

P6_TA-PROV(2008)0506

European Council of 15 and 16 October 2008

European Parliament resolution of 22 October 2008 on the European Council of 15 and 16 October 2008

The European Parliament,

- having regard to the Presidency Conclusions following the European Council of 15 and 16 October 2008,
 - having regard to the European Council report and the Commission statement on the European Council of 15 and 16 October 2008,
 - having regard to the Council conclusions on the EU supervisory framework and financial stability arrangements of 14 May 2008, and the Council conclusions on related issues of 3 June 2008, 4 December 2007 and 9 October 2007,
 - having regard to Rule 103(4) of its Rules of Procedure,
- A. whereas the EU is in a critical situation concerning the financial crisis, the challenge of climate change and the need to establish a clear institutional settlement,
- B. whereas the current financial crisis, which was triggered by US subprime mortgages, and had its origins, inter alia, in years of excessively expansionist monetary policy by the US Federal Reserve, lack of transparency in the financial markets, excessive leverage of financial institutions, deficient supervision of financial markets, bad quality of ratings and wrong assumptions on the evolution of real estate prices, has spread worldwide as a result of the increasingly integrated nature of markets,
- C. whereas financial market innovation can be useful, but such financial products need to be regulated and transparent so as to ensure the right balance between efficiency and stability, and whereas the financial markets should be at the service of the real economy,
- D. whereas existing tools have failed to contain the impact of the financial crisis in ways that minimise collective costs and avoid hazard, and whereas there is a need to ensure coherent EU level supervision of ever more integrated European financial markets; whereas financial stability and crisis management nevertheless involves a wider range of actors than just supervisors,
- E. whereas the Presidency Conclusions dedicated to the financial crisis omit to refer to the European Parliament as co-legislator in implementing decisions of the European Council,
- F. whereas parliamentary procedures for ratification of the Treaty of Lisbon have been completed in 24 Member States; whereas the institutional reforms contained in the Treaty of Lisbon are urgently needed in order to ensure that the European Union functions smoothly and in a balanced manner, with full democratic scrutiny,
- G. whereas, for the important political events in 2009, in particular the European elections and the setting-up of a new European Commission, clarity is required as regards the institutional

provisions which will apply,

- H. whereas the EU plays a major role on the world stage in terms of combating climate change through both its leadership in international negotiations and the significant reductions to which it has committed itself in the 27 Member States; whereas, in this connection, the European Council of 8 and 9 March 2007 committed itself to achieving reductions in greenhouse gas emissions of at least 20 % by 2020, increasing to 30 % in the event of a comprehensive international agreement,
- I. whereas the fight against climate change is a major issue and objective for the European Union and should be dealt with using a comprehensive approach at international level,
- J. whereas the fulfilment of the objectives of the Lisbon-Göteborg Strategy and the climate change and energy package requires long-term investments, and whereas the role of the European Investment Bank (EIB) must be further expanded in this respect,

Macroeconomic impact of the global financial crisis on the real economy

- 1. Strongly underlines the importance of European macroeconomic policies responding quickly and in a highly coordinated way in order to resuscitate global economic growth; observes, however, that the principles of the Stability and Growth Pact must not be undermined and that Member States should aim for fiscal consolidation;
- 2. Is gravely concerned about the situation on the financial markets and calls for a further reinforcement of coordinated action in order to restore confidence to the markets;
- 3. Welcomes the Presidency Conclusions' endorsement of the measures decided by the Eurogroup on 12 October 2008 as a first important and coordinated step to restore confidence in the markets, to boost inter-bank loans and to enhance banks' own funds so that they can continue to lend to companies and to households; agrees that these measures were necessary to contain the current financial crisis;
- 4. Considers it crucial that Member States show strong commitment and efficient management of the crisis in order to restore stable market conditions, as this is key to confidence; believes that the first ever meeting of Heads of State and of Government of the euro area countries, taking decisions in that capacity, requires further evolution;
- 5. Notes that this crisis has implications beyond the financial markets, in particular in respect of business viability, jobs, personal finance and SMEs, and that the impact would have been unpredictable if national authorities, the European Central Bank (ECB) and other central banks had not introduced measures in order to restore confidence to the financial system again;
- 6. Stresses the need for action with regard to financial stability and systemic risk; urges the Commission and the Council to revitalise the Lisbon agenda and adapt Member States' national reform programmes in this time of economic distortion up to the end of this year in order to protect the jobs and incomes of EU citizens;
- 7. Is convinced that a sustainable and growth-oriented macroeconomic environment is necessary; recalls the paramount importance of ongoing access to credit for citizens and SMEs and of investments in EU infrastructure in order to avoid a dramatic downturn in

economic growth and employment; stresses the potential role to be played by the EIB in this regard;

