

## EIGHTH SITTING

Tuesday, 6 December 2005

*The sitting was opened at 15.00 with Mr Goris, President of the Assembly, in the Chair.*

### *1. Attendance register*

The PRESIDENT (Translation) – The names of those substitutes present at this sitting which have been notified to the President will be published with the list of representatives appended to the minutes of proceedings.

### *2. Adoption of the minutes*

The PRESIDENT (Translation) – In accordance with Rule 23 of the Rules of Procedure, the minutes of the previous sitting have been distributed.

Are there any comments on the minutes? ...

*The minutes are adopted.*

### *3. Address by Mr Bučkovski, Prime Minister of the former Yugoslav Republic of Macedonia*

The PRESIDENT – The next order of the day is an address by Mr Vlado Bučkovski, Prime Minister of the former Yugoslav Republic of Macedonia.

Prime Minister, thank you for coming to address WEU's Assembly this afternoon. Your country is currently experiencing a very important period, which will set out a decisive course for its future in the European Union and the international community.

Your country has indeed made great political and economic efforts in the past decade to reach the point where it stands today. You have welcomed NATO and EU operations on your soil to ensure a peaceful transition to a new order. You recently secured what could be called a favourable opinion from the European Commission, bringing you a step closer to becoming an official candidate for EU accession, and we all recognise and congratulate you on that!

Only ten days ago, you welcomed a delegation from the Assembly to your country where we met you, Prime Minister, as well as President Crvenkovski, the Internal Affairs Minister, Mr Mihajlovski, and the Speaker of your National Assembly, Mr Jordansvski, to see how we may help build stronger relations, especially where European security is concerned.

As a former defence minister, you are particularly knowledgeable about the subjects that interest us, so you are very welcome here today Prime Minister. The floor is yours!

Just one minute, Prime Minister. Unfortunately we have some technical problems with translations and it will take one or two minutes to solve the problem.

I am told that we now have translation facilities for those who wish to listen in French or some other language. I hope that everyone can understand what I am saying now.

I do apologise to the Prime Minister. It has to be a coincidence that the last time this happened, it happened to a minister from the Greek Government. This would certainly never have happened in Skopje. When I attended an event there, everything was organised perfectly.

It appears that the translation is still not working. All the channels worked well this morning, but it appears that they are not working now. I propose to suspend the sitting, and let the technicians sort it out.

*(The sitting was suspended at 15.10 and resumed at 15.20 with Mr Goris, President of the Assembly, in the Chair)*

The PRESIDENT – I apologise to our honoured guest for the delay. I hope everyone will understand that technical problems can occur anywhere, even in France.

Prime Minister, the Assembly welcomes you and it is with great pleasure that I give you the floor.

Mr BUČKOVSKI (*Prime Minister of the former Yugoslav Republic of Macedonia*) – It gives me great pleasure to address this institution, which has about 400 members from the national parliaments of 37 European countries. I welcome the practice whereby presidents and prime ministers, and other high officials, can address this Assembly. It is beyond any doubt that this practice enhances the relevance of this Organisation, which is very closely connected with the European Union. Today, the Western European Union functions as the Interparliamentary European Security and Defence Assembly. I must confess that I am particularly emotional today because it was four years ago today that, from this very pulpits our deceased President, Boris Trajkovski, addressed this Assembly.

The Republic of Macedonia has been involved in Western European Union activities for 13 years and for two years it has been a regular participant in WEU Assembly sessions and the sessions of the WEU commissions. To continue that cooperation, we think that relations with the WEU Assembly should be enhanced. That need for the Republic of Macedonia will be especially evident after we acquire EU candidate country status at the summit this month.

It is very important that there are constant debates in the WEU Assembly on the situation in south-eastern Europe. That confirms that the joint security policy of the European Union is becoming a reality. Given the growing need for parliamentary monitoring and dialogue in security and defence issues in Europe, we can conclude that the role of the WEU Assembly is becoming more significant. Considering the fact that provisions for collective defence are not obligatory, the WEU Assembly's recommendations for the modified Brussels Treaty to remain in force are becoming more relevant. It is clear that European security and defence policy obtains its true legitimacy from the WEU Assembly.

