world.

Furthermore, it is possible to imagine the European Union putting this transaction in place on its own. This is quite simply because the capital flows that concern us start out in the European Union, then may move elsewhere, only to return to the European Union.

When these flows leave and return, we have the opportunity to demand that they can be traced, and to know whether or not they have been subject to this tax on financial transactions. If they have, no problem. If they have not, then we can deduct an entry or exit tax. We have done so for years in the real economy with the Common External Tariff. Financial globalisation is now obliging us to do so in the financial sphere of the economy, and it is entirely possible from a technical point of view. What is needed is the political will.

**Kay Swinburne**, *on behalf of the ECR Group*. – Mr President, following on from the recent turmoil in the global financial markets across the world, academics, politicians and Nobel Prize-winning economists are rightly looking into finding a way to recoup the money which has been spent saving our financial institutions. Financial transaction taxes, in their many different forms, are just one of many ideas on the table and we must not limit the tools available to the EU and its Member States to looking at one idea. We must be creative and look as widely as possible to see where we can best respond to the financial crisis and strengthening our national financial systems. President Obama's concept of a levy on financial institutions could bear some merit.

Yet this proposal is very specific and does not look at considering all other forms of financial taxes or levies. As the Commissioner has said, the IMF, under the instruction of the G20, is currently doing a study into possible financial taxes, yet this resolution appears to seek answers ahead of this study.

I do not understand the logic of trying to implement an EU solution to a global problem. It is nonsensical and naive to think that, if the EU were to implement a transaction tax without the support of all key global players, we would not lose out to other countries.

My concerns are twofold with this financial transaction tax resolution as it stands.

Firstly, we cannot support a measure which seeks to give tax-raising powers to the EU. It is fundamental to the sovereignty of our EU Member States that they retain the right to control their own tax systems. It would be useful, therefore, to clarify whether this proposal is for coordinated tax-raising by individual Member States – to be retained and used at that level – or whether it really is an EU tax.

Secondly, the taxes raised to stabilise financial systems should not, in my opinion, become an extension of an EU budget line. There are many EU- and Member State-led initiatives and spending programmes looking to tackle the global climate in smart ways. We have ambitious targets of money to be spent in developing countries. I would not be able to support something that actually raises taxes for other purposes.

**Miguel Portas**, *on behalf of the GUE/NGL Group*. – (PT) Mr President, I believe that the technical discussion in which we must engage is undoubtedly very important, but it must not hide the fact that the choice facing us is of a political nature. Therefore, conducting and building the whole argument on a technical basis to avoid having to make the political choice is somewhat lacking in legitimacy.

Mr Haglund, for example, explained that if we had the Tobin Tax in place, we would not have avoided the financial crisis. I can agree with him, but we would certainly have a lot more resources to fight the effects of the financial crisis in our economies and on the most disadvantaged sectors of the European population.

This, therefore, is the issue at stake here. And the second aspect concerns ... and this is why Commissioner Šemeta's answer did not convince me at all, either in terms of the schedules, or in terms of the basic issue. Ultimately, what Commissioner Šemeta is telling us, as well as Mr Gauzès, is that the tax is an appealing and very interesting idea, but that we cannot apply it on a European scale. It must be worldwide.

Let us be clear. Saying this is saying to people that the Tobin Tax will never exist on a global scale. Therefore, there is no point in deceiving people here. What is being said is that either it is global or it is not going to exist. What is being said, therefore, is that it is not going to exist. I have an entirely different view. I believe that the European Union is a sufficiently strong financial market for a general residual tax on all transactions to be created without capital flight.

However, above all, we would be telling our citizens something absolutely decisive: that, in this crisis, at least on a residual level, the financial capital that led us into the crisis, at least on a residual level, must pay. And that this was essentially and specifically intended to fight global hunger and poverty and to begin financing the establishment of a social pillar in the European project, the pillar that we are missing and that we do not have.

Citizens would understand this very well.

**Hans-Peter Martin (NI).** – (DE) Mr President, eleven years ago, I was one of the handful of Members who cofounded the cross-party Tobin Tax working group and our meetings were often met with a contemptuous smile. From the perspective of the turn of the millennium, we referred again and again to the apparent rationality of the market, to the risks for competition and possible cracks in globalisation.

It is no good if today, you continue to put forward these arguments. We have only just avoided a major crash, and that not only cost an awful lot of money, but also a lot of trust. If you now think we can slow down a little with such a financial transaction tax, then the speculators – as I will call them – that I personally have got along well with, in other words, investment fund managers as they are euphemistically called, have an entirely different view, because they are conducting their business along this dividing line ever more quickly and intensively.

That is why I am not convinced that a financial transaction tax on the volume of financial transactions would achieve anything more than the damping of these enormous speculative waves. I would really like those of you from the Commission and national governments to take heed, above all, of the words of our Green colleagues, but also those of Mr Bullmann and the Left. It is a political question; the technical aspects can be resolved quickly, as there are experts for that.

**Gunnar Hökmark (PPE).** – Mr President, one can question if, from an administrative point of view, it is possible to launch a financial transaction tax, or if it is politically possible, but I think the fundamental question must be: is it good? Is it useful for economic development to have a tax on financial transactions? Because this means that you will have a tax on investments; cross-border, you will have a tax on investments in countries where you have less capital than in others.

Will this help international trade or will it reduce international trade, if it has an impact?

I say this because there are two examples we could look at when we discuss this item. Firstly, we have 30 years of enormous economic growth thanks to well-functioning global financial markets. Then we have seen the consequences of the crisis giving us the credit crunch. I think that we should have more affluent and functioning global financial markets rather than trying to get anywhere close to what is a credit crunch.

Because a transaction tax, just like every tax, aims to reduce the volume of what is taxed, and I do not see a benefit in reducing the amount of international trade because we have seen the consequences when that has happened. I cannot see that making investments in poor countries more expensive is useful.

Taxing financial transactions will not hinder financial transactions. It will not even hinder what are sometimes called speculative investments. It will hinder the big flow of normal investments and trade that we are in need of.

And I think, Commissioner, there is every reason to be careful and hesitant when we discuss this item.

**Pervenche Berès (S&D).** – (FR) Mr President, Commissioner, it seems that you, Commissioner, are responsible for taxation and that your contribution to the 2020 strategy in that area will be to propose an innovative type of taxation. Coming up with innovative types of taxation requires courage and you should not brush aside all the intelligent and constructive work done by your predecessors. I note that the 2020 strategy does not even mention harmonisation of corporation tax; perhaps you left it in a drawer somewhere. I suggest that you take a slightly closer look at that.

If, however, you demonstrate that same courage regarding the tax on financial transactions, we will not get very far. Within the European Union and the Commission to which you now belong, the conclusions of the G20 seem to be gospel. The tax on financial transactions figures in the conclusions of the G20, so we are asking you to implement them. Please do not present us with the argument that we need to do what everyone else is doing, because when President Obama, under the influence of Paul Volcker, proposes reforming the United States' banking system, he is turning his back on the conclusions of the G20!

Why would we rule out a method which could be good for the United States? All the more so, Commissioner, because I note that your colleague, Mr Barnier, said that this reform could be well suited specifically to the American situation and have nothing to do with Europe; that Europe had its own path to follow in the area of a tax on financial transactions. That is true. We await your courageous and innovative proposals, Commissioner.

**Louis Michel (ALDE).** – (FR) Mr President, Commissioner, to be perfectly honest – and everyone knows that I fully support the Commission – your proposals seem singularly timorous. None of them demonstrates a desire to be politically ambitious on a subject that, nevertheless, seems to me to be very important.

I remind you that the 2002 Monterrey Consensus and 2008 Doha follow-up conference recommended innovative and alternative financing in the field of development. I do not believe that this tax on financial transactions could regulate the world financial system either; it is not about that. I believe that the European Union – alongside the G20, certainly – must take the initiative in launching a tax on international financial transactions that could be set, as has been said, on a scale between 0.01% – what a lot of money! – and 0.1% of the value of the transaction. The expected revenue varies, obviously, on the basis of these two coefficients. You can choose between USD 20 billion and USD 200 billion.

It can be of a global and general nature. However, there is a point on which I am not in agreement with you at all: I do not believe that its implementation should be the subject of an agreement between every country in the world, but between the key economic players instead. We must not wait for the whole world to accept this tax, as we know full well that would, in fact, kill off the very idea of it.

It should be levied at the state level and voluntarily at first, which would, of course, give the idea some impetus. It should be coordinated by the key economic actors, in particular, the G20. As you are wondering what it could be used for, one alternative would be for it to be paid into a global or even a European fund; the European Development Fund could really do with it as a means of providing public development aid. Alternatively, states could make use of it in their development policies.

There is also something else about which I have serious doubts and, moreover, that seems to be the way things are going. A clear indication, for example, would be when I hear the Managing Director of the International Monetary Fund more or less dismissing the philosophy of the Tobin Tax, or tax on financial transactions, as a sort of blanket, anticipating or covering the risks of the financial world – what I call financial jugglers. That is not what it is about at all! I do not want the purpose of this tax to be to cover risks taken by the financial world. That must be paid for another way. That is a misappropriation I cannot accept.

I would like to remind you that all the progress recorded in the last few years in a certain number of developing countries – even those that are doing best – will probably be wiped out, preventing the Millennium Development Goals from being achieved. I am, therefore, a fervent supporter of a tax on financial transactions.

**Vicky Ford (ECR).** – Mr President, there are obviously many good reasons to ask financial institutions to contribute more to tax revenues post financial crisis, and it is a shame that this resolution only looks at transaction taxes and not at examples like the Obama levy.

On transaction taxes, I have three areas of concern.

Firstly, the impact on end-users of financial services. In the UK, the stamp duty that has existed for many years has had a disproportionate impact on smaller investors and companies seeking capital.



Secondly, the impact of the EU going it alone. We know financial markets are global and very fluid. There is obviously a risk that we just push transactions outside the EU, which would not be beneficial.

My third concern is regarding moral hazard: if this money is to be put into a bail-out fund. I do not believe that every failing financial institution should automatically be bailed out by taxpayers. It must be possible to allow a bank to fail whilst still protecting customers. Experts have warned both the Committee on Economic and Monetary Affairs and the Special Committee on the Financial, Economic and Social Crisis that such a fund could encourage irresponsible risk taking. We do not want to risk more risk, and this should be investigated.

**Nikolaos Chountis (GUE/NGL).** – (EL) Mr President, there can be no doubt that the recent financial crisis has shown that the liberalisation of the financial markets and insistence on the freedom of the market has allowed the financial system to grow dangerously large in relation and in correlation to the real economy and to operate for years on the basis of massive profitability, unaccountability and no regulation, ultimately leading to the crisis.

The proposal, therefore, for a tax on financial transactions could limit the size of the financial system and make certain speculative financial options unprofitable. However, this measure will be dead letter unless it is accompanied by an integrated plan for regulating the financial system, so as to minimise the abusive policies applied by banks and speculation by hedge funds and credit rating firms which are exacerbating and exploiting the economic problems in numerous countries.

Nonetheless, in my opinion, any such measure should not simply be considered a temporary measure. The banks must pay off the massive support packages which they have received from European governments, packages which ultimately increased the financial deficit in those countries. These countries are now being forced to borrow from the same banks, thereby paying them twice.

We must be clear. The banks must pay off their debts to government. That is why, apart from anything else, we need to impose a tax on financial transactions, firstly in order to limit the size of this financial sector and, secondly, in order to save resources for new social and development policies.

**Markus Ferber (PPE).** – (DE) Mr President, Commissioner, ladies and gentlemen, what is this all about then? The question is quite simply how can the financial markets help to reduce the costs that they have incurred for states, societies and the economy? That is the crucial question that we must answer.

I think that together, we have developed a very balanced text. I am also very grateful to the Commissioner for the way he has worded it. On the one hand, we cannot pretend that Europe is the Island of the Blessed where we can do what we like without the global financial markets reacting to it. Things must be coordinated internationally. On the other hand, we must also ensure that the sector makes an appropriate contribution to overcoming the crisis.