Exit strategy from the financial crisis

8. Is determined to support measures that can return liquidity to the markets so that credit facilities can be restored to businesses and individuals; is conscious of the need to reassure taxpayers that any measures taken will reflect their concerns, and notes that a restoration of financial stability is critical to future economic growth; invites Member States to review the functioning of the current financial system if they are serious about their willingness to restore confidence in the financial markets and tackle the financial crisis globally;
9. Warmly welcomes the rapid and comprehensive reaction by the Commission regarding application of State aid rules to measures taken in relation to financial institutions; calls on the Commission, in the context of the strict monitoring of emergency measures, to establish an interdisciplinary team, including expertise from DG Competition, the Level 3 Committees and the European System of Central Banks, in order to pool knowledge and know-how and to ensure that there are balanced, impartial and high-quality judgments throughout the Member States;
10. Appreciates the decision of the Commission to set up a high-level group in order to elaborate a supervisory architecture that is solid and sustainable, and that provides for better cross-sector and cross-border integration and coordination; stresses the importance of its being given a precise mandate, within a short time-frame, and reporting to Parliament, the Council and the Commission;
11. Approves the creation of a 'financial crisis unit' and asks the Council to agree in the shorter term on the modalities of its functioning and its cooperation with the established high-level group; strongly criticises the absence of Parliament from this crisis unit; supports the creation of a more powerful early-warning system, to be run by the Commission and the ECB, and endowed with coordination and enforcement powers, in which the Level 3 Committees should take part;
12. Approves the Council's decision to enhance the role of the EIB as a lender and a borrower;
13. Is concerned about hazard in the financial markets created by the size of State support packages, and considers it important that, in the interests of taxpayers and Member States' budgets, each time that public money is spent on rescuing a financial institution, it is accompanied by public oversight, improvements in governance, limitations on remuneration, strong accountability to public authorities and investment strategies for the real economy;

Improving regulation

14. Calls on the Council to act together with Parliament, and calls on the Commission to use its power of initiative to propose measures to strengthen the EU regulatory and supervisory framework and crisis management at the EU regulatory level;
15. Stresses the need to analyse carefully the causes of the current financial crisis, in particular the adequacy of supervision and compliance with the existing rules; reiterates its call for legislative measures regarding in particular bank regulation and supervision, the role of

credit rating agencies, securitisation and oversight of securitisation, hedge funds and other types of new institution, the role of leverage, transparency requirements, winding-up rules, clearing of over-the-counter (OTC) markets and crisis prevention mechanisms; welcomes the Commission's proposal to increase the minimum protection for bank deposits and reiterates its commitment to analysing the proposal rapidly;

16. Reiterates the need to strengthen the Lamfalussy process, as requested in its resolution of 9 October 2008 with recommendations to the Commission on Lamfalussy follow-up: future structure of supervision¹, including the supervision of the largest cross-border financial groups by colleges and the provision of a clear legal status and stronger prerogatives for the Level-3 Committees, as a means to improve supervision in the EU and help international dialogue and policy coordination in this field;
17. Points out that a crisis transcending national jurisdictions cannot be tackled only individually by national authorities and that in cross-border crises cooperation and mutual trust between supervisory authorities are crucial; urges the Commission and the responsible national authorities to develop jointly appropriate proposals for effective crisis management for the further consideration of Parliament; draws attention to the importance of having strong coordination at EU level when meeting at G8 level and strongly believes in global answers to the crisis which would promote the establishment of a new international financial order, with the reform of the Bretton Woods institutions;
18. Welcomes the initiative of promoting as soon as possible an international conference to discuss the regulatory and supervisory actions that must be undertaken in response to the present crisis; is convinced that the EU must play a leading role in discussions of the future of the international financial architecture; asks the European Council and the Commission to associate the European Parliament in this process;
19. Urges the Commission to put forward without any further delay its proposal for review of Council Directive 2003/48/EC of 3 June 2003 on taxation of savings income in the form of interest payments²;

Lisbon Treaty

20. Reiterates its respect for the result of the Irish referendum and for the results of the ratification procedures of the other Member States, and considers that it is possible to meet the concerns that have been expressed by the Irish people in order to secure a solution acceptable to all before the European elections; stands ready to offer the Irish Government and Parliament any assistance they may require in order to present a set of proposals which will forge a broader, more informed consensus in Irish public opinion about Ireland's future within a reformed and strengthened European Union and which will be acceptable to Ireland's EU partners;
21. Calls on the European Council to define at its next meeting a method and a timetable which would allow it to achieve this result;

Energy and climate change

¹ Texts adopted, P6_TA(2008)0476.