Apart from being active in the WEU Assembly, the Republic of Macedonia is active regarding the issues within the parliamentary dimension of the Stability Pact, the south-eastern Europe cooperation process, as well as the East-West project for parliamentary practice, in which Macedonian MPs are very active. The Republic of Macedonia contributes actively to the promotion of good relations with our neighbours, to ensure security, stability, and cooperation in south-eastern Europe.

It is clear that constant commitment to peace, democracy, and development is not possible without the active participation of the parliamentarians elected by the people. Regional parliamentary cooperation can strengthen mutual understanding, tolerance and good neighbourly relations among the countries in the region and beyond. I think that parliamentary cooperation can make a positive contribution towards fighting organised crime and illegal immigration, which are the main obstacles to international, regional, and wider security and stability.

Within the Interparliamentary European Assembly, great attention is paid to the development of European crisis management, the future of European military capability and the lessons learned from the deployment of European forces in the Balkans. The efforts of WEU member state governments in training the police in several Balkan countries also deserve full support. Furthermore, the EU's efforts to take responsibility for the stability of Bosnia and Herzegovina with Operation Althea are encouraging. Support should be also given to KFOR staying in Kosovo until a definite political agreement accepted by all the parties, communities, and states involved in the process has been reached.

The WEU Assembly continues to follow the situation in the Balkans, thus contributing to the stability and security of the region. With the Berlin plus agreements and Operations Concordia and Althea, a harmonisation of the EU and NATO efforts in the region was achieved. Operation Concordia was realised in full partnership with the Macedonian authorities and can be used as an example and waymark for the implementation of the European security and defence policy. At this point, allow me to thank Mr Goris. We consider him a sincere friend who has already expressed his support for, and approval of, the Republic of Macedonia through the reports on the situation there.

The Republic of Macedonia has achieved good progress in security and defence cooperation with the countries in the region. Today, the Republic of Macedonia is a great example of the civilised and democratic resolution of problems. Macedonia has made crucial steps towards surpassing problems with interethnic relations by implementing European standards. The Ohrid Framework Agreement is in the last stages of realisation, and we will continue with the realisation of its principles. We have implemented a

new decentralisation of government, which has started to function. Now, reforms are especially focused on the judiciary and public administration. In the coming days, the constitutional amendments in the judiciary are to be adopted. With those significant amendments, we will intensify effective reforms for an independent judiciary.

Such Macedonian efforts have been recognised by the EU. Recently, the European Commission gave positive advice and recommended that candidate country status be awarded to Macedonia during the summit in December. That will send an even stronger signal to the region that the European perspective is the only alternative. We think that EU enlargement is in the European national interest, and any other opinion is contrary to European values and logical priorities.

The Republic of Macedonia will provide continuous approximation and harmonisation of its foreign policy and defence activities with the common security and foreign policy of the Union through continuous political dialogue with the EU and through regional cooperation.

As for the international community, it is very important for the Republic of Macedonia that the situation with Kosovo should be defined. That is, we need determination of its final status. That will not only relax security in the Balkans, but help to improve the investment credibility of the region.

Collective hatred and fear of the “other” lead to many wars in south-east Europe. Countries in the region should take responsibility for the future of their citizens. They should continue with reforms and the development of democracy since that is the only way towards economic progress and integration in a united Europe.

Many people wonder what they can get from the European Union. Macedonia should ask itself what it can offer Europe. We can proudly say that some of the most valuable civilised values exist in the territory of the Republic of Macedonia. On the other hand, with integration in the EU for the first time in our history, the identity of small countries can be preserved through common standards.

Implementation of the European security strategy, concluded in the annual Council report, is welcome. Building transatlantic consensus remains a key condition for achieving European security goals. I think that it is very important that all European countries should adopt a common definition for modern terrorism.

The development of the European Security and Defence Policy and the Headline Goal 2010 should improve the EU's reaction capacity in crisis situations. It will probably bring about more efficiency when taking appropriate action, especially deployment of forces in the regions.

Fighting international terrorism is also very important, requiring a coordinated joint reaction for tackling that evil. Terrorists are trying to obtain weapons of mass destruction, and if there is not a prompt reaction, the consequences for world security could be very dangerous. Intelligence should be the most efficient weapon for fighting terrorism.