That is why I would caution that we must stop coming up with a new item every week that we can use to solve all the problems of the world. A couple of months ago, it was an additional levy on airline tickets that was going to solve all our problems, now it is the tax on financial transactions and next month, somebody will think of something else. That is going too far. It is a question of involving the financial markets in an internationally coordinated manner. If a sensible solution to this can be put forward by the Commission and introduced into international negotiations, then we will be on the right track.

We should also be honest with ourselves. Those who maintain that we can stop speculation with such instruments are clearly deluding themselves. What we want is for speculators to make their contribution to the risk and to overcoming the risk. That is the right approach. In doing so, you have our full support Commissioner.

**Catherine Stihler (S&D).** – Mr President, in the UK at the moment, a campaign called the Robin Hood Campaign has been launched involving NGOs, churches and civil society, and fronted by the actor Bill Nighy. Commissioner, if you have not looked at their website, I would highly recommend it to you as part of this debate. The basis of the campaign is a financial transaction tax at 0.05%, which they believe would raise something in the region of GBP 37 billion.

So the financial transaction tax is not about people going to a cashpoint and withdrawing money: this is about non-public transactions and it is about those who have contributed to the financial crisis giving something back. If I put that into perspective, I listened to John Kay the economist about three weeks ago; he came to Scotland to speak, and if Scotland had been an independent country and our banks had collapsed,

each man, woman and child in Scotland would have been liable for GBP 750 000. Now we cannot allow that to happen in the future. It has not happened at the moment, thank goodness, because we in Scotland are part of the United Kingdom, but in the future, we must look seriously at the financial transaction tax and look at how it would be applied.

The Robin Hood Campaign is an interesting one and I think there should be an 80:20 split within it; 80% going to public services and 20% to making sure we have a fund to ensure that the banking crisis does not happen again.

Thank you, Commissioner, and I look forward to your proposal. Maybe you could give us a time-scale on when we will hear what your opinion is. I know that the EU 2020 will come forward in April, but it would be good to hear your time-scale.

**Patrick Le Hyaric (GUE/NGL).** – (FR) Mr President, Commissioner, in the current crisis, there are only two choices before us. The first is to make the people pay for the crisis, as we have been doing: through austerity plans, unemployment action and tax rises like the recent increase on VAT in Greece. The other is to tax speculative capital movements and financial transactions. That would generate considerable revenue for the European economy and I believe that it would be a weapon against the financial crisis that we are currently experiencing. It would also be necessary to have the courage to close tax havens.

This suggestion is in no way revolutionary, since it is already included in G20 agreements. Some of these principles were even debated and voted on here, but it is urgent that we go further than making aimless proclamations. We must put an immediate end to this lethal speculation. In fact, several economists believe that if we applied a low tax rate of 0.5% to financial transactions, it would make a further EUR 500 billion available to the European Union. That is money that we could use for a recovery based on work, training, research, salaries, and new environmentally friendly, industrial and agricultural policies.

We need, therefore, to start taking action. We need to have the courage to vote for the principle of such a tax and to then implement it.

**Othmar Karas (PPE).** – (DE) Mr President, Commissioner, ladies and gentlemen, in the Austrian Parliament and in the Austrian Federal Government, as well as in my party, the Austrian People's Party, there is broad political will to campaign for a financial transaction tax. The financial and economic crisis has global repercussions, as well as causes, which cannot be reduced to one continent.

We do not need just global governance mechanisms; we need global supervision mechanisms, global regulatory guidance mechanisms and also sources of funding. However, the question of sources of funding is not enough. The effects of guidance are equally important.

First of all, we need a common European will, a European project, so we can also be successful globally. The question to the Commission and the resolution, which I hope Parliament will pass on Wednesday with a wide majority, are an expression of the joint political will to develop and implement – preferably on a global scale – a model for a financial transaction tax. I look forward to receiving a very concrete proposal from the Commission that will contribute to this solidarity in Europe, and I expect the Commission to present this proposal as soon as possible, as well as an answer to our questions.

What impact will such a financial transaction tax have on the real economy and on the competitiveness of the economic and financial position of the European Union? What should it be levied on, how high should the percentage be, who levies it and who receives the money? Should there be earmarking? I would say yes, but what for? We must resolve all these matters. With today's debate and the vote on Wednesday, we are setting the course. Please give us an answer quickly.

**Magdalena Alvarez (S&D).** – (ES) Mr President, Commissioner, the crisis has shown that the European Union lacks the necessary instruments to counteract the effects of the former and provide an appropriate framework for economic recovery.

It is therefore necessary to formulate a common response. This should involve not only coordination of Member States' strategies, but also equipping ourselves, as a Union, with appropriate instruments empowering the Union to take meaningful action so as to provide an immediate and global response.

The first objective should be to equip the Union with more far-reaching and more effective economic governance, which calls for greater financial autonomy. In this context, a tax on financial transactions designed to fulfil a triple purpose could be very helpful. After all, we need to enhance the Union's capacity

to develop its own policies, we need to improve economic stability by limiting speculative operations, and we need to provide the information required to monitor the condition and evolution of financial markets. In addition, when designing this fiscal instrument, provision should be made to ensure that the financial sector makes a contribution to help repair the damage to the real economy and cover the expenditure and cost of stabilising the banking system.

Commissioner, can you provide us with a timetable for this?

**Diogo Feio (PPE).** – (PT) Mr President, the European Parliament is right to present a set of questions on this issue and not to give a final position on the new tax on financial transactions.

There are, moreover, several reasons for that. You only have to listen to what the indefectible supporters of this tax have been telling us. They say that it is a political problem, that the technical solutions hardly matter.

Firstly, let us go ahead with the tax, and then we will see how it is going to be implemented. It is a mistake. It is not possible to solve the problem of the financial crisis with ideology.

Secondly, they say this would be a tax that might help the most disadvantaged, a kind of Robin Hood tax, since the most advantaged overcome their situation with the growth of the economy.

The issue of European or global scale hardly matters. It also avoids resolving the issue. What would happen if only Europe had this kind of tax?

There are several elements that must be taken into account. In a time of crisis, it is not by means of a new tax that one can solve any problem. It is not by means of a new tax that we will solve the problem of public finances. It is not by means of a new tax that works as a kind of penalty tax, a punitive tax, a tax intended to punish those responsible for the crisis.

End consumers are the ones who suffer with a new tax. Those in need of credit are the ones who suffer with a new tax.

Secondly, there is a series of technical problems to discuss. Those that do not matter. Is there one European administrative system that might implement a tax such as this one? Can anyone tell us the cost of this implementation? Can anyone tell us what its effect on liquidity and credit will be? How is a global tax going to be applied with time differences and transactions by the second? How can all this be controlled?

All these questions are still to be answered. It is my view that we should learn from a crisis and adopt positions. I doubt the new tax is the right one.

#### IN THE CHAIR: MR LAMBRINIDIS

*Vice-President*

**Anni Podimata (S&D).** – (EL) Mr President, Commissioner, the debate on the imposition of a tax on international financial transactions may not be new, but it is extremely topical today, because the basic lesson from the crisis in the global economy, especially for the euro area, which has been subject to systematic attacks by speculators recently, is that the previous unaccountability of the financial markets and the lack of fundamental financial regulation and governance is having immediate and visible repercussions on the real economy, on the viability of public economies, and on social stability.

Within this framework, the imposition of a tax on international financial transactions is especially important, because it is one of the key points of the long-awaited restructuring of financial control mechanisms. The solution, of course, is not for us to introduce yet another European tax which will have dubious repercussions on the competitiveness of the European economy, but to formulate an ambitious European proposal to be put to the G20.

**Sirpa Pietikäinen (PPE).** – Mr President, financial markets are global and financial companies are global; indeed, the financial industry is the biggest global sector at the moment. As our needs are global as well – such as the development agenda, the Millennium Development Goals or tackling climate change – to me it is more than natural that financial transaction taxation should be the first attempt at global taxation.

Politics is not global; nor, as we know, is it properly European Union. Someone has to take the lead in tackling the issue, and it is quite naturally the European Union's place to take the lead. Usually the one that takes the

lead – developing the mechanisms, the models, having the intellectual property – has the leverage, and the advantage of being the first as well.

While there are slight benefits in terms of slightly curbing most speculative transactions, in my opinion, the biggest benefits relate to entering the new field of taxation, a global mechanism and gathering resources – not so much in the financial sector, but especially for our European and global development and environmental needs.

Indeed, to be active on this issue, the European Union has to have clear thinking, we have to have a united position, and that is why I would like to see the Commission come forward with a proposal very soon on how to make this FTT workable.

**Edward Scicluna (S&D).** – Mr President, it has been no less than 40 years since, as students, we discussed a new international economic order, one part of which included a proposal to use special drawing rights (SDR) loans to the IMF and to include a sort of tax on national governments which would be used for helping poor countries. This, as we know, did not materialise.

Many years later, realities have changed: globalisation, together with the advancement in technology and the stronger political will, has made certain plans more doable. The number of global policy objectives has, however, increased. Besides poverty, which unfortunately is still with us, we are also concerned with global environmental problems like climate change, and now we are essentially talking about a sort of global insurance premium to compensate victims for the social and economic pain caused by financial catastrophe.

We have to be careful when faced with multiple objectives. I suggest that we abide by the wise rule, that we ensure that for each objective, we need a separate instrument. Let the Commission be bold, but we must ensure that the financial transaction tax must be very focused and doable. Let us not try to make it all things to all people.

**Elena Băsescu (PPE).** – (RO) I believe that the introduction of a financial transaction tax will be of absolutely no help at all. It will not help to get us out of the financial crisis, nor will it help prevent a new crisis, nor will it contribute to the stability of the financial markets. This measure would only result in raising the cost of capital and credit and would put a brake on investment.

Before introducing a new tax, the European Commission must examine very carefully the pros and cons this tax will entail. If the decision is made to introduce a levy on financial transactions, this may affect the competitiveness of the European economy globally. Double taxation must also be avoided, as well as the creation of obstacles blocking the free movement of capital.

The costs arising from such a tax must not be borne by ordinary citizens. It would be appropriate to consider introducing this kind of tax in countries where there are accumulations of speculative capital, resulting in the creation of short-term external debts. This measure could prevent the accumulation of speculative capital.

In 2009, Sweden introduced an annual stability fee to be applied to banks and credit institutions amounting to 0.036% of the total of certain liabilities. However, the implementation of such a tax is not justified in Romania. In the context of the negotiations conducted between the Romanian Government, the IMF and European Commission, legislative amendments were agreed on the special administration procedure to allow the National Bank of Romania to intervene rapidly and effectively when a credit institution is in difficulty.

Against this background, I would like to ask the European Commission what mechanisms or formulae are being considered for protecting countries against the accumulation of speculative capital and whether it is considering other measures as well for regulating and supervising the financial system.

Thank you.

**Seán Kelly (PPE).** – Mr President, two words spring to mind in discussing this topic: they are the Latin words *festina lente*, or 'hasten slowly', because this topic is obviously quite controversial, as all taxes are. I suppose it is particularly attractive to talk about putting tax on financial institutions to make them more risk-aware and to maybe pay for their sins, but financial transactions are global and not just European in dimension so, as Ms Swinburne pointed out, we have to consider all options.

Look where the IMF and the G20 are going, and then maybe move ourselves, but we certainly need to consider this very carefully. So I say, *festina lente*, hasten slowly, having thought deeply and consulted widely, and then we may need to act, with or without the aid of Robin Hood.

**Kriton Arsenis (S&D).** – (EL) Mr President, Commissioner, even though the developed countries are responsible for 80% of greenhouse gas emissions, developing countries are today paying for the worst repercussions. These extremely drastic repercussions are hitting the poorest countries, the countries which have not done anything to cause the greenhouse effect.

