

# EPP Group Report

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## **Economic Governance: the answer is more Europe**

*By Gunnar Larsson*

Over the past few months, European politicians and officials have had a rough ride with turbulence on financial markets and more recently changes of government in both Greece and Italy. To discuss what is needed to get Europe out of the crisis and back on footing, a plenary debate in Parliament was attended by the EU's three heavyweights: Commission President José Manuel Barroso, Council President Herman Van Rompuy and the Eurogroup's President Jean-Claude Juncker.

Opening the debate, Mr Barroso painted a bleak picture of the state of Europe's economy. "Economic recovery has hit a standstill. Since our last fully-fledged forecast in May, global economic conditions have worsened. Investment and consumption are stagnant, and are being damaged by a persistent lack of confidence. Growth forecasts are low and unemployment is set to remain at around 10% for the next two years, at 23 million people across the European Union: a terrible situation", he said.

Herman Van Rompuy accounted for measures already taken to strengthen economic governance in the EU; financial sector supervisory authorities have been established alongside the European Systemic Risk Board, the Stability and Growth Pact has been reformed and the European Financial Stability Facility, EFSF, has been created to shore up faltering banks as well as sovereign economies. For the future, he foresaw Treaty changes including the use of instruments such as enhanced cooperation. He said: "We have come a long way from the empty, and now discredited, toolbox I discovered when I took office."

Reminding the three Presidents of what he has been saying for years, EPP Group Chairman Joseph Daul said: "The solution to our problems is not less, but more Europe. Europe is the solution." He defended the Euro, as more countries are waiting to join the currency and called for the extended use of the Community method for decision-making.

## **Short Selling: tough new EU standards to help stabilise markets**

*By Thomas Bickl*

The EU is going to contain highly speculative financial transactions as the European Parliament this week approved a new Regulation on the short selling of government bonds and credit-default swaps (CDS). "Parliament has successfully fought for very strict conditions for short selling to put an end to destructive speculation. The new transparency rules will help stabilise financial markets", said Markus Ferber (D) who is the EPP Group's Chief Negotiator on the Regulation on short selling and CDS.

Short selling of uncovered credit-default swaps for government bonds will be subject to the strictest criteria. Only if the liquidity in the market for government bonds comes to a standstill will exemptions be possible. Respective applications will have to be endorsed by the European supervisory authority ESMA. "This means a de-facto ban on the short selling of uncovered CDS on government bonds", said Mr Ferber.

CDS can be used as an insurance against the default of government bonds. However, CDS can also be used to speculate against the value of government bonds. With uncovered CDS, market participants do not possess the financial instruments - they have only borrowed them. It is only logical that CDS on government bonds are meant for investors who actually have the respective government bonds in their portfolio. "All else is pure market speculation that can have incalculable effects, as in the case of Greece, and ought to, therefore, be contained. We need the new provisions to fight the sovereign debt crisis in the Eurozone", said the EPP Group MEP.

After the formal consent of the Council and publication in the Official Journal, the new EU rules can enter into force before the end of the year. For the moment, there are different or no rules whatsoever on short selling at national level.

## **LUX Prize: 'The Snows of Kilimanjaro' wins the 2011 Film Prize**

***By Stella Mancini***

This year's LUX Prize-winning film 'The Snows of Kilimanjaro' is about a married couple who become victims of a brutal robbery where all the wife's savings for a long-awaited trip to Kilimanjaro are stolen. The pain of material loss is enhanced when they learn the truth about the offender.

"Director Robert Guédiguian shows in a dramatic way the importance of values such as solidarity and morality for society and that these values are higher than any material possessions. The economic and financial crisis particularly weakens solidarity among people. Therefore, a connection and the understanding of people living side by side is needed", explained the Chairwoman of the Culture Committee in the European Parliament, Doris Pack (D).

At the International Film Festival in Karlovy Vary, Czech Republic, ten films that competed for the LUX Film Prize were chosen. Besides the winner, the Greek film production 'Attenberg' and the Swedish-French-Danish co-production 'Play' were in the final.

"The diversity of these films reflects the diversity of European cultures. Europe has its own soul, which is anchored in its culture and which is made visible through cinema. We have a duty to support the future of European cinema, and so to promote the development of a European identity", Mrs Pack said.

For the CDU MEP, it is especially important not to only reflect the cultural and linguistic diversity of Europe in law, but to experience it through initiatives such as the LUX Film Prize.

The prize for the winning film is its subtitling in all 23 official EU languages and a revision for the hard-of-hearing and visually impaired people. It also provides financial support for a 35-mm film or a digital cinema package for each EU country.

## **Delivering European Renewal: Commission Work Programme 2012**

*By Miklós Panyi*

The President of the European Commission, José Manuel Barroso, presented the Commission's Work Programme for 2012 at this month's Strasbourg plenary. The programme 'Delivering European Renewal' sets out measures on how the Union will respond to current challenges and how it will tackle the economic crisis. The main priorities of the document include reforming the financial sector and the Single Market with the common aim of job creation. Goals of the programme focus on continuing to shape the sustainable economy which would include measures on pensions, vehicle emissions, and water supplies.