Finally, ladies and gentlemen, dear friends, allow me to express my gratitude for your invitation and the opportunity to address the Assembly. I believe that we will continue to cooperate in the future, and in even closer cooperation towards common goals.

The PRESIDENT – Thank you, Mr Bučkovski. Before we take questions from colleagues who have already put their names on the list, I invite others who feel the need to do so to address themselves to the Table Office or to the Secretary-General.

Prime Minister, I thank you for your excellent address. I agree with you. I had the opportunity 10 days ago to visit your country with Mr Mota Amaral, our Rapporteur and a former Speaker of the Portuguese Parliament. I reiterate my belief that your country's vocation is the European vocation. We are happy to hear that the Commission has given a green light and hope that we shall receive a further green light from the Council of Ministers on 15 December.

We went together to Pristina, and I believe that the key to resolving the problems of the western Balkans lies in Kosovo. I was happy to realise that the position taken by all political factions in your country is to agree that whatever result is arrived at between Pristina, Belgrade and the international

community will be accepted by your authorities, and that is a very good position with which we can all agree.

Economic cooperation is also of the utmost importance. It can be the only basis of economic and social prosperity. Europe offers the model: after the second world war, France, Germany, Benelux and Italy put their heads together and said, "Let us not fight each other any more; let us cooperate." That was the basis of today's European Union, a political organisation that today contains 25 member states and to which we hope to welcome your country soon.

Thank you very much for your address, Mr Prime Minister.

I will now open the floor for questions. Quite a few colleagues wish to ask questions, and I shall take them in groups of three, to allow you some notification of their content.

I give the floor first to Mr Mota Amaral, from Portugal.

Mr MOTA AMARAL (*Portugal*) – As our President mentioned, I had the pleasure and honour of visiting your country in his company just 10 days ago. I was most impressed with the progress made in stabilising the multi-ethnic and pluralist culture of the Macedonian population, which is composed from many different sources, particularly the ethnic minority of Albanian origin. As soon as I arrived back in Lisbon, I wrote a letter to advise the Portuguese Minister of Foreign Affairs that he should support you at the Council of Ministers on 15 December, and that the Macedonian candidature to become a full member of the EU should be accepted.

I would like to ask you a question, which concerns the pluralist, multicultural model that you are implementing. Will it be accepted in some other parts of the former Yugoslav countries, particularly Kosovo, which, as our President has pointed out, is one of the keys to stabilisation, in future, in the area close to your country?

The PRESIDENT – Thank you. The next question comes from your neighbour from Greece, Ms Papadimitriou.

Ms PAPANIMITRIOU (*Greece*) – Thank you. I extend a welcome to our Assembly to you, Mr President of the former Yugoslav Republic of Macedonia. My question is on the name issue. I remind you and my colleagues that negotiations between Greece and the former Yugoslav Republic of Macedonia under the auspices of the United Nations first saw the light more than 10 years ago. They began by taking into account both parties' points of departure so as to move towards a mutually acceptable solution – that is, compromise.

It is very difficult to see how one side – your side – can seriously believe that its regional point of departure alone could constitute the mutually acceptable end-result of this process. That is not my personal conviction only, as it is shared by numerous actors and personalities in the international arena, who believe that a compromise is long overdue and must be reached at all costs. That compromise can be based only on article 11(1) of the interim accord between Greece and the former Yugoslav Republic of Macedonia. My country has fully respected that accord, which was signed in New York on 13 September 1995. It is fully binding, according to the precepts of international law, and specifically article 26 of the Vienna Convention on the Law of Treaties of 23 May 1969.

That is the international legacy, is it not?

The PRESIDENT – Thank you, Ms Papadimitriou, esteemed colleague and Vice-President of our Assembly. The third and final question of this round comes from Mr O'Hara of the United Kingdom.

Mr O'HARA (*United Kingdom*) – Thank you. My question is complementary to the previous question. I thank Mr Bučkovski for his very encouraging speech about the role that he envisages for his country in the future of Europe. It is good practice between neighbours, allies and members of the international organisations – and those who aspire to that status – to negotiate agreed compromises to disputes.