There are currently twenty million environmental refugees. If we do not do something straight away, there will be five hundred million by 2050. We have a serious climate-related obligation towards these countries of an estimated EUR 100 billion a year. Of this, a fair share for the European Union is EUR 35 billion.

It is vital that we immediately introduce a tax on financial transactions, so that we can fund our climate-related obligation. At the same time, this tax will allow us to pay our climate-related debt to posterity by helping to fund energy independence from coal.

**Enrique Guerrero Salom (S&D).** – (ES) Mr President, Commissioner, a proposal that did not prosper two decades ago is once again the subject of discussion and debate due to the financial and economic crisis. No longer is the proposal being advocated just by academics and minority or opposition groups. Now, the G20, the International Monetary Fund and some leaders of the most developed countries in the world are suggesting the introduction of this tax. We must seize this opportunity because the time is right.

As a Member of the Committee on Development, I support the view that if such a tax is introduced, part of the revenue generated should be devoted to financing development. If the revenue were used exclusively to finance deposit insurance or for purely economic purposes, the financial sector would not be making a fair contribution to global justice. Accordingly, part of this revenue should be devoted to development aid.

**Algirdas Šemeta, Member of the Commission.** – Mr President, I am pleased that you have devoted your time to this important debate. The idea of a financial transactions tax has generated a lot of attention so far. As I explained, the Commission is currently examining innovative financing at a global level and is paying particular attention to the following issues.

First, the analysis of the competitiveness aspect. As financial transactions are so mobile and financial markets so competitive, the risk of reallocation of activities to other markets appears to be very high. This means that a common approach and, at the very least, good cooperation, are necessary at international level.

A second issue is the cumulative impact of various initiatives which should not undermine the ability of the financial sector to support economic recovery.

Third, we need to get the analysis right. The Commission will soon publish its analysis of various options. I have to say that it is not so simple. We are carrying out an analysis and analysing various instruments. Those instruments are related not only to the financial transaction tax but also to possible levies on banks' assets, on banks' leverage and so on. We have to make this analysis very thoroughly in order to make proper conclusions as to which options are the best.

The Commission will compare its findings with those of one of its international partners. On this basis, the more promising instruments will be identified which the Commission will assess in further detail.

I should also say that, in the EU 2020 strategy, 'taxation' or 'taxes' is mentioned many times, which is in strong contrast with previous strategic documents. I think the Commission is paying serious attention to the issues related to developments in the taxation area.

To conclude, I would like to stress that the Commission promotes and supports a serious global analysis on the potential benefits and disadvantages of different innovative finance instruments, including a financial transaction tax. I would like to thank Parliament for its interest and involvement in this topic.

**President.** I have received one motion for a resolution<sup>(1)</sup> on behalf of the Committee on Economic and Monetary Policy to wind up the debate in accordance with Rule 115(5) of the Rules of Procedure.

The debate is closed.

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<sup>(1)</sup> See Minutes

The vote will take place at 12 noon on Wednesday, 10 March 2010.

### **Written statements (Rule 149)**

**Proinsias De Rossa (S&D), in writing.** – I have been a long-time supporter of a Financial Transaction Tax (FTT), or as the supporters in the USA call it – a financial speculation tax (FST). James Tobin was one of the first to promote the idea as a means of stabilising global financial markets and, in the process, raising substantial money for development aid. The powerful financial speculators rejected it, as did powerful governments, as not feasible. Now the IMF, as a consequence of the crisis, is studying its feasibility and we must insist that the expert report is not gutted and rendered useless by backroom lobbying. We now have the tools, for example the SWIFT clearing system in Europe, which would enable us to apply a tax. But still, contrary to research, the old spurious arguments are trotted out; ‘it could be evaded, it would be a burden on consumers’. The financial crisis, driven by unscrupulous financial speculators, who continue to make vast fortunes, whose activities have brought the world economy to its knees, need to be circumscribed. The growing support for a FTT must be driven hard by public opinion for governments to act, and not to cave in to the people for whom greed is not enough.

## **18. Implementation of the Single Euro Payments Area (SEPA) (debate)**

**President.** – The next item is the oral question to the Commission (O-0027/2010) by Sharon Bowles on the Single European Payment Area (SEPA).

**Sharon Bowles, author.** – Mr President, my predecessor as Chair of the Economic and Monetary Affairs Committee brought a resolution on SEPA to this Chamber on 12 March 2009. Not much has changed and now I bring mine here in March 2010. Can I say that we really do expect progress before the Ides of March 2011.

The Commission has made an effort in its SEPA roadmap of September 2009. We agree with the actions in the six priority areas, but a large majority of the respondents of the Commission's own consultation said that it was necessary to fix an end date in order to incentivise the reluctant. Those are the Commission's own words. Now, you cannot put it any straighter than that, and we suggest that the binding end date be fixed for no later than 31 December 2012.

We live in times when there are increasing numbers of cross-border purchases and contracts. Having common standards for these cross-border payments, credit transfers and direct debits is an important part of the health and growth of the single market. It is much better for consumers when they do not have to check whether there are different arrangements from country to country or get caught out because there are.

So consumers are not unfavourable to this project, but they do have to have security, and it is a worry if there are not sufficient safeguards for the management and checking of the mandate of direct debits. Payment systems take up one third of the operating costs of banks so there is a lot in it for banks to get SEPA right, but they cannot have it all their own way. The European Payments Council must recognise that consumers are worried about frauds and confidence tricks, and who is looking out for them. Some busy people may not notice a new transaction, especially if the amount is a common one. Therefore, there must be possibilities for the consumer to have extra safeguards around the setting up of direct debits. It is no good to say that banks will pick up all the frauds. Banks have not picked up fraudulent cheque practices. For example, in France, there have been problems with back-of-cheque endorsement frauds on cheques made out to a bank being paid into a third-party account. This has happened four years after the UK Financial Services Authority closed that loophole. It is not satisfactory to solve these problems with add-ons or additional offers of services which do not protect everyone. That is the fraudster's charter. It is not satisfactory to be done country by country. That is the cross-border fraudster's charter.

So, Commissioner, we look to you to be firm, fix these problems and come forward with solutions for SEPA direct debits by 30 September 2010.

This year should see a significant increase in the use of SEPA by public authorities, so the moment is right to press forward, especially asking Member States that have not made plans to participate in the surveys. We also ask that those – or maybe it is that – Member State that has not solved the problem of continuing legal validity of existing direct debit mandates to get on with it and solve the problem. Perhaps the other main stumbling block is the multilateral interchange fee for card payments and, again, this needs resolving in a way that is also in accord with competition policy.

These are important issues and, Commissioner, we say that the moment has come to be firm and set an end date so that we can successfully migrate to SEPA and make this project – which is very important for the single market – truly take off.

**Michel Barnier**, *Member of the Commission*. – (FR) Mr President, ladies and gentlemen, I am pleased to see you again and I would like to start by expressing my agreement with what Mrs Bowles just said, namely that consumers need security. That echoes an ambition that I stated during my hearing before this House for consumers to reclaim the domestic market through specific projects. One of these is the single euro payments area (SEPA). It is a complicated project but its aim – that of simple financial transfers within Europe – justifies our action.

Mrs Bowles, ladies and gentlemen, I would like to thank Parliament for its support for SEPA and to give concrete responses to the five points mentioned by Mrs Bowles, which correctly identify the problems that we must solve. I am also mindful of the preliminary work that was carried out and of Mrs Berès' and Mr Gauzès' extremely positive and interesting reports on matters relating to SEPA.

It is true, Mrs Bowles, that a deadline could give the SEPA project some of the impetus it needs. That is what I believe. An expiry date would indeed have several positive effects. It would make the legal position clearer, allow the planning of necessary investments, and bring an end to the coexistence of two payment systems – national and European – which leads to needless expenditure.

A deadline presupposes legislation. My staff are currently analysing various options and their analyses should be finished next spring. We will decide on the most effective course of action on that basis. I can confirm for you that it will be based on legislation.

As I speak to you now – it is early March – it is really too early for me to announce that end date. I have noted your suggestion of 2012, Mrs Bowles, and I will bear it in mind. Whatever the case, we will have to permit operators an adjustment period, for example, 12 months for transfers and at least 24 months for withdrawals. Another advantage of a legislative initiative could be to deal with some of the issues raised by your resolution and by the Economic and Financial Affairs Council in order to improve the quality of SEPA products for users.

My second point, Mrs Bowles, is that we need clarification on multilateral interchange fees. It is an important issue for the financing and therefore the development of SEPA cards and withdrawals. In late 2009, the Commission published a discussion document which included new data as well as the opinions of various types of users on this issue. We will touch on the result of that public consultation in a moment. This issue must, of course, be analysed on the basis of its compatibility with competition policy, for which my colleague, Mr Almunia, is responsible.

Nevertheless, I would like to make several comments. There is a short-term, transitory system in place for withdrawals until November 2012, allowing multilateral interchange fees of up to 8.8% for cross-border transactions. I note, however, that more than 70% of withdrawals in Europe are now carried out without the imposition of any multilateral interchange fee on the transaction. The multilateral interchange fee, therefore, does not seem to be the only financing mechanism, or even the most effective one.

For cards, as you know, the Commission has adopted a decision against MasterCard's cross-border multilateral interchange fees. We did the same for Visa. The procedure regarding MasterCard is being appealed before the Court of Justice. As part of this procedure, specifically with regard to the level and type of these fees, the European Commission has already clarified the rules of the game. The Court's final rulings should contribute to giving this a firmer legal basis.

Thirdly, as I had the opportunity to mention at my hearing, I am in favour of launching a European initiative on cards. A series of initiatives is being developed in the private sector, for example, the Monnet project, PayFair, and the European Alliance of Payment Schemes. Mrs Bowles, ladies and gentlemen, I will soon be meeting the main players in this market in order to jointly assess their willingness to move forward and perhaps to coordinate their initiatives and determine a framework for action. At the same time, the Commission will be analysing, from the perspective of competition regulations, the arguments presented by the card systems in order to justify their financing system.

The fourth point relates to the future of governance. As you know, the SEPA does not benefit from a pan-European system of governance. That is why there has been a joint initiative with the European Central Bank to create a SEPA council that brings together a limited number of high-level representatives of the

payments industry and users. The objective is not to make decisions but to facilitate dialogue to ensure the SEPA project is properly implemented. The first meeting will take place in the spring.

Mrs Bowles, ladies and gentlemen, I will personally keep Parliament well informed about the work of the SEPA council, particularly when I appear before the Committee on Economic and Monetary Affairs.

My final point concerns respect for the interests of users, a subject which you mentioned, Mrs Bowles. It is unfortunate, but the bank payments industry often seems somewhat reluctant to recognise users' concerns. Improvements can be made to the way in which the European Payments Council governs, which would encourage transparency and the recognition of users' concerns. The SEPA council will constitute a good platform for moving towards these improvements.

I also intend to take more direct action on specific points, in particular, the improvements that must be made to the withdrawals system. The Commission and the European Central Bank will be writing very shortly to the European Payments Council to request that they incorporate certain modifications in response to consumers' concerns. I cannot exclude the possibility that the Commission may take measures if it notices obstacles preventing this, in order to take account of the worries of consumers.

Mr President, Mrs Bowles, ladies and gentlemen, you will have understood that I am determined to act and make SEPA work, as I told you in January. I will, of course, rely on the support of this House and your determination in making these improvements.

**Jean-Paul Gauzès**, *on behalf of the PPE Group*. – (FR) Mr President, Commissioner, I do not doubt your determination, and you have, in the points that you have just covered, already answered most of the questions we were going to ask and that are raised by this resolution.

I will simply remind you that the difficulty of the subject stems from the fact that the single euro payments area (SEPA) is an initiative of payment institutions, particularly banks. Also, may I say that the purpose of the directive on payment services, for which I had the honour of being rapporteur, was specifically designed to enable us to identify and define the legal instruments needed in order to put this European payments system in place. Another purpose of the directive was to improve competition in the area of payments, and Title II made provision for the creation of payment institutions, which were intended to break the monopoly of the banks.