József Szájer (HU), Vice-Chairman of the EPP Group responsible for legislative work, welcomed the programme and commented on its proposals. He highlighted that the legislative programme should concentrate on recovering from the crisis, creating jobs and boosting the economy . He also underlined that the Parliament and the Commission should be key players in order to achieve goals, while the measures of the programme must also be effective enough to contribute to them.

According to Mr Szájer, the legislative procedures of the Commission should be remarkably speeded up, especially in the field of job creation. He assured the Commission of the EPP Group's support for the programme but pointed out that the EP should be given more influence during the procedures. He finally called on the Commission to improve the practical implementation of the procedures.

A vote by the European Parliament on the work programme will take place during the December plenary session, following in-depth discussions by parliamentary committees.

## **Cinema: future of European cinema in an era of modern technology**

*By Katarzyna Klaus*

The Report on European cinema in the digital era by Piotr Borys (PO) is the first EP Report since 2002 concerning the cinema industry and the first clear appeal for a swift transition to digital technologies in the European Union's cinemas. The Report focuses on challenges such as the need to meet the demands of modern technology and the necessity of the transition to digital projection systems. On one hand, the digitisation will create a more competitive market for cinema at global level, on the other it will facilitate European citizens' access to European films.

"We have to remember that investment in culture and cinema provides long-term, tangible, multi-generational results in terms of shaping the European identity, promoting dialogue and supporting cultural and linguistic diversity. Digitisation not only increases the economic potential of the film industry, but also gives every European rapid access to good quality films", said Piotr Borys.

There are approximately 30,000 screens in the European Union. Currently, the cost of equipping cinemas with digital projectors is estimated at €100,000 per screen. This high cost may particularly affect small cinemas, especially in less-developed areas. Therefore, the Report also emphasises the need to provide more financial input in order to avoid closure of cinemas.

"The potential of European cinema is enormous and we can spare no effort in promoting it. I vividly encourage including European films in screening programmes and organising special events and film festivals", concluded Mr Borys.

## **Online Gambling: an intelligent European approach to better protect citizens**

*By Marion Jeanne*

The Report on Online Gambling in the Single Market was adopted by a large majority of MEPs at this week's plenary session. It aims to strengthen cooperation between national authorities in a sector which is cross-border by essence, and developing very fast. The Report is the European Parliament's response to the European Commission's Green Paper on online gambling in the internal market.

By voting massively in favour of this Report, MEPs have taken a strong position in favour of a controlled opening of the online gambling market. "While underlining that this decision remains in the hands of Member States, the European Parliament cites the French model as an example", said Damien Abad (F), EPP Group Spokesman on the Report, welcoming the result.

"We are pleading for a national licensing model to be the rule if Member States decide to open up their markets to competition", Damien Abad explained. "I emphasised issues related to sports integrity, to prevent fraud and match-fixing, problems that have increased exponentially since the emergence of online gambling in the early 2000s. You only need to look at what happened this summer with the Greek or Turkish football leagues to be aware of this problem", underlined Damien Abad.

"The European Parliament has subscribed to the setting-up of a betting rights system such as the one in France today. Such 'property rights' can be used to finance the fight against sports fraud, in particular match-fixing", Damien Abad explained. MEPs are also calling for stronger cooperation between national regulatory authorities. "A strong and independent regulatory authority in each Member State, with the necessary powers to punish infringement of laws and take measures against illegal operators, acting within and outside the territory of the European Union, is essential to better protect citizens", Damien Abad concluded.

## **Rail Market: common standards and smooth coordination required**

*By Stella Mancini*

"The liberalisation of the rail market is necessary if the sector wants to stay competitive", said the Vice-Coordinator of the Transport Committee of the European Parliament and Shadow Rapporteur for the revision of the first railway package, Werner Kuhn (D), and Dieter-Lebrecht Koch (D), Vice-Chairman of the Transport Committee. The European Parliament this week adopted, by a large majority, the revision of the existing legislation for a Single European Railway Area at first reading.

The MEPs enforced a core requirement successfully. "For the successful opening of the railway market, we need strong and independent national regulatory authorities. However, since not all Member States have appropriate authorities, such as the German Federal Network Agency, all EU Member States should first establish such an authority."

Moreover, according to the MEPs, close networking among the regulators is needed: "For a well functioning railway market, the coordination of route assignment is absolutely necessary. Subsequently, a European regulatory body should take on a supervisory role to coordinate and perceive the task of the arbitrator especially in cases of doubt." According to Kuhn and Koch, this does not necessarily require a new agency: "The existing European Railway Agency could, for example, take over this job. Their skills must be clearly defined."

The consultations on the subject of the separation of an infrastructure manager and operations have been postponed until next year with the agreement of the MEPs: "The European Parliament urges the European Commission to propose a legislative text for an infrastructure model by the end of 2012. We now have the opportunity to advance other important tasks, such as establishing a strong, independent regulatory authority, the introduction of transparent rules for the calculation of track access charges, as well as technical harmonisation", the MEPs concluded.