



## Parliamentary Highlights

From the Group of the Progressive Alliance of Socialists & Democrats in the  
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### CONTENT

- *Members Back Crackdown on Bankers' Bonuses & a Total Reform of Financial Supervision*
- *Go-Ahead for the Union's External Service*
- *Parliament Rejects Sale of Food Derived from Cloned Animals*
- *In Short*

### **MEMBERS BACK CRACKDOWN ON BANKERS' BONUSES & A TOTAL REFORM OF FINANCIAL SUPERVISION**

The European Parliament has approved an EU plan to curb the sort of excessive bonuses paid to bankers in recent years, paving the way for restrictions to be imposed at the start of 2011. S&D Group Member Arlene McCarthy also won the House's support for measures forcing banks to hold more capital to set against risky activities. Key provisions will include a cap on the ratio of bonus to fixed salary. Bonus-style pensions will be covered as well, preventing those responsible for a bank's collapse from walking away with huge pension pots.

Ms McCarthy told the Parliament in Strasbourg: "Financial experts agree that a high-risk, short-term bonus culture, combined with a lack of capital, were at the heart of the global financial crisis in 2008. Governments and taxpayers bailed out the banks with 3.9 trillion Euros of support. Remuneration policies must first and foremost prioritise the health and stability of a financial institution. Despite claims by the banks that they have learned lessons, they have actually increased salaries and bonuses as a proportion of revenues. When governments are cutting budgets and people suffer reduced services and support, we cannot accept a banking culture that puts pay and perks above sustaining capital and credit for Europe's economic recovery. The bankers have failed to take appropriate action, so we are doing the job for them to rebuild trust and confidence in our banking system." The EU assembly voted 625-28 in favour of the new law today, with 37 abstentions.

In addition, with an overwhelming majority, the Parliament sent a strong message to Member States that the only option for effective financial supervision is one based on a thorough reform of the current system, with the establishment of European authorities capable of taking effective action to avert crises and avoid taxpayer bailouts.

By adopting amendments to the legislation but deferring the final vote on the legislative resolution, the EP has given its negotiators the backing of the full Parliament and has also left the door open for a few more weeks for an agreement to be reached at first reading with the Council after the summer break. In a separate declaration, Parliament's main political groups clearly indicated that the ball is now firmly in the Council's court to come forward with a position acceptable to all sides.

### **GO-AHEAD FOR THE UNION'S EXTERNAL SERVICE**

The House gave the go-ahead by a vast majority of 549 votes in favour, 78 votes against and 17 abstentions to the establishment of the European External Action Service (EEAS). The EEAS will help the High Representative in conducting the EU's foreign policy and ensuring that its external policy is

consistent. S&D MEPs played a crucial role in the negotiations, whose positive result will make it possible to have the Council decision on the establishment of the service before the summer and the concrete setting up of the service before the end of the year.

Roberto Gualtieri, S&D negotiator for the EEAS told the media that S&D Group has given a crucial contribution to the improvement of the text, by ensuring:

- The objective of an effective and coherent EEAS, which can strengthen the European voice in the international arena.
- The respect of the community method and of the prerogative and role of the Commission, through a clear link between the Service and the European Commission.

According to the report, control over EU external co-operation programmes will remain the responsibility of the Commission and proposals for changes in development policy will be prepared jointly by the EEAS and the Commission. MEPs have also won an undertaking that at least 60% of EEAS staff will be made up of permanent EU officials. This will guarantee the diplomatic service's Community identity. Officials from national diplomatic services - to constitute one third of the staff when the service has reached full capacity - will be temporary agents for a duration of up to eight years with a possible extension of two years.

S&D leader Martin Schulz said in Strasbourg that: "The S&D Group will follow closely the evolution of the Service, and calls on the Council to take seriously the EP's key role in the process, notably as regards the upcoming modifications of Staff Regulation and Financial Regulation, and the Amending Budget for EEAS".

## **PARLIAMENT REJECTS SALE OF FOOD DERIVED FROM CLONED ANIMALS**

EU lawmakers rejected in Strasbourg a proposal to allow the sale in Europe of food derived from cloned animals or their offspring. The House was voting on legislation to regulate the sale of "novel foods" - defined as food made with new production processes or that had not been widely consumed in the Union before 1997. Members called on the Commission to propose additional legislation explicitly banning the sale of meat from cloned animals and their offspring. Member states had previously backed the proposal from the Commission to approve food from cloned animals. Unless governments now accept the parliament's stance, they will have to negotiate with EU legislators to finalise the draft rules. The parliament said it also had concerns over the safety of food products developed using nanotechnology, and demanded a moratorium on their sale until such production techniques have undergone specific safety assessments. In future, any approved foods containing nano-ingredients should be clearly labelled as such, Members said.

## **IN SHORT**

**Green Light for Improved Version of SWIFT** - The new version of the SWIFT anti-terrorist agreement on bank data transfers to the US was approved by the House. MEPs rejected the agreement in its previous form four months ago but since then have negotiated safeguards for Europe's citizens and won an undertaking that the EU will start work in the second half of this year on a European data processing system that precludes the need to transfer data in bulk to the US. The agreement was adopted by 484 votes to 109 with 12 abstentions. The agreement is due to take effect on 1 August this year.

**New EU Emission Rules for Heavy Industry** - Members signed off new EU industrial emissions rules for heavy industry including power plants and refineries in a plenary vote in Strasbourg this week. The rules will introduce stricter limits on nitrogen oxides, sulphur dioxide and dust emitted from large combustion plant from 2016. But they will also allow governments to use "transitional national plans" to phase in the new limits up to July 2020 for plant granted permits before November 27, 2002, including fossil fuel power stations.

**Parliament Axes Illegal Timber** - Euro MPs voted in Strasbourg to ban imports of illegally-logged timber into the EU, the world's largest consumer of timber products. The Parliament's Socialists and Democrat, led calls for the ban, stressing that it will be good for the environment, for human rights, for consumer protection and for the EU's own market. The new regulation covers the whole timber supply chain, from logging sites all the way to European consumers. Deforestation accounts for up to 20 per cent of the world's CO2 emissions every year.

**Kosovo** - The S&D Group in the Parliament reiterate that the resolution on Kosovo adopted in Strasbourg represents an important transition and a useful contribution to the process of stabilisation in this country and in the whole region. Hannes Swoboda, S&D vice-president, stressed how important it is for the EU to engage with Kosovo, notwithstanding the differences among Member States as regards its status: "What we have in common, is to smooth the way for Kosovo into the EU. What unites us is that we want to help Serbia to overcome the difficult situation with the part of the country split away and being now an independent country. So, it's not about for or against Kosovo. We are for Kosovo but at the same time, we are for good communication, friendship and support for Serbia, as both finally have to find their place in the EU. That's our common attitude", Mr. Swoboda said.

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