This complicated beginning certainly explains part of the delay, but it is certainly also true, as you have said, that payment services establishments – that is, banks – have demonstrated a certain reluctance to implement this mechanism. There is an explanation: the cost. I am sure you already know this, but to give you an idea: in France, for example, the cost of implementing SEPA is higher than that of changing to the euro.

There has also been the matter of interchange fees, which deserves to be tackled. There are two issues involved. The first, as you mentioned, is that of conformity to the rules of competition, but the second issue, which must not be neglected, is that the payment service is a commercial activity for payment institutions which must, therefore, be fairly remunerated. What has been condemned is the possibility of setting interbank margins unilaterally, arbitrarily and without consultation, when these rightly appear excessive.

Commissioner, we are counting on you to ensure that the progress we have made with the creation of a single-payments market can result in the swift implementation of European tools for transfers and direct debits.

**Udo Bullmann**, *on behalf of the S&D Group*. – (DE) Mr President, Commissioner, the Single Euro Payments Area is an important, indeed central, instrument of the European single market. It is thanks to Mr Gauzès that we have got it off the ground. My group is fully behind it and would like to see it working well. I personally also have nothing against us setting a deadline for the migration, and here to me it is not so much a question of whether it takes three, four or five months as the fact that it then actually works.

Whether it actually works depends on two things. Firstly the appeal to industry that it must be end-user friendly. These days, we cannot afford any rumours, any secret resistance, any hankering after the old system. Therefore, it must be functioning properly, also in respect of those who ultimately have to use it.

Secondly, it must, of course, also work for the benefit of the economy. Here I would like to mention one point, which is still a bone of contention, namely the matter of how direct debits will be calculated. Here, the economy does not yet seem to be in a position to propose a sensible model. There are still snags, there are still sticking points and if the economy is not in a position to present a common model that works within



the European Union, then the Commission – as stipulated in this proposal for a resolution – must present a concrete proposal within a certain period of time, let us say before the end of the year. It should not be the case that we confront the economy and demand a deadline for the migration, but do not take the initiative to remove the resistance that the payment service providers are obviously not in the position to overcome single-handedly. We need a community initiative here, so the whole thing can work. That is our approach to the discussion.

**Martin Ehrenhauser**, *on behalf of the NI Members*. – (DE) Mr President, it is good that we have the euro. Small countries like my native Austria would have otherwise come under immense pressure during the financial crisis of 2007.

The other side of the euro coin is, however, the lack of consistency and the lack of accountability, and here there are, of course, some questions for the Commission. Firstly, who is responsible for the lack of control in the euro system? Secondly, who is responsible for the fact that the false budget figures from Greece were not recognised sooner? Thirdly, is it not the case that while we are talking about Greece today, the real problem is Spain? Fourthly, can the European Commission guarantee that Spain will not submit false budget figures and what is it doing about this?

I demand clarity and transparency and, above all, that those people who bear responsibility are ultimately brought to account. Only then, when these people are actually made responsible, can we guarantee that the rules of the game will, in the end, be adhered to consistently.

**Markus Ferber (PPE)**. – (DE) Mr President, Commissioner, ladies and gentlemen, to begin with, it is right that common procedures should go with a common currency. It is right to consider how these common procedures, which have not yet been implemented everywhere in the Single Euro Payments Area, might be enforced a little better.

On the other hand, I will say quite clearly that we still have to adapt the rulebook in a few places. I myself come from a country where the direct debit procedure is a very widespread procedure, in order to facilitate the processing of certain regular payments.

The procedure that is currently planned in the rulebook is a very bureaucratic, very complicated procedure and therefore, I would be very pleased, Commissioner, if, with regard to a final date – something we all want – this area in particular is tackled once again. On the one hand, there should be no vulnerability to fraud – that is a problem in the cross-border area – but on the other hand, it should also be possible for local charges to be debited, and for any magazine subscription, any insurance premium, any mobile phone bill, and so on to continue to be collected in a simple procedure by the companies concerned.

That is my request and there is also a corresponding passage in our motion for a resolution on this subject, so that we can contribute to ensuring that procedures that have proved successful in the Member States can also be guaranteed after the final introduction of the Single Euro Payments Area.

**Othmar Karas (PPE)**. – (DE) Mr President, ladies and gentlemen, we are probably all united in our approval of the answers given by the Commissioner to the question and are grateful for them. They are in keeping with the objectives of the European Parliament.

Secondly, I would like to say that the method of self-regulation in the banking area that we have chosen for SEPA is a method in which the organs work well and several hundred banks have joined the SEPA area in a very short space of time. SEPA is part of the single market, it is larger than the euro area, but it is not complete. I am very much in favour of a consistent, legally binding final date, because I hope that with such a date, we will increase the pressure to take care of outstanding questions and the legal obligation to get consistent implementation off the ground. This will allow all participants once again to present everything that still has to be done. A common date is essential to implement the SEPA area as quickly and efficiently as possible and to ensure maximum suitability for the single market.

**David Casa (PPE)**. – Mr President, SEPA is a commendable initiative that will undoubtedly be of great benefit in improving the efficiency of cross-border payments and turning the fragmented national markets for euro payments into a single domestic one, by enabling customers to make cashless euro payments to anyone located anywhere in the area using a single bank account and a single set of payment instruments.

Another major benefit will result from the reduction of the overall costs to the European economy of moving capital around the region, which is estimated today at two to three per cent of the total gross domestic product. We must remember that the end goal of SEPA was to create a truly domestic payments environment

all around Europe, and it is understandable that achieving such an ambitious goal is by no means easy, especially when considering the unfortunate necessity of finding compromises between the often conflicting interests of the pan-European banking community.

The economic crisis has only hindered the process of implementing SEPA standards; this is a costly process and the banks have understandably had other, more urgent priorities in recent times. An analysis of the current situation should be carried out and, I think, a realistic timetable set as soon as possible.

It is now essential that a legally binding deadline for migration to the use of SEPA instruments be established, as my colleague, Mr Karas, has just said. It is unacceptable that to date, there is no concrete schedule in place. The notion that domestic standards should be allowed to run in parallel with SEPA is inefficient and counterproductive.

I therefore call on you, Commissioner, and the Commission, to bring certainty to this already fragile sector and ensure that a legally binding end date for migration to SEPA instruments is finally set.

**Elena Băsescu (PPE).** – (RO) I would like to inform you that my country, Romania, is taking some important steps with regard to the implementation of and migration to SEPA. In October 2009, Directive 64/2007/EC on payment services in the internal market was transposed into Romanian legislation. Back in 2007, the Romanian Banking Association, a member of the European Payments Council, took on the role of support organisation for joining the SEPA schemes. In fact, the migration to SEPA Credit Transfer will be completed by the date when the euro is adopted, while, so far, only five banks are planning to join the SEPA Direct Debit scheme in the next three years.

Public administration plays a key role in the process of migrating to SEPA. Public institutions, along with the utilities, telecom operators and insurance companies, can provide the critical mass necessary to boost the SEPA migration process. Romania's Minister for Public Finances announced that Romania will join the SEPA schemes once the euro has been adopted.

Thank you.

**Michel Barnier, Member of the Commission.** – (FR) Mr President, I would like to thank all those who spoke for their contribution. What particularly struck me during the course of Mrs Bowles's initial speech was the fact that the whole Parliament has shown unanimous support for the implementation of the single euro payments area (SEPA), as it had already amply demonstrated in the past. That is confirmed by the draft resolution. It is a project that is two years old and I think that it needs to be implemented now. Once again, I repeat that I have been struck by the unanimity that was expressed again a moment ago on the need to set a deadline.

I therefore confirm my commitment to setting that deadline. Please allow me a few weeks simply to take the time – I believe it will be time well spent – to meet with all of the key players in the banking sector. I will carry out this brief consultation – on this subject and on others relating to the proper implementation of SEPA – and then I will take the decisions quickly, as Mrs Bowles has asked.

SEPA will only be a success if it fully meets the expectations of consumers and the people who use it. I am talking about businesses, particularly small businesses, consumers, and national administrations. The Commission hopes – and it will move in that direction – that the concerns of users are taken into account when implementing SEPA. I would like to say to Mrs Băsescu that I will also pay attention to the efforts of the new Member States – and I know that such efforts exist in your country as well as in others – to be fully included in the SEPA project, which is in everyone's interests.

Finally, with regard to cards, which I mentioned in my hearing, it seems that greater clarity is needed. Once again, I need a few weeks, or a few months at most, in which to hold meetings in order to clarify the key players' intentions and determine the extent to which they are prepared to coordinate or combine their efforts regarding the financing model for a potential pan-European card system. As for the competitive framework in which it should operate, that is a issue that I will have to raise with the banking sectors' key players.

I would like to thank you, Madam Chair, ladies and gentlemen, for the constructive and diligent support that you have once again expressed for the SEPA project. It is matched by the commitment of the European Commission.

**President.** – The debate is closed.

The vote will take place at 12 noon on Wednesday, 10 March 2010.

## 19. Annual accounts of certain types of companies as regards micro-entities (debate)

**President.** – The next item is the report (A7-0011/2010) by Klaus-Heiner Lehne, on behalf of the Committee on Legal Affairs, on the annual accounts of certain types of companies as regards micro-entities (COM(2009)0083 - C6-0074/2009 - 2009/0035(COD)).

**Klaus-Heiner Lehne, rapporteur.** – (DE) Mr President, ladies and gentlemen, this report is about a project that Parliament has pursued for many years and that is now possibly being brought a step closer to success.

We wanted to free micro-entities – and here we are talking about companies that are particularly small, with few employees, minimum turnover and profit figures and which effectively only operate in a regional, local area, say a small baker or painter and decorator – from accounting obligations. In cooperation with the Council – the fourth directive, about which we are talking, and which has been amended several times – Parliament has repeatedly tried to implement this. The last attempt was within the framework of the report by Mrs van den Burg at the end of 2008. We did not manage to achieve this in negotiation with the Council at that time. The result was that in December 2008, Parliament passed a resolution, almost unanimously, in which it called on the Commission to get this possibility of freeing micro-entities off the ground from a legislative point of view. That is exactly what has happened in the meantime. The Commission has made the proposal and has thus done exactly what Parliament wanted. In addition, a committee convened by the European Commission – namely Mr Stoiber's group, which is concerned with cutting bureaucracy – has also given its view on this problem and has said that this would be the key instrument to ease the burden on micro-entities in Europe. We are talking about possible savings to the tune of EUR 6.3 billion in total. At the same time, it should be remembered that micro-entities suffer from bureaucratic burdens to a particularly high degree.

This proposal by the Commission is, in a way, the flagship of the fight against red tape and the policy for fighting red tape in the European Union, and is therefore of rather central and major importance. There is a whole range of sensible reasons why this proposal is right. This directive we are now discussing dates from 1978. It was aimed at large and medium-sized businesses. It was never intended for micro-entities. The fact that micro-entities are subject to obligations by this directive, namely the drawing up of accounts, which, in terms of their structure and the elements they contain, are essentially the same as those required from large companies, completely overlooks what is actually necessary, as well as the needs of micro-entities. If such a micro-entity needs a loan, this balance has next to no value. I would go so far as to say that most of these micro-entities – and this is confirmed by the Commission's research – do not understand their own accounts at all. I will stress again that the value is practically zero. What is important for the allocation of loans is the matter of cash flow. That is, for example, the matter of liquidity, the matter of reserves which can be activated. These are, however, all things which, in principle, cannot be deduced from a balance sheet in this form; this only portrays a snapshot and does not determine whether such a business deserves a loan or not.

It is also not a matter of competition, contrary to much of what was stated here by parts of the lobby. As a rule, these businesses do not compete in the single market, in cross-border activity. They only operate on a regional or local basis. That is why this problem is not of any relevance to the single market. Besides, the single market is not an end in itself. It is important and it is good that we have it. However, its rules should apply to the functioning of the single market, to cross-border trade, not issues that are only of concern internally to the national economy.

