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PARLIAMENTARY HIGHLIGHTS FROM THE S&D GROUP IN THE EUROPEAN PARLIAMENT • March 2013

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### EU BUDGET: "NOW LET'S NEGOTIATE"

In Strasbourg, the European Parliament has made it very clear that it rejects the deal struck by European heads of state and governments over the EU budget 2014-2020. In a resolution adopted by a strong majority (506 in favour, 161 against and 23 abstentions), the European lawmakers set out its priorities to start serious negotiations with the Council with the aim of improving the agreement. S&D Group leader Hannes Swoboda told the media:

"Today's vote is a clear indication that the Parliament has accepted the responsibilities given to it by the treaties and will fight for an improved budget for the EU. We are ready for serious negotiations and we hope that governments will be as serious and responsible as the European Parliament. We should work together for a result which is more responsive to the needs of the citizens and to global competition."

**S&D Group vice-president Göran Färm responsible for budgetary affairs underlined to the press:**

"We want a budget that meets the needs of our citizens and the European economy in these times of recession. We want a modern EU budget that is oriented towards growth and employment. We need sufficient spending in areas such as research, youth unemployment, infrastructure and climate change policies to achieve the EU 2020 strategy. The EU budget should also strengthen solidarity between EU citizens and member states in these times of crisis. This is a budget for the next seven years and nobody knows today what circumstances we'll be facing in 2016 or 2019. We are therefore calling for a binding revision to be included so we can adapt to future challenges".

"We also need more flexibility. We should be able to move money from one part of the budget to the other as well as over time. We must provide the EU with a budget that is flexible enough to respond rapidly and efficiently to unforeseen events."

**S&D Group negotiator Ivailo Kalfin added:**

"The Parliament has made it very clear that it could not accept the political agreement on the budget in its current form. The European Council has approved a budget of austerity and not just for one, but for seven years. With €08.4 billion in payments, EU spending will be capped at 0.94% of Europe's wealth, which is the same level as 1988-1989. This is simply not acceptable.

"We have set out reasonable demands. First of all, we don't want to enter the negotiations with a huge debt. The gap between payments and commitments in the last three years has pushed the EU budget into deficit. We need to find a solution to the mountain of unpaid bills we have before us. We also want a roadmap to move towards a system of own resources to finance the EU budget. The current system of national contributions is on its knees. The introduction of a financial transaction tax could be used as a starting point."

**IT IS TIME FOR WHITE SMOKE OVER THE COUNCIL SUMMIT**

Ahead of the Spring European Council Summit, the S&D Group in the European Parliament demand tangible proposals to end the crisis instead of yet more abstract discussions about the state of Europe's economies. Hannes Swoboda, president of the S&D Group, called on EU leaders to send a clear signal to Europe's citizens: "The crisis is in its fifth year, unemployment is raging and the outlook for growth across Europe is fragile at best. We do not need another summit where EU heads of state and government try to sugar-coat and deny the harsh reality. We need action and new tools to get Europeans back into jobs and our economies back on track.

"The European Council and Commission must now finish what they started. The growth pact was a first step, but its implementation is lagging behind the expectations and promises. The Commission's flexibility in allowing member states to reach their deficit targets at a slower pace – in line with revised International Monetary Fund recommendations – is another first step, but not enough. More time for deficit reduction must now lead to more investment in growth and employment. The austerity championed by right-wing governments has obviously failed, and Europe must not fail its people.

**Hannes Swoboda continued by calling on the European Council to address the disturbing constitutional amendments in Hungary:**

"Democracy, the rule of law and judicial independence are the foundation of everything Europe stands for. In Hungary, we are witnessing an attack on these fundamental values that cannot be tolerated. Prime Minister Orbán's changes to the Constitutional Court and the appointment of a compliant henchman at the helm of the Central Bank seem to indicate that he will stop at nothing. With President Áder's signature on the latest constitutional amendments – despite strong international concerns – the European Council must make it clear to Victor Orbán that the application of Article 7 of the Treaty is a possibility."

## **EP GIVES GREEN LIGHT FOR THE ECONOMIC GOVERNANCE "TWO PACK"**

The next round of EU economic governance legislation will do more to deliver growth and the European Commission's new powers to veto eurozone countries' budgets will be better democratically controlled, thanks to the "two pack" economic governance legislation voted by Parliament this week. The rules also lay down clear procedures for countries seeking the EU's financial help.

The Ferreira Gauzès reports ensure that the new laws will do more to deliver growth. For example, the Commission's country-by-country budget assessments will need to be more comprehensive, to ensure that budget cuts are not made at the cost of killing off investments with growth potential. Where countries are asked to make substantial cuts, their efforts must not harm investments in education and healthcare, particularly in countries in severe financial difficulty, say MEPs. Moreover, a country's deficit reduction timetables would have to be applied more flexibly in exceptional circumstances or in severe economic downturns. In addition, the Commission's exercise of its increased powers would be monitored more closely by member states and the European Parliament, so as to ensure better accountability and legitimacy. For example, the Commission's powers to impose extra reporting requirements will have to be renewed every three years and Parliament or Council would be able to revoke them.