² OJ L 157, 26.6.2003, p. 38.

22. Holds the view that the EU's post-2012 climate targets should not be questioned as a consequence of the present international financial crisis; undertakes to cooperate closely with the Council and Commission to find an effective and workable agreement on the climate change and energy package in the shortest practicable time; emphasises, however, that it is crucial for the EU's industry, its employees and consumers that the measures envisaged to meet these targets are thoroughly evaluated to ascertain their implications for the sectoral and general competitiveness of EU companies; reminds the Council that this is a codecision procedure, where qualified majority is required;
23. Calls on the Council to maintain the proposed ambitious targets of achieving a mandatory 20% share of sustainable renewable energies in the Community's overall final energy consumption and a mandatory 10% share of energy from sustainable renewable sources in each Member State's transport sector by 2020;
24. Notes the endorsement of the European Council for moving towards a 30% reduction in the event of an international agreement provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries contribute adequately, in accordance with their responsibilities and respective capabilities;
25. Recalls that it is crucial for EU industry that the necessary flexibility measures be introduced for the sectors most exposed to 'delocalisation'/carbon leakage and loss of competitiveness;
26. Draws attention to the fact that the potential for Carbon Dioxide Capture and Storage to assist in the major abatement of CO₂ in the power sector and industrial installations has been recognised by, among others, the Intergovernmental Panel on Climate Change; calls on the Council, therefore, to ensure that adequate funding is made available so that the 12 demonstration projects it has called for can begin operations by 2015;
27. Recalls the need to include the proposal for a regulation of the European Parliament and of the Council setting emission performance standards for new passenger cars as part of the Community's integrated approach to reducing CO₂ emissions from light-duty vehicles (COM(2007)0856) as one of the legislative proposals in the climate change and energy package;

Energy security

28. Calls for strong political commitment to moving to a low-carbon EU economy, along with increased use of indigenous sources, decentralised energy production and energy saving measures to promote renewables, energy efficiency and other low-carbon energy sources, to pursue diversification of energy supply and to reduce dependence on imported fossil fuels, as this shift is the most logical response to higher oil prices; endorses the priority that these strategic measures should be followed up by strong financial commitments to research and development;
29. Calls on the Council and the Commission to pursue with determination the Parliament's recommendations aiming at a common European external policy on energy, in particular by promoting the unity of the EU in negotiations with energy suppliers and transit countries and defending its interests as a whole, developing efficient energy diplomacy, adopting more effective mechanisms for responding to crisis situations and ensuring the

diversification of energy suppliers; recalls the need to adopt a strategy to this end accompanied by the necessary instruments to carry it out; calls for special attention to be paid to building the necessary interconnections which are missing, particularly in the eastern part of Europe;

30. Welcomes the Council's call to strengthen and supplement critical infrastructure; calls on the Commission to implement the trans-European energy networks and establish a priority interconnection plan, without neglecting liquefied natural gas reception, regasification infrastructure and storage facilities; welcomes the special attention given to the isolated regions of the EU; stresses the importance of further developing European interconnection and grid infrastructure to bring increasing levels of offshore wind power onto markets; notes that cross-border interconnections will require special measures, such as preferential funding or tax exemptions; notes that completing the missing links in trans-European networks will improve security of supply, as well as contributing to the completion of the internal market;
31. Stresses the need to enhance cooperation with neighbouring countries of the Black Sea region in an institutional and multilateral arrangement, including issues related to the security of energy supply and transit, and the transparency of market operation;
32. Points out that security of energy supply is a priority for the European Union; stresses in this regard that the development of joint EU renewable energy projects must play a key role in securing energy supply, while ensuring compliance with the Lisbon and Göteborg goals;
33. Underlines that energy efficiency is not only the most cost-effective means of reducing greenhouse-gas emissions but also has a direct positive impact on the economy, through lower fuel bills and increased consumer spending power on other goods and services; calls on Member States to speed up the implementation of energy-efficiency policies and existing legislation;
34. Considers a fully operational internal market paramount for supply security; notes that the EU energy market is still not fully completed and that full implementation is imperative; welcomes the call to finalise the legislative package on the internal energy market before the end of the parliamentary term; calls on the Council to start negotiations with Parliament on that package, based on the political agreement reached on 10 October 2008 in the Energy Council;