Against this background, we should now bring this never-ending story to a conclusion. We should adopt this report. That would pave the way for the Council to reconsider this matter and to possibly break up the existing qualified minority. That would be good for Europe's smallest businesses.

**Michel Barnier, Member of the Commission.** – (FR) Mr President, I would first of all like to give my thanks for and welcome the work of the two rapporteurs: Mr Lehne, Chair of the Committee on Legal Affairs, who has just spoken, and Mr Sterckx. I would like to remind you that, as Mr Lehne said, this proposal for a directive by the Commission is a response to the wishes of this House. Parliament's resolution is dated 18 December 2008. It called on the Commission to present a legislative proposal to allow Member States to exclude micro-entities from the scope of the accounting directives.

At the same time, the High Level Group of Independent Stakeholders on Administrative Burden Reduction, chaired by Mr Stoiber, came out clearly in favour of the proposal, as Mr Lehne said a moment ago.

Finally, the European Economic and Social Committee gave its support to this proposal to simplify accounting procedures. So, here we are.

Why is this measure important? By creating a single reporting system, this proposal should allow Member States to homogenise the reporting requirements for all micro-entities and make them more consistent. This new approach should allow a substantial reduction in the costs borne by these entities.

Mr Lehne, you spoke of several billion euros. Personally, I have the figure given to me by my staff, who estimate the savings to be a maximum of EUR 6.3 billion. Even if this figure were lower, that would, in my eyes, justify going ahead with the debate on this issue in order to encourage the activities of European micro-entities. That is another reason why I am calling for the proposal on micro-entities to be adopted quickly.

If we had to include this proposal within the more general framework of the review of the accounting directives, as the Committee on Economic and Monetary Affairs wanted, that would certainly take longer. It could even be several years before these provisions were applicable.

Right now, ladies and gentlemen, I hear criticisms, remarks and propositions from both sides and I would like to try to respond to or reassure you on three specific points.

Firstly, what the proposal does is give Member States an option that they may or may not choose to exercise. In other words, any Member States that so wish can keep the current rules without having to modify their own national regulations.

Secondly, I wish to stress that this proposal is aimed at simplification and subsidiarity. In order for members of the public and businesses to understand and take advantage of the domestic market, we must not impose rules at European level unless absolutely necessary. I think that, in the specific case of micro-entities, the current rules could appear excessive.

Thirdly, contrary to what may have been said, this proposal does not necessarily involve completely exempting micro-entities of all accounting requirements. I know that concerns were expressed about that in certain Member States. The compromise proposed by the Committee on Legal Affairs is quite clear on that point. These businesses will have to keep supporting documents clearly showing transactions carried out and their own financial situation.

To conclude these introductory words, and before I listen to what you have to say, I wish to personally encourage this House to support this proposal. The parties involved are awaiting this decision and I think that a strong signal from Parliament is now necessary in order to move forward on this issue. We are all in favour of simplification. I think that this proposal, of which the Chair of the Committee on Legal Affairs is a fervent supporter, is an example of such simplification and I hope that micro-entities will soon be able to benefit from the savings expected from this proposal.

**Dirk Sterckx**, *rapporteur for the opinion of the Committee on Economic and Monetary Affairs*. – (NL) Mr President, I am pleased that the position of the Committee on Economic and Monetary Affairs can be presented in plenary after all; that was not the case a few weeks ago. I agree with the Commission's basic idea that the administrative burden on small enterprises must be reduced and that – as Mr Lehne said – a distinction must be drawn between large and small enterprises.

Yet the proposal on the table does not achieve this objective, which explains the position of the Committee on Economic and Monetary Affairs. If there are no annual accounts available, it makes it more difficult for small enterprises to obtain information about colleagues. At present, we are seeing different situations in different Member States, which I do not welcome, particularly in the case of small enterprises, who are not specialists in such things. Therefore, I wish to ask my fellow Members to support our position.

What we are calling for is a comprehensive impact assessment, covering not only the 6.3 billion positive consequences but also the negative impact; this has been an omission on the Commission's part. Administrative simplification would be best carried out as part of the revision of the Company Law Directives, as it would then affect everyone equally. Within this framework, simplifications could be made and distinctions drawn. Thirdly, we would end up with a uniform directive for all Member States, a stronger internal market and genuine administrative simplification.

**Tadeusz Zwiefka**, *on behalf of the PPE Group*. – (PL) Mr President, we know very well how micro-entities differ from small and medium-sized enterprises, not to mention large economic entities. I would like, therefore,

to draw attention to external factors which are unfavourable to the activity of these firms. They include both macro-economic factors, such as legislation, taxation and bureaucracy, as well as micro-economic factors, such as difficulties with staying afloat and poor financial liquidity. What is the outcome of this situation? Well, it has meant that for the last few years, the proportion of micro-entities which survive the first year of their operation has been fluctuating at around 60%. This means that more than one third of newly-established micro-entities have not lasted through the first year of operation in the market. If we realise, in addition, that in many Member States, micro-entities constitute over 90% of all economic entities, then discussion on the subject of reducing administrative barriers and different kinds of burden, especially connected with bookkeeping, becomes absolutely essential.

It is also important that debates focus not only on simplification, but also on the impact of accounting requirements on small enterprises of this kind. The debate on the subject of simplification focuses, in general, on costs, while the debate on the significance of accounting requirements addresses the advantages of financial reporting and the needs of individual users. There are a number of characteristics which distinguish these firms from large enterprises and which argue in favour of introducing simplified regulations. Firstly, the advantages of implementing universal standards are certainly fewer than in the case of large companies. This leads to a cost-benefit imbalance with regard to application of the standards. Establishment of an appropriate cost-benefit balance requires a reduction in costs.

Secondly, financial reporting does not play a significant role in meeting the information requirements of the owners of micro-entities, because they are, as a rule, family members. When discussing the need for change in connection with the financial crisis, let us remember that it was not micro-entities which were the cause of the crisis.

**Françoise Castex**, *on behalf of the S&D Group*. – (FR) Mr President, Commissioner, ladies and gentlemen, as both the rapporteur and the Commissioner have observed, this proposal for a directive does indeed follow a vote in Parliament.

Nevertheless, the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament is still critical of this proposal, because it risks being turned against the people we want to support. In wishing to lighten the load for businesses, we risk depriving them of the conditions of transparency and trust that are indispensable to their management and to the dynamism of their activity.

First of all, I believe that we must be clear about the thresholds and on what exactly a micro-entity is. It is a small or medium-sized enterprise with more than 10 employees and a turnover in excess of EUR 1 million. Whichever Member State you look at, that represents the large majority of businesses.

It may be true that they are local and have little presence in the Community market, but that does not mean that accounting rules will be abolished for them. They will have to confront accounting rules whenever they want to deal with a banking body or with partners, or negotiate with fiscal, economic and social institutions. Accounting rules will then be imposed on them and they may have to pay a higher price than they would for ordinary accounting in order to satisfy criteria that they will not necessarily overcome.

I do not want to see progress towards a system in which the obligation to draw up annual accounts is then imposed outside of the common European Union framework. That is not just a problem of competition. It is a quite simply an issue of economic integration and Community law, and of equal treatment for all businesses in the European Union.

Having said that, it is quite clear that the simplification of the accounting obligations for SMEs is necessary. There are, incidentally, three initiatives working towards that aim: the proposal that we are discussing today; the International Financial Reporting Standards system; and the review of the fourth and seventh Accounting Directives, on which the European Commission should soon be making some proposals.

We were promised these proposals for 2010. It would seem that the period has been extended, but I do not think that this extension is reason enough to rush and do a half-hearted job, for these three proposals, whilst sharing the same purpose, will perhaps not be articulated in the same way and it seems to me, Commissioner, to be preferable and clearer for businesses if we give them a single, general response allowing them to reconcile the simplification of obligations that everyone wants with the reality of life in the small businesses that need it.

The current problem is that the European Commission is delaying in proposing a review of these directives, which is detrimental to our consideration of the issue. I therefore call on the European Commission to speed

up the dialogue on this issue of exemption, which is currently dividing both economic institutions and economic circles in Europe, and to prepare an impact assessment.

**Alexandra Thein**, *on behalf of the ALDE Group*. – (DE) Mr President, ladies and gentlemen, as shadow rapporteur for the Group of the Alliance of Liberals and Democrats for Europe, I simply cannot understand how anyone can be against freeing micro-entities – and I stress micro-entities, not small or medium-sized businesses – from annual accounting obligations. Here we are not talking about the export-oriented medium-sized company from Baden-Württemberg with a hundred employees, but small craft enterprises, the flower shop, the baker around the corner, the newly founded IT start-up business. For years, politicians have been repeating over and over, both at national and European level, that precisely these micro-entities must be relieved. Relieved from unnecessary costs, in this case, unnecessary costs for a tax advisor, not from the otherwise essential costs – in Belgium it is lawyers who complete these annual accounts, in France auditors – and relieved from an unnecessary amount of work and administrative burdens, now more than ever in the current financial and economic crisis.

Now that the Commission has finally tabled the proposal, which Parliament has called on it to do for so long, all of a sudden, the sceptics and nay-sayers express concerns. Only seven per cent of the micro-entities that we are talking about are involved in cross-border activities. Therefore, with regard to the principle of subsidiarity, there should not be any regulation at all at European level. To make matters worse, the accounting rules have continued to be oriented towards the needs of large and medium-sized businesses, and have been totally inappropriate for the micro-entities we are talking about here from the outset.

I hear the arguments of the opposition, firstly, that the micro-entrepreneur might need a loan and then not be able to present his bank with anything. I say to you, anyone who is familiar with Basel II knows that for the bank, the annual balance sheet is at best a nice bonus, but nothing more. Secondly, the supposed creditor protection: creditors who depend on the annual balance sheet are in the minority. In all my time as a lawyer, when a business of this size is sold, I have never experienced a buyer depending on the significance of annual accounts in whatever form. Thirdly, the southern Member States of the European Union – yes, precisely those that right now are the subject of constant inglorious reports in our newspapers – want to maintain the old regulation. They can do this as the regulation is optional. However, states that demand annual financial statements from micro-enterprises because they do not have effective tax administration and exercise no control, apart from the receipt of the annual financial statement, should hardly be surprised if they have missing tax revenue or tax fraud.

I therefore call on all MEPs, in particular, the Social Democrats, to approve this sensible regulation, especially as Mr Lehne from our Committee on Legal Affairs took all concerns into account through compromise regulations, subsequent to which no further relevant arguments were put forward.

**William (The Earl of) Dartmouth (EFD)**. – (*Asking a blue card question under Rule 149(8)*) Mr President, does Ms Castex accept that the proposition that she put forward that the proposal should be delayed for an impact assessment is, in fact, tantamount to saying ‘no’?

**Françoise Castex (S&D)**. – (*Answering a blue card question under Rule 149(8)*) (FR) Mr President, I fully understood the question. If this proposal is rejected, it will have to go back to the drawing board, and if that happens, we can indeed envisage an impact assessment.

As I said, we are not against a simplification of the accounting rules for small businesses, particularly because directives and measures have accumulated to such a degree that they need to be reorganised in order to clarify the situation.

We just think that, instead of simplifying things, this proposal creates insecurity for businesses.

**Kay Swinburne**, *on behalf of the ECR Group*. – Mr President, the proposal exempting micro-entities from certain accounting requirements seems to be far from perfect and in the ECON Committee, my group voted to support the ECON rapporteur, Mr Sterckx, in asking the Commission to go further to help all micro-entities and SMEs across the EU to materially reduce their burden, by rejecting this proposal and bringing forward a much-needed review of the entire fourth and seventh Company Law Directives in order to have a more meaningful proposal with more scope.

The Commission’s impact assessment and its claims of how much good this proposal will do is also of concern. It seems that it has very limited reach. However, in this time of economic hardship, it is important to remember that every little bit helps.

