Resolution on the European Council of 15-16 October 2008

2008/2523(RSP) - 21/10/2008

In the presence of French President Nicolas Sarkozy, MEPs commented on the outcome of the EU summit held on 15 and 16 October 2008, and discussed how to tackle world crises.

The President of the European Parliament congratulated the European Union, under French Presidency, for having shown its ability to act in response to the financial crisis and that the European Council, in close consultation with the European Commission and European Parliament, had ensured that the EU has emerged as a key player to effectively meet the challenges of the global economy.

The President of the European Council highlighted the unified force of the EU as regards crisis management, saying he wanted to involve the European Parliament at all stages. He also commented on the following issues:

Georgia: the EU responded quickly to the Russian reaction to the Georgian conflict. Negotiations have prevented a new Cold War from breaking out.

Financial crisis: Member States have agreed to inject at EUR 1.800 billion to reassure investors and entrepreneurs in Europe.

Reform of the financial system: in order to prevent such a crisis from recurring, the French President announced his intention, on behalf of the European Union, to create a new global financial system or a new “Bretton Woods”, the aim being to overhaul capitalism. He pleaded for banks, working with state money, not to work with tax havens. He criticised the excessive risks taken by traders and suggested creating sovereign wealth funds (*hedge funds*) in each EU country. He suggested that Europe should have its own credit rating agencies.

Maintaining the goals of the energy/climate package: the Presidency rejected any idea that the world should do less to combat climate change because of the financial crisis.

Roadmap for the Lisbon Treaty: stressing that Europe was in need of institutional reform, the Presidency expressed a desire to establish a road map to find a solution to the issue of the Irish ratification of the Treaty of Lisbon.

The President of the Commission welcomed the common position reached at the European Council with a view to restoring the economic situation in times of crisis. On this issue, he outlined three areas: immediate action to address the financial crisis, reforming the international financial system and the promotion of the real economy. He said he had to make Europe a knowledge economy, investing in research and allowing more flexibility for national economic policies.

The main political groups supported the outcome of the Summit. They did however express different analyses as regards the origin of the financial crisis:

- **EPP**: the Group's President congratulated the success of the French Presidency. He welcomed measures such as recommendations on regulation and surveillance, reform and an end to golden parachutes. He spoke in favour of a free market, but called for rules and regulations. He supported measures to preserve the European model of solidarity and "social market economy". Regarding the

Lisbon Treaty, he called on the Member States that have not yet ratified the Treaty to do so as soon as possible. He also stressed the difficulty, for Europe to function efficiently, with the rule on unanimity and no stable Presidency. He praised the European Pact on immigration and cited other challenges to be overcome such as climate change, energy and defence.

- **PES**: the President of the Group was impressed by the recent resolute action of both President Sarkozy and Barroso. He called for the creation of new rules, especially for hedge funds. He deplored the lack of consideration by the Council for investors and taxpayers who will suffer the consequences of the crisis. Regarding the energy-climate package, he called for the development of a sustainable economy.
- **ALDE**: the leader thanked the group for calls to work together, but he questioned why the Council conclusions - for example, in the context of climate change - referred only to the Commission and the Council, without any mention of the Parliament. He stressed that some Member States were making behind-the-scenes attempts to "unpick" agreements on CO2 emission targets for new cars (2012) and emission sharing (2013). Underlining the negative consequences of the lack of market transparency, the Group's President welcomed the fact that coordinated measures had reduced the immediate pressure. He nevertheless regretted that the Summit did not succeed in developing effective plans for a surveillance regime.
- **Greens**: the representative of the Group stressed that all crises - ecological, financial, worldwide hunger - were interdependent, and must be tackled. He called for a review on the way we live and the way we manufacture and a European recovery plan.
- **UEN**: the Group's representative congratulated the European Council for the adoption of the immigration and asylum pact. However, she asked the Commission to make specific decisions to reassure the markets. Stressing the need for a new financial system, she called for the overhaul of global capitalism and further regulate free trade. She requested that the EIB play a greater role and that the ECB be more visible.
- **GUE/NGL**: the President of the group warned that the worst was still to come and that the further debate was necessary on the crisis. In order for Europe to be more accountable to its citizens, he called to introduce regulation and do away with golden handshakes. He expressed his wish for a “new Bretton Woods”.
- **IND/DEM**: according to the Group's president, President Sarkozy acted primarily as the French President rather than for the EU during his visit to Georgia. Regarding the financial crisis, he praised the response of the Irish and the Greeks. He criticized the fact that there are too many regulations which failed to protect investors. He highlighted the Swiss who have a certain adaptability to weather the financial crisis better than the EU States.

Responses to MEPs: the question of the financial crisis, the **President of the European Council** stated that financial support to banks was intended to protect investors. He expressed the need to establish a minimum coordination of European regulators. Stressing the need for transparency, he criticized the U.S. accounting rules and the scandalous attitude of rating agencies in the crisis.

On the climate and energy package, he called for the support of the European Parliament to reach an agreement within the codecision. He called for an ambitious compromise. Lastly, he said he would fight for the Lisbon process to go through.

The President of the Commission stressed the need to address the immediate problems. Referring to the debt of the United States and the fundamental imbalances in the economy, he pointed out that financial regulation was present in Europe, but that monitoring mechanisms were essentially national. He estimated that the EU should consider adopting legislative measures in this sector.

On the climate package, he asked not to confuse respect for co-decision with the need for a strong consensus among Member States. He stressed the importance of a strong leadership to build consensus in the European Council.