The last piece of the agreement, which Parliament insisted upon, addresses the question of a European redemption fund. The compromise agreed with member states requires the Commission to "establish an Expert Group to deepen the analysis on the possible merits, risks, requirements and obstacles of partial substitution of national issuance of debt through joint issuance in the form of a redemption fund and eurobills". The expert group will present its conclusions by March 2014 and the Commission will then be asked to assess and, if appropriate, table proposals before the end of its mandate. The deal must now be formally approved by the Council. The rules should apply to the next budgeting period of the eurozone countries, i.e. their 2014 budgets.

*The Gauzès text was approved by 528 votes to 81, with 71 abstentions and the Ferreira report was approved by 526 votes to 86, with 66 abstentions.*

## **EP SEAT DISTRIBUTION: S&DS STEER THROUGH FAIR AND SUSTAINABLE RULES**

Euro MPs gave their overwhelming support to new rules on distributing the 751 seats at the European Parliament among the 28 EU member states after the 2014 elections. This redistribution of seats will become necessary as Croatia joins the EU in July. In reality the Parliament will slim down from 766 Members to 751.

Roberto Gualtieri, S&D spokesperson on constitutional affairs and European Parliament co-rapporteur on this topic, expressed his strong satisfaction at the vote: "The proposal follows the degressive proportionality criterion established by the Lisbon Treaty. At the same time, we have minimised the losses of seats for medium and small member states and avoided gains for the big ones, according to the principle 'no member state loses more than one seat'. As a result, only 12 countries will lose one seat and no country will gain any. Using this approach we have reached a fair and politically sustainable proposal, which has been endorsed by the substantial backing we received today in the plenary (83% of the vote). The European Council should now respect

the European Parliament's decision and adopt the proposal without amendments – and avoid opening the Pandora's Box of national vetoes." The EP vote was carried with 536 votes in favour and 111 against.

## **IN SHORT**

**EP Concerned about Palestinians held in Israeli jails** - The EP is extremely concerned at the death in February of Palestinian prisoner Arafat Jaradat while in Israeli custody and at the renewed tensions in the West Bank following his death. The a resolution passed in Strasbourg calls on the Israeli authorities to investigate this case and raises concerns about the Palestinians held in administrative detention without charge, demanding that they be charged and tried or promptly released. The EP repeats its call for the immediate release of all imprisoned members of the Palestinian Legislative Council, including Marwan Barghouti. MEPs want the European External Action Service and the member states to monitor the fate of Palestinian prisoners and detainees closely and to raise the issue at all levels of political dialogue with Israel.

**CAP: S&D Backed Clear Mandate for Change** - The European Socialists and Democrats backed a proposal to negotiate with the Council and Commission several changes to the current EU farm policy (CAP), which accounts for almost 40% of the EU budget. These changes include a strengthening of the provisions to make EU subsidies more dependent on greening, cut bureaucracy, and ensure a fairer and more transparent distribution of funds among farmers and EU countries.

**S&D Demand a Level Playing Field for EU-US Trade Agreement** - Any trade deal with the United States must guarantee the high environmental and safety standards that we already enjoy in the European Union, said leading S&D MEPs following the European Commission's green light for negotiations to start on a EU-US trade agreement. The Socialists and Democrats in the European Parliament fully back a transatlantic trade and investment partnership that would mean an estimated annual €19 billion for the EU and around €5 billion for the US. However, the S&Ds want to make sure that the removal of non-tariff barriers is not used as an excuse to lower EU standards, particularly in food-related issues and sensitive areas where Europeans and Americans have different views, such as GMOs.

**Nuclear operators should bear the cost of making Europe's reactors safer** - Nuclear operators, not taxpayers, should cover the costs of necessary safety upgrades as well as pay for everything they are liable for in the event of a nuclear accident, according to a resolution passed in Strasbourg. Improving Europe's nuclear power plants so that they can withstand a natural disaster is estimated to cost up to €25 billion.

**EU Must act on hormone-affecting "endocrine disruptors"**- The EU should act to reduce exposure to suspected hormone-affecting "endocrine disruptors", which have been linked to recent increase in cases of impaired sperm quality, early onset of puberty, certain cancers and other disorders. Current rules should be closely examined with a view to updating or proposing new legislation by June 2015 at the latest, says a resolution approved in Strasbourg.

**MEPs back the tougher sanctions imposed on North Korea** by EU governments and the UN Security Council following the February nuclear test, in a resolution passed in Strasbourg. They call on North Korea to restore its commitment to a moratorium on missile launches, pointing out that the pursuit of illegal nuclear and ballistic programmes risks aggravating regional tensions.

**EU humanitarian aid for Syria must reach civilians in need, say S&Ds** - After the deaths of more than 75,000 people, the flight of over one million refugees to neighbouring countries and the misery of the millions who have fled their homes and become refugees within Syria, the answer cannot be to send more arms into the country. S&D vice-president Véronique De Keyser told the press: "The S&D Group has repeated again and again since the regime started its brutal crackdown against the Syrian people that Bashar al-Assad has no place in the future of Syria. But also that increasing violence can only bring more suffering to the population.

"The EU has a crucial role to play in Syria in supporting people struggling for freedom and trapped in a civil war caused by a brutal regime. However, this support should not be about sending more arms into the country and repeating past mistakes, but rather about ensuring EU humanitarian aid reaches those in need."

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