I am hopeful that, if we support this measure, at least one small business in my constituency in Wales will find some benefit from this exemption. It will not be a silver bullet solving all the problems caused by the recession, and we should not hold this tiny measure up as a huge achievement on our part. However, if this exemption can help even a few businesses better weather these difficult economic times, then we should not stand in its way.

**Cornelis de Jong**, *on behalf of the GUE/NGL Group*. – (NL) Mr President, as a rule, I am delighted when the European Union abolishes rules from time to time, as there are already far too many of them, and they are a burden on both citizens and enterprises. Yet let us choose the right ones, for example, the procurement rules that are unnecessarily imperative and complex.

The obligation to publish annual accounts, on the other hand, is not the kind of rule we should be abolishing, even for the very smallest enterprises (micro-entities). Without sound, transparent financial administration, enterprises cannot obtain credit, and doing business in general becomes substantially more difficult. I understand from sources in the field that financial administration is often a problem among micro-entities. If annual accounts are no longer compulsory and thus lost as a source of information, the only remaining possibility is to request the documents prepared for tax purposes. Yet who will guarantee that these are just as reliable as certified annual accounts? Establishing their reliability objectively would mean auditing 100% of tax returns at all times, involving the handing over of all the supporting documents. This is just what tax administrations and small entrepreneurs alike can do without.

Therefore, I agree with the Committee on Economic and Monetary Affairs when it proposes rejection of the Commission proposal. The measure concerned is one to which many small enterprises could fall victim, and that is something this House would not want on its conscience now of all times, when small and medium-sized enterprises are so badly needed to provide jobs.

**William (The Earl of) Dartmouth**, *on behalf of the EFD Group*. – Mr President, in the UK, there are now 2 460 000 unemployed. Youth unemployment is 20% in the UK. In France, youth unemployment is 24%. It is 25% in Italy and an incredible 39% in Spain. Big companies have been firing people for the last two years and they will continue to do so.

The best hope for the unemployed is with small and micro-enterprises. However, EU directives make it difficult for micro-enterprises to operate successfully. EU regulations stifle their growth and, for once, the Commission is doing something sensible with its proposal to exempt micro-enterprises from some accounting regulations. In the UK, we have over 1.7 million micro-firms. If these firms were able to hire just one additional person, the UK's severe unemployment problem would, in large part, be solved.

We have all received the circular from Mr Sterckx and his friends. Mr Sterckx and his friends oppose this partly on the basis that exempting very small firms from the full blast of EU accounting directives somehow runs counter to the single market. This is a completely ludicrous argument which only a Belgian Member of the ALDE Group could possibly have come up with. I know that in this Parliament, if you criticise Belgium or the Belgians, you get fined, but I would remind you of a bit of history. Ninety-six years ago, Britain entered the First World War in order to protect the territorial integrity of Belgium. I would suggest that Mr Sterckx partly repay that obligation by ceasing to attempt to destroy Britain's economy and Britain as a nation state.

*(The speaker agreed to take a blue card question under Rule 149(8))*

**Dirk Sterckx (ALDE)**. – Mr President, let me first of all thank the previous speaker for what Britain did for us so many years ago.

I have a question for him: If we ask the Commission for a revision of the two directives that are planned for this year and to have an overall framework, is this really going to be a hindrance to what we want to achieve – administrative simplification?

**William (The Earl of) Dartmouth (EFD)**. – Mr President, I will just answer in one word: yes. Small businesses need to have administrative simplification now.

**Diogo Feio (PPE)**. – (PT) Mr President, I would like to start by congratulating Mr Lehne for the report he has presented to us, for the capacity for dialogue and the openness he has shown on this issue, and for his convictions in defending micro-entities.

This is because, while the measure we are discussing here today has a history, it is especially important in terms of tackling the crisis and because it exempts small enterprises from measures that are expensive, bureaucratic and not essential for transparency.

What is essential for the transparency of the relationship between enterprises and the state is that their tax responsibilities are maintained. Enterprises that are completely different cannot be dealt with in the same way. Small and large enterprises cannot be dealt with in the same way.

This is also the time to defend small and medium-sized enterprises, putting words into action. It is the right time to advocate simpler, less costly measures for SMEs, which naturally will lead to the possibility of more jobs and more growth.

Unfortunately, in Europe, we are seeing the closure of many of these small enterprises, and this is why we should not be making assessments; this is why we should act.

And this was precisely what the party I represent here presented to the Portuguese Parliament. That is why I here call upon the various Portuguese Members to vote in favour of this measure and therefore bring pressure to bear on the Portuguese Government to end the blocking position which, unfortunately, it is adopting in the Council.

I would like to conclude by saying that this is the report that can make an essential step towards not only tackling the crisis, but also towards simplification and fewer costs for small enterprises, which they sorely need.

**Evelyn Regner (S&D).** – (DE) Mr President, the aim of reducing the administrative burden for micro-entities should, of course, receive our full support, as should the aim of preventing micro-enterprises from being thrown into the same pot as the big players when it comes to financial reporting. However, can this aim actually be achieved with the Commission's proposal or your report, Mr Lehne, and who are we speaking about when we talk of micro-entities? Mrs Castex has already referred to this. I would like to take this point further.

Micro-entities are often not so tiny. In Austria, for example it is not a question of cash-based accounting, but of limited companies, Ltds and limited commercial partnerships and corporations. Taken together, they account for 90% of all businesses in Austria which employ fewer than ten workers, just to make the relationship here clear.

The downside of limited liability should therefore be the obligation for financial reporting, although not, as mentioned at the beginning, in the same way as for large companies, but we should not abolish financial reporting obligations. Instead of removing micro-entities from the fourth directive entirely, a diminished requirement for regulation should be clearly determined and established within the framework of the planned revision of the fourth and seventh directives.

**Jaroslav Paška (EFD).** – (SK) The ongoing economic crisis clearly shows us that Europe is starting to become short-winded and can no longer keep pace with the dynamism of economies and the economic development in other parts of the world, such as Asia.

The organisation of our business environment is cumbersome and fossilised. Look at the tradespeople in China and India. Can you guess how much time from their work is spent completing all types of reports and statements about their businesses? None! And look at our tradespeople. For example, the laws in my country force a business owner to send the same data and reports about his or her business, with various modifications, to four different government institutions: the tax office, commercial register, health insurance company and the office of statistics. If something just happens to be forgotten, in the best case, the business will get a large fine, and in the worse case, the authorities will close it down. Four state-established institutions live to harass businesses and deprive them of both time and resources because the entire bureaucratic juggernaut is feeding on taxes from the work those businesses do. All the data could certainly be collected for the government by just one office, and not a very big one at that.

How do you make it work? Either we abolish useless acts, simplify and streamline our administration and give most of our officials the opportunity to start also making their living as honest tradespeople, or we are going to end up like our legendary royal regents, who were thrown out the windows of Prague Castle by discontented Czechs in May 1618. It would be good if we undertook the first and as soon as possible.



**Othmar Karas (PPE).** – (DE) Mr President, Commissioner, ladies and gentlemen, I am one of the chairs of the SME cross-party working group. Many of us collaborated on the Small Business Act. Hopefully, we all share the wish to put small business first and therefore, we are in favour of simplifications and less burdens for small and medium-sized enterprises.

What we have heard here today, of course, sounds very attractive. If it is so attractive, why is there not applause from all sides? Why are there so many different examples, which, despite this 'simplification', are not meeting with enthusiastic applause? There are reasons for this. Is the new regulation compatible with Basel II? For many years, we have advocated common accounting procedures, and now suddenly, we are abolishing accounting procedures.

We want European solutions and simplifications, not national solutions, not legal fragmentation. The cross-border activities of micro-entities would be hampered. Freedom from the obligation to draw up annual accounts would not, in fact, mean relief, because in many Member States, we have to collect the same data any way under a different name. However, the ability to monitor creditworthiness would be made more difficult. Standards concerning statements on the quality of businesses should also be adhered to by small businesses. Otherwise, there is a danger of a loss of transparency.

As businesses grow, they must adhere to regulations that may not be open to them as micro-entities and the Member States' freedom of choice in these circumstances weakens the single market. For these reasons, I am in favour of the revision of the fourth and seventh directives on company law, because this will lead to consistent regulation and relief.

**Marianne Thyssen.** – (NL) Mr President, Commissioner, ladies and gentlemen, of course red tape must be cut, of course Europe must play its part, and of course this applies, in particular, to small and medium-sized enterprises (SMEs), which suffer the most as a result. Yet this does not mean we should throw the baby out with the bathwater.

Approval of the Commission proposal would give rise to differing annual reporting practices depending on the company's place of establishment and perhaps also on whether its business consisted to a greater or lesser degree of intra-Community trade. In any event, this kind of rule would restrain the growth of small companies and constitute a barrier to cross-border operation.

In addition – and this fear has also been expressed by other MEPs in this House – the anticipated simplification would be replaced by other administrative burdens such as requests for information by tax administrations, potential credit providers and even trade unions; all seeking transparency. Nor should we forget that the enterprises themselves also need the insight into their own state of affairs that good accounting, sound annual accounts and good reporting can offer.

Although a reduction in burdens is anticipated, an increase is quite possible, and this is what the representative SME organisations in many countries and at European level fear. I share this fear. Therefore, with all due respect for the Commission's good intentions and the work carried out by Mr Lehne and the Committee on Legal Affairs, I cannot support this report.

I do, however, support the calls in the opinion of the Committee on Economic and Monetary Affairs drawn up by Mr Sterckx for a comprehensive impact assessment ahead of the general revision of the Fourth Company Law Directive that has been announced to us. It has been announced for this year, and so this would not mean too much of a delay.

**Hella Ranner (PPE).** – (DE) Mr President, my speech will simply be a summary. Everything has been said, both for and against this directive in its current form. I believe that nobody here can be against us wanting to reduce financial reporting provisions in order to make things easier for micro-entities. However, I have the impression that we have stopped halfway or would like to stop and we do not really have the courage to follow things through.

We all know that we will need financial reporting provisions and that even the smallest business will need records to portray and prove the state of its business. Now that may be Basel II, that may be fiscal records, that may be many things. In future, new provisions may appear, which perhaps come to us from other countries – from the US or wherever – and which we have to deal with. However, it must be possible to go further here and to consider how we will continue to handle financial reporting provisions. It must be possible in an area of competition like Europe to once and for all produce really concrete directives, and notably – that would be my point – not just for micro-entities, but indeed for larger businesses, too.

The effort – I know this from my work as a lawyer – required in order to provide the necessary records and then analyse them with the help of several colleagues is immense in larger businesses, too. It involves a lot of work and costs a lot of money. Micro-entities, moreover, cannot afford this effort at all. However, if we are focusing on these businesses and really want to deal with financial reporting provisions within the framework of the fourth and seventh directives, I ask you to also consider simplifying the administrative burden in general and creating sensible, sound directives.

**Arturs Krišjānis Kariņš (PPE).** – (LV) Thank you, Mr President, Commissioner, if any of us were to establish an enterprise today, it would, at least initially, be a micro-enterprise.

We all know that currently, there is a crisis in the European Union, and unemployment. In order to solve the unemployment problem in Europe, we need as many enterprises as possible. It follows that we need as many new micro-enterprises as possible, so we should do everything we can to help micro-enterprises to run smoothly. We in fact have an opportunity to do this, namely, the Commission's proposal to relieve micro-enterprises from the obligation to file financial statements, so making them easier to run and easier to set up in practice. This would reduce the unemployment problem in Europe. There are various reasons for this. First, we have to understand, as I have already emphasised, that practically all new enterprises are micro-enterprises, at least initially. Therefore, if we reduce obligations, we reduce costs, and by reducing costs, we make it easier for them to operate. Second, the effort needed to draw up financial statements for such an enterprise is out of all proportion to the resulting benefit for either the enterprise itself or the state. If there is a need to apply for a bank loan, the bank will require an up-to-date statement reflecting the current situation, not that which prevailed half a year, or even a full year, ago. Third, this is a practical way in which we can begin to implement the Commission's target to reduce the burden on SMEs by 25% by the year 2020. Therefore, I call on fellow Members not just to talk about support for SMEs, but actually to turn their words into deeds by adopting this resolution to relieve the burden on micro-enterprises. Thank you.