European Pact on Immigration and Asylum

35. Welcomes the initiative of the French Presidency on the European Pact on Immigration and Asylum in so far as it promotes a coherent and balanced approach to migration in its twofold objectives of providing legal channels of migration while at the same time tackling illegal migration; in this context believes that a common immigration policy should be based on the assumption that migrants are individual members of society and potential citizens; takes the view that, in addition, Member States should try to put in place clear, effective policies for social inclusion and integration; considers, therefore, that the Pact needs to be accompanied by concrete legislative proposals;
36. Agrees with the Council that the European Pact on Immigration and Asylum should provide the framework for action under future Presidencies;

Follow-up to the European Council of 1 September 2008

37. Takes the view that there cannot be a military solution to the conflicts in the Caucasus, and expresses its firm condemnation of all those who resorted to force and violence in order to change the situation in the Georgian breakaway territories of South Ossetia and Abkhazia;
38. Recalls the disproportionate military action by Russia in Georgia in early August 2008 and its deep incursion into the country, as well as its unilateral decision to recognise the independence of Abkhazia and South Ossetia;
39. Calls on Russia to respect the sovereignty and territorial integrity of Georgia and the inviolability of its borders as recognised by all EU Member States;
40. Underlines that the EU must review its policy towards Russia should Russia not comply with its commitments under the agreements of 12 August and 8 September 2008;
41. Welcomes the Council's position regarding the situation in Georgia; recalls the commitments made in the agreements of 12 August and 8 September 2008; stresses that the withdrawal of Russian troops from the areas adjacent to South Ossetia and Abkhazia is an essential additional step; calls for the safe and quick return of refugees, accompanied by the deployment of EU observers on the ground; deplores the failure of the talks between Russia and Georgia in Geneva on 15 October 2008;
42. Regrets furthermore that the European Union Monitoring Mission (EUMM) in Georgia is not allowed to enter the two breakaway regions where Russia plans to station 7 600 regular army troops replacing the small contingents of Russian peacekeepers deployed in both territories after the ceasefire agreements of 1992 to 1994;
43. Looks forward to the conclusions of the International Donors' Conference on Georgia of 22 October 2008; welcomes the Commission's commitment to provide strong political, financial and practical support to Georgia; calls on the Commission to submit and quickly follow through with measures aimed at the rehabilitation and recovery of the conflict areas and to step up humanitarian assistance with a view to resettling and providing shelter before winter to the people affected by the war;
44. Notes that all remaining issues have to be resolved at the international conference in Geneva, especially as far as the situation in, and future of, South Ossetia and Abkhazia, and notably the continuing Russian military presence in Akhalkalaki and Perevi in South Ossetia and the Kodori Gorge in Abkhazia are concerned, and that until then relations between the EU and Russia cannot be fully normalised;
45. Reminds the Russian authorities that it is important to ensure that persons and NGOs that are engaged in defending human and civil rights can operate in accordance with Russia's commitments to the Council of Europe and free of intimidation;
46. Calls on the Council and the Commission to consider selective application of the European Neighbourhood and Partnership Instrument and the European Instrument for Human Rights and Democracy to Belarus by extending greater support to Belarusian civil society; emphasises that the democratic opposition in Belarus must be fully involved in the dialogue between the EU and Belarus;

47. Calls on the Council and Commission to launch a genuine dialogue with the Belarusian authorities that is based on a conditional and gradual approach, with benchmarks, timetables, revision clauses and adequate financial means;

48. Welcomes the support given by the European Council to the 'Eastern Partnership' that is currently being drawn up by the Commission in order to strengthen relations between the European Union and its eastern neighbours; underlines that this partnership must have a concrete and tangible content, notably as regards freedom of movement and free trade, but also sufficient financial resources within the EU budget;

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49. Instructs its President to forward this resolution to the Council, the Commission and the parliaments of the Member States.