**Lara Comi (PPE).** – (IT) Mr President, ladies and gentlemen, although they have a growing importance in the European economic landscape, small and medium-sized enterprises still do not have sufficient incentives at their disposal.

The European Commission has developed and implemented a series of measures specifically designed to help such enterprises. The *Think small first* principle is on the mark, according to which it is vital and fitting to firstly look at small businesses to promote their existence in the entrepreneurial environment.

Reducing administrative costs, simplifying procedures and improving access to markets, thus increasing competitiveness, are vital means for being able to emerge from the crisis. I think that Mr Lehne's proposal to exempt micro-entities from the burden of annual accounting, thus producing a reduction in administrative bureaucracy, is a positive one.

I am also in favour of giving, although to a limited extent, freedom to Member States in how they apply such a directive. Given that the European Union has not yet achieved total harmonisation in the legal sector, I think it is necessary to build up to an exemption taking intermediate steps.

Thinking of my own country, so famous for excessive red tape, I believe there absolutely should be an initial simplification of accounting procedures, as has already happened in some regions, through online procedures that do not require technical consultancy or additional costs. This ought to be the first step forward.

**Monika Hohlmeier (PPE).** – (DE) Mr President, ladies and gentlemen, I am astonished by the discussion on the part of fellow Members who, on the one hand, speak of simplifications for small and medium-sized enterprises, but who, when it comes to taking the very first step for micro-entities – and that is all we are talking about today, not about any other scale – are already inclined to say no again. We cannot always demand something and then subsequently say no.

I have spoken with many micro-entities. They are hoping and waiting for this regulation. I have spoken to regional banks, who stressed very clearly to me that it would not be a problem for them at all if financial reporting was changed; they use other data any way. Furthermore, there will be absolutely no change in terms of transparency, because – as the Commissioner has explained – provisions will remain in force so that transparency is also maintained. Trade will not be affected, because the micro-entities do not have an impact on the European market in the sense of trading throughout Europe.

I call on fellow Members to take this step with us and thank Mr Lehne and the committee for their excellent work.

**Jean-Paul Gauzès (PPE).** – (FR) Mr President, Commissioner, I agree with many of the arguments put forward by Mrs Thyssen, Mr Karas and Mrs Castex. Nevertheless, I ask myself the following question: following the compromise that we have managed to reach, allowing national options to survive, must we block this directive which constitutes a positive sign of simplification for micro-entities?

If I may, Commissioner, I would like to make a non-committal proposal. First of all, I would suggest that Parliament must support Mr Lehne's proposal and that you take into account what has just been said about modifying other directives. In that way, we will very quickly reach agreement: accounting rules for small businesses, and a European system in that area.

**Seán Kelly (PPE).** – Mr President, I, like many of my colleagues, got up this morning at four o'clock to come here, but I am very pleased that I have waited until the end of the discussion here tonight, because these last two topics which we have discussed have filled me with great hope.

Saving EUR 6.5 billion, basically by a wave of our hand, is a very significant fact. On the one hand, one can say that it proves what many critics have said, that the European Union is far too bureaucratic, but at least we have the integrity and the guts to face up to the fact and take corrective action – unlike the banks, which have so far shown no culpability and no remorse for their actions.

However, it also shows that there is much more red tape that we need to get the scissors to in order to meet the 25% target, and the sooner we do it the better.

**Georgios Papanikolaou (PPE).** – (EL) Mr President, we are in the midst of an economic crisis and it goes without saying that the exemption of micro-entities from their statutory obligation to prepare and publish annual accounts is a welcome measure of support for small and medium-sized enterprises and, of course, I agree with the rapporteur on this point. It is a fact that this sort of action reduces the operating costs of companies, increases their profitability, and possibly makes a positive contribution towards maintaining jobs.

However, and I think this is what concerns numerous members, we must be extremely careful as to the methods and means we use in order to provide fast and immediate relief to this vulnerable economic sector. The objective must be to grant relief and not – I repeat not – an alibi for these companies to disguise or conceal their actual financial status, with everything that this implies for their future progress.

Therefore, I think that we should, in principle, welcome and warmly support the Commission proposal and, of course, be careful that the arrangements that we introduce in the future do not alter our real intentions, which is to support companies.

**Zigmantas Balčytis (S&D).** – (LT) Today, probably no one is in any doubt that micro-entities must be fully promoted and supported and I believe that the best means would be a reduction in taxes as much as possible in each European Union Member State, as well as the simplification of requirements for registration and deregistration documents and many other things. One idea mentioned today is that when we want to take out a loan from a bank, we will still have to provide certain information and not just accounts, but will have to provide the banks with some additional information. I am in favour of the state knowing what processes are taking place and therefore, in terms of providing accounts, I still believe that it is very important to simplify those accounts, but in such a way that we do not violate the elementary requirements for transparency and company principles.

**Michel Barnier, Member of the Commission.** – (FR) Mr President, although it is late, we are discussing a subject which, as was said a few moments ago, is extremely important. I have listened to everyone and I do not think that there is a single one of you who did not support the need to reduce the amount and complexity of administration burdening what we call 'micro-entities'. I remind you – having checked this figure with my staff – that the proposal we are discussing could affect almost five million businesses in Europe.

Nevertheless, having heard you all speak, I notice that there are differences and disagreements over the schedule, Mrs Castex, and/or over how it is to be done. I would like to restate my conviction. I have declared before Parliament – when you requested that I appear before you – that the public, the consumer and primarily, as I have also stated before you, small and medium-sized entities, must reclaim the single market, that is, the European market.

That is why, with a great deal of determination, we can further improve this text during the dialogue that we are going to have with the Council. I think – as Mr Lehne said – that we need this operational sign. I was very aware that the Earl of Dartmouth paid a – fairly rare – compliment to the Commission. He said: 'for once,

the Commission is doing something'. I have noted your reasonable remarks. Now that we are going to have to work together, I hope to be able to show you that the Commission often does things that are reasonable, useful and concrete, and I still hope to convince you to support the efforts of the Commission more resolutely and more often. That is my frame of mind regarding this House: somewhat utopian, but in the end, I am not giving up on convincing you that the Commission does useful things, with the support and often at the request of Parliament.

Ladies and gentlemen, I think that this concrete, progressive and reasonable proposal offers a substantial simplification of the burden on the smallest businesses. This proposal will not abolish bookkeeping. It will not prevent businesses from transferring information needed by the various parties involved. It will not prevent anyone from following the provisions of the directive if they so wish. That is my clear response to the concerns expressed by Mr Sterckx.

This proposal will offer the possibility of adapting the rules for the publication of financial information at national and regional level. Accounting rules for very small businesses are better when adopted at the level at which they work; in other words, at local level.

Finally, I think that the timetable is very important. This proposal can be implemented quickly. It is an opportunity to help small businesses that must not be missed. I clearly heard Mrs Castex mention the other prospect: the commitment to carry out a future general review of the accounting directives. The deadline to which we are working – you said late 2010, but it will probably be early 2011 – is one that we do not wish to miss. I also clearly heard Mr Gauzès's recommendation, which was both non-committal and clear. We will also make use of this tool of the general review of the accounting directives.

However, with your support, this does not prevent us from making the immediate progress which this proposal on micro-entities represents. We can then go further by making additional progress when we carry out a general review of the accounting directives. Let us not wait. This global review – I have told you, early 2011 – will take time.

I have noted the extremely accurate speeches many of you have made: Mr de Jong earlier, Mr Kariņš, Mr Feio, Mrs Swinburne, and others mentioned the crisis and economic difficulties that we are currently experiencing. Our calculations show that, if we manage to relaunch the internal market as President Barroso is attempting to do and – as is fundamental to my mandate – if we manage to make the internal market extremely effective and more fluid, we may find ourselves with additional growth of between 0.5% and 1.5% in Europe.

We can look for growth outside, in worldwide competition, but we will begin by finding it at home. I think – as the philosophy of Mr Lehne's report shows – that a large part of this growth is to be found in the five million very small businesses in Europe, if we are happy to make their work easier. That is the philosophy behind this proposal.

I clearly heard Mr Karas and Mrs Ranner mention minimum requirements or minimum standards. I also noticed that Mr Lehne's report does not rule out minimum requirements. We need time for that. We will see what we can do about that with the Council. I ask you to accept this report and proposal for what they are: concrete progress, a stage and a part of the operation which is needed so that the five million very small European businesses, and the millions of jobs they bring, can develop in the face of the current difficulties.

That is why I wish to take this opportunity to thank Mr Lehne and assure him that once Parliament has, hopefully, adopted the proposal, I will be able, and I am committed, to working very quickly with the Council to conclude the concrete and practical progress we have made to support the smallest businesses in the main European market.

**Klaus-Heiner Lehne, rapporteur.** – (DE) Mr President, I would like to thank all my fellow Members and the Commissioner for the debate. I have six basic comments.

The first concerns the impact assessment. The Commission has presented an exhaustive impact assessment of this Commission proposal and has also submitted it to the Committee on Legal Affairs. After the Sterckx report was concluded in the Committee on Economic and Monetary Affairs, in the Committee on Legal Affairs, we specifically asked what additional impact assessment should then be carried out. We waited weeks, but did not receive a reply.

Secondly, it is, in fact, completely correct that the compromise provides for minimum provisions. It is by no means a removal of all obligations, but a reduction of the obligations to what is really necessary, to what the enterprises need.

Thirdly, anyone who needs such accounts for a bank loan is not prevented from having such accounts drawn up. However, if micro-entities do not need such a bank loan at all, then viewed objectively, it is incomprehensible why they should be burdened with these extra costs for accountants and tax advisors.

Fourthly, the tax balance sheet provisions remain the same and are not affected by this at all. This is exclusively about regular balance sheets and the additional costs that arise through drawing up a regular balance sheet.

Fifthly, revising the fourth and the seventh directives is no small task; it is quite a major task. The seventh directive also concerns mergers. That is highly complex and very difficult. I would dare forecast that if we fail to take this decision now, then with a major revision of the fourth and seventh directives, there is an acute risk that small and medium-sized enterprises would go under because they will not really play a role in this debate, because their lobby will also not play a part in this debate. That is why it is important to take this decision now and not at a later date, when we no longer know whether it will work at all.

My sixth comment relates to the position of business associations. I know that of the large European business associations that represent the interests of SMEs, only one is against. All the others are in favour. At this point, I think we should make that clear once more.

**President.** – The debate is closed.

The vote will take place at 12 noon on Wednesday, 10 March 2010.

#### **Written statements (Rule 149)**

**José Manuel Fernandes (PPE)**, *in writing.* – (PT) The prosperity of the EU will depend on the success of SMEs. The EU and the Member States should therefore create a favourable environment for these enterprises. The greatest obstacle reported by SMEs is compliance with administrative formalities. In fact, SMEs bear a regulatory and administrative burden that is disproportionate in comparison with big enterprises. It is estimated that for every euro a large enterprise spends for one worker on account of regulatory duties, a small enterprise might have to spend up to EUR 10. In this Commission proposal, the concept of micro-enterprises is broadened to define them as enterprises which, as at the balance date, do not exceed the limits of two of the following criteria: a balance sheet total of EUR 500 000, net turnover of EUR 1 000 000 and/or an average number of employees during the financial year of 10 persons. The Member States could choose to exempt these micro-enterprises from implementation of the Community Directive on annual accounts. In any case, micro-enterprises will continue to keep their sales and transactions records for management and tax information purposes. In Portugal, 356 140 Portuguese enterprises could be covered by this exemption.

**Zbigniew Ziobro (ECR)**, *in writing.* – (PL) I am very pleased that by adopting new reporting requirements for micro-entities, we are reducing the bureaucratic burden on firms. The hindering of human enterprise with dozens of regulations is one reason why the goals of the Lisbon Strategy could not be achieved. In particular, bureaucratic restrictions affect small and medium-sized enterprises, and in these firms, the costs of bookkeeping and legal services are disproportionately high in comparison to their income. How can the EU be the most competitive economy in the world if firms are subject to so many regulations? It shames me to say that the author of too many of these regulations which hinder firms is Brussels, which is contributing in this way to the further restriction of economic freedom. The Commission's initiative was, therefore, fully deserving of support, even with the adoption of the amendments proposed by the Committee on Legal Affairs, for there is no point in maintaining complicated reporting requirements in the case of small enterprises. If the EU is to develop at the speed which we all want it to, we must take further steps to eliminate unnecessary hindrances. I appeal, therefore, to the European Commission to add to the EU 2020 strategy a clear goal in the form of a reduction in the number of EU regulations which hinder businesses. Areas which are unnecessarily regulated should be urgently identified, and such regulations eliminated. Otherwise, Europe will remain a region which is developing more slowly than other developed economies worldwide.

## **20. Report on Competition Policy 2008 (short presentation)**

**President.** – The next item is the report (A7-0025/2010) by Sophia in 't Veld, on behalf of the Committee on Economic and Monetary Policy, on competition policy 2008 (COM(2009)0374 - 2009/2173(INI))

**Sophia in 't Veld**, *rapporteur.* – Mr President, Commissioners, dear colleagues – also those who are leaving the room right now – this report was adopted by a large majority in the Committee on Economic and

Monetary Affairs (ECON) and it is the fruit of a joint effort of all political groups. I would like to thank all the shadow rapporteurs – who are still present as far as I can see – for their excellent cooperation.

ECON welcomes, in particular, the emphasis on consumers. The previous Commissioner, Mrs Kroes, did a splendid job of making the consumer the focus of the competition policies, and we trust Commissioner Almunia will build on that.

That brings me to the first big issue, namely that of cartels. We discussed at great length issues like the most effective sanctions, the fairness of high fines and the feasibility of criminal sanctions.

However, before I enter into the details of our discussions, I would like to remind European companies that the best guarantee for escaping sanctions is by simply not engaging in cartels. You may think that you are outsmarting the competition authorities but, in reality, you are doing harm to the consumer. Cartels are not smart. They are reprehensible.

We therefore welcome the firm stance taken by the European Commission on anti-competitive behaviour. It is essential that sanctions punish bad behaviour, in particular, of repeat offenders, but they must encourage compliance at the same time. Sanctions must have a sufficiently deterrent effect. High fines are an effective tool but, as a single instrument, they may be too blunt. Therefore, we invite the Commission to come up with proposals to make the toolkit more sophisticated and more effective. In the report, we suggest looking at issues such as individual responsibility, transparency and accountability of firms, shorter procedures, due process and the development of European standards and corporate compliance programmes.

A second key issue is State aid. In the context of the economic crisis, huge amounts of State aid have been granted. Exceptional circumstances call for exceptional measures. We recognise that, but we should not lose sight of the fact that granting State aid comes at a price. It distorts competition and it leads to record levels of public debt and budget deficits. The bill for this episode will be presented to future generations. We have a duty to justify every single cent that has been spent. I am therefore pleased that ECON urges the Commission to do a thorough evaluation of the results of the exceptional State aid operation.

We would, in particular, like to see an evaluation of State aid granted for the so-called green recovery. Two years ago, we were persuaded to accept the recovery package and the State aid measures with the promise that it would be used to bring about the long overdue shift to a sustainable knowledge economy. Now we ask you, has the money indeed brought about that shift? What has it been spent on? Who were the beneficiaries and what have they actually done for green recovery?

We also need clarity, Commissioner, about the impact of the State aid exercise in the financial sector and, in particular, its possible distortive effects.

I would like now to say a few words on the issue of vertical restraints. We know the current agreement will be revised for May of this year. The European Commission previously committed to closely involving the European Parliament in the review process. However, to my disappointment, I had to read about the latest version of the proposals in the media. When I then asked the Commission to get the same documents as had been leaked to the press, it took considerable arm twisting to get them and I cannot hide my annoyance at this. The Commission should put an end to the systematic and deliberate leaking to the press. To deny that it happens, frankly, is an insult to our intelligence.

On substance, the Commission proposals allow for discrimination against online retailers who do not have a bricks-and-mortar shop. I have used my prerogative as a rapporteur for tabling an amendment asking the Commission to correct this situation. In the 21st century, we must encourage, not stifle, competition from online retailers. We call on the Commission to put consumer interests over vested interests.

We ask the Commission to carry out the long overdue sector inquiries, in particular, into online advertising, which this House has requested several times. If the Commission does not wish to do so, we would like to understand the criteria for refusing.

Finally, Commissioner, we very much welcome Commissioner Almunia's pledge to closely involve Parliament in shaping competition policies. The economic crisis has clearly shown the need for greater democratic legitimacy of competition policies and, in this context, I assume that the incident with the document on vertical restraints was just a mistake. We recognise the independence of the Commission – and, as a liberal, I certainly do so – but we also expect the Commission to closely involve Parliament in shaping competition policies along the lines set out in the report.

We look forward to the Commission's response. Thank you, Mr President, for your indulgence.

**Michel Barnier**, *Member of the Commission*. – (FR) Mr President, naturally, I would like to thank Mrs in 't Veld on behalf of my colleague and friend, Mr Almunia, for her report on competition policy 2008. I would also like to thank Mr Bütikofer and Mr Bielan who, as rapporteurs for the Committee on Industry, Research and Energy and the Committee on the Internal Market and Consumer Protection, also contributed to this report.

Mrs in 't Veld, the Commission has noted this year that Parliament's resolution tackles a great many issues, of which you reminded us a moment ago. In addition to the Commission's report on competition policy, it covers the Commission's reports on how the regulations operate and on the review of the regulations concerning concentrations.

As far as the Commission is concerned, your resolution has two objectives. First of all, this resolution allows us to further improve the content of our annual reports on competition policy and secondly, and more importantly, it will serve as the basis for the Commission to engage in detailed dialogue with Parliament. I will be sure to pass on to Mr Almunia your latest encouragement to take that dialogue with Parliament even further.

This dialogue is, in fact, essential to the good functioning of all policies, and in our opinion, that includes competition policy. Parliament has reminded us of its wish to see competition policy operating within the framework of the codecision procedure. Mrs in 't Veld, please allow me to speak frankly: the Commission does not have the authority to modify the provisions of the treaty regarding the legal basis applicable to this competition policy. However, we are prepared to examine, on a case-by-case basis, whether codecision can be applied to the new initiatives when their objectives go beyond the sphere of competence of competition.

On this point, you know that Commissioner Almunia announced in January that Parliament would be fully involved in all legislative initiatives relating to damages actions brought by private individuals. The Commission, like Parliament, does not believe that the current economic crisis can justify relaxing competition rules on the control of concentrations or on State aid. The Commission's current record clearly shows that it has remained very steadfast on these principles: preventing all distortions of competition, even during periods of crisis, whilst being flexible and open on procedures when necessary.

2008, the year in which this economic and financial crisis started, was very distinctive. The report on competition policy reflects the very ambitious work that the Commission has achieved in this context, in close cooperation with its partners at national and European level.

The crisis reached its nadir in 2009. The key chapter of this 2009 report will be dedicated to competition in the context of this economic and financial crisis. The report should be adopted in the second quarter of this year. It will be presented to Parliament by Commissioner Almunia. That will certainly be an opportunity for Parliament and the Commission to engage in constructive debate once again.

Mrs in 't Veld, in your speech, you also highlighted the issue of vertical restrictions, your proposed amendment. On this subject, Mrs in 't Veld, the Commission is convinced that it has found a reasonable balance.

On the one hand, exemption by category allows suppliers to select their distributors and reach an agreement with them on the conditions of resale for the products provided, both in terms of sales at physical sales outlets and online sales. That allows them to decide on the best way to distribute their products and protect their brand image.

On the other hand, approved distributors must be free to use the Internet, and the conditions applied to their online sales must be equivalent to the conditions approved for sales at physical sales outlets in order to avoid all unnecessary restrictions on their Internet usage. This means that the proposal contributes to the Commission's general policy of promoting the online market and online trade.

**Seán Kelly (PPE)**. – Mr President, the rapporteur referred to cartels. Now cartels existing and proving that they exist are two different matters. I know that in Ireland, particularly in the agricultural sector, many farmers believe that the factories operate a cartel. Being an island nation, transporting cattle – particularly now with the increased, almost draconian restrictions – is becoming more and more difficult, so the factories have it all to themselves.

It has to be noted that prices rise slowly, uniformly, but they drop quickly, uniformly. As a result, the price differential between cattle in Ireland and in Britain is anything between EUR 150 to EUR 200 a head. As I

said, proving it might be difficult. However, maybe Commissioner Barnier might be able to use his good antenna to check it out and maybe help to take corrective action.

**Andreas Schwab (PPE).** – (DE) Mr President, to begin with, I would like to thank you and the Commissioner for your presentation and I would firstly like to point out that control of the content of the provisions of European competition law is very much in the interest of consumers. I am delighted that this time, the Commission has, for the first time, included its own chapter on competition law and its significance for consumers. That is particularly gratifying after a five-year barren spell in the communication of European competition policy on the part of the European Commission.

The difficult phase of the implementation of European competition law, concerning, in particular, the assistance rights and the assistance regulations of Member States for the banks, has yet to come. In 2008, that was not a problem. In this respect, the clear message that this report sends out is that the Commission must monitor this very carefully, so that the single market and also European consumers are not adversely affected by it.

In this context, the treatment of small and medium-sized enterprises is especially important. The report is clearly in favour of medium-sized industry receiving special treatment when it comes to the imposition of fines in cartel cases.

The vertical arrangements in the online market are tough in our view, but an assessment, as now proposed following the vote in the Committee on Economic and Monetary Affairs, seems premature in our opinion and therefore, we would like to stand by the report of the Economic Affairs Committee.

**Antolín Sánchez Presedo (S&D).** – (ES) Mr President, the 2008 Report on Competition Policy includes, for the first time, a section on cartels and consumers. For the first time, too, it refers to the imposition of coercive fines. In addition, the report mentions important initiatives such as the accompanying guidelines to the climate energy package and a White Paper on damages actions for breach of antitrust rules.

The report also deals with the role of competition policy during the crisis. The effects of this policy have helped to stabilise and mitigate State aid. Once we begin to emerge from the crisis, it will be necessary to correct the distortions caused and restore a level playing field avoiding moral risk.

The report calls for the future of the automobile sector to be defined, for attention to be given to the problems experienced by SMEs, and for an investigation of the food industry distribution chain with follow up measures for dairy products.

It also advocates a more sophisticated and legitimate competition policy, strengthening Parliament's role. That is why we support it and I congratulate the rapporteur on the result achieved.

**Zigmantas Balčytis (S&D).** – (LT) As shadow rapporteur, I would firstly like to congratulate my fellow Member, Mrs in 't Veld, for preparing an excellent report. I think that the report underlines clearly those areas to which the Commission should draw particular attention. First of all, there is the monitoring of State aid measures. During the crisis, the European Commission has given Member States the opportunity to apply State aid measures exclusively. As such measures were provided in a hurry, the Commission must examine whether these measures were used purposefully, whether they were productive, and whether the crisis caused a protectionist reaction by Member States, as protectionism and the division of the common market are damaging to competition and only weaken the European Union's position in the global economy. I am also pleased that the rapporteur took into account the opinion of the ITRE Committee on the problems of the European Union's internal energy market, in particular, the fact that it is impossible to ensure this market's competitiveness and general operation as long as there are energy islands and energy infrastructures are not interconnected and working properly.

**President.** – The debate is closed.

The vote will take place at 12 noon on Tuesday, 9 March 2010.

## 21. Agenda of the next sitting: see Minutes

## 22. Closure of the sitting

*(The sitting was closed at 23.05)*



## **23. Closing of the session**

**President.** – I hereby declare the 2009-2010 session of the European Parliament adjourned.