With regard to the name by which the former Yugoslav Republic of Macedonia will be recognised, does that country subscribe to the principle of negotiation and compromise, with its implicit benefits of good will, cooperation, support and regional stability? Or does it subscribe to a unilateralist approach?

The PRESIDENT – Thank you. Some very pertinent questions have been asked. Mr Bučkovski, I give you the floor.

Mr BUČKOVSKI (*Prime Minister of the former Yugoslav Republic of Macedonia*) – Thank you. Our friend Mr Mota Amaral asked the first question, which had to do with the possible implementation of the Macedonian model of a multi-ethnic, multicultural and multi-confessional society in the region.

I can say that we are ready to be a disseminator of our positive experience in the future, especially in respect of the eventual final status of Kosovo. Our positive experience of the implementation of the OHRID framework agreement will serve as a basis to build a multi-ethnic society in the region. I want to make sure that my country, government and institutions will play a small but constructive role in securing the eventual final status of Kosovo.

Two models of multi-ethnic societies exist in the region but one, the Bosnian model, is not a functional example of a multi-ethnic society. A decade on, we must recognise that Macedonia offers a functional model for a multi-ethnic society. We are ready to be more aggressive in our dissemination of that model. I am sure that our experience will be welcomed in Belgrade and Pristina, because the relations between Skopje and Belgrade are friendly and over the past few years we have built confidence in our relationship with Pristina. In the region, Macedonia is the only country to have credibility with both Belgrade and Pristina, and that allows us both to disseminate our experience and to support the intention of the international community to find a solution as soon as possible to the question of the final status of Kosovo.

That is very important for Belgrade and Pristina, and for the entire region, because a stable Kosovo will enable the whole area to be more attractive to potential foreign investors. Without direct foreign investment, it would be very difficult for our region to solve its biggest problem. That problem is not interactive relations but our economic situation. Common strategic goals and a clear Euro-Atlantic perspective will make it easier for progressive politicians in the region to promote better understanding, closer friendship and new policies that include solidarity, understanding and friendship.

I am optimistic that, together with the international community, Belgrade and Pristina will find a solution to the question of the eventual status of Kosovo. The latest statement from Belgrade about Kosovo talked about a status that is less than independent but more than autonomous. That is a step forward towards achieving a compromise about the eventual final status of Kosovo. I repeat that the Republic of Macedonia is ready to be constructive in the forthcoming period and to disseminate our positive experience of the implementation of the OHRID framework agreement.

I turn now to the name issue. The Republic of Macedonia is ready to be constructive. We are very happy for Greece to be one of our supporters in our application for candidate status on 15 December. A stable Republic of Macedonia will lead to a stable region, and I expect Greece to continue to support our intentions. The latest statements made in the Greek Parliament by Prime Minister Karamanlis and opposition leader Georgios Papandreou encourage us to renew our efforts to find a solution. Any sort of veto would be counterproductive for the Republic of Macedonia, and I respect the Greek Parliament's decision to support my country's accession to the EU, either with the provisional name of the former Yugoslav Republic of Macedonia or with a compromise name. We are prepared to continue the New York negotiations under the mediation of Ambassador Nimitz to find a solution as soon as possible.

I can tell Mr O'Hara that my country will continue to be constructive in the region. The Republic of Macedonia will be one of the best allies of the international community and will support the efforts of our friends in Brussels and Washington to promote a different climate in the region. That will help my country and the whole region of the western Balkans, because it is not a part of Europe only geographically. We want to be a part of a united Europe as soon as possible. We have fresh ideas and new energy that will help to solve the EU's current problems.

The PRESIDENT – Prime Minister, not only your country but the EU is suffering from certain problems that we will not mention because we all know what we are talking about.

I call Ms Jipa.

Ms JIPA (*Romania*) (summary) asked whether the Prime Minister believed that the whole of the former Yugoslavia would eventually join the EU.

The PRESIDENT – I call Mr Höfer.

Mr HÖFER (*Germany*) (summary) asked whether the Prime Minister believed that the former Yugoslav Republic of Macedonia would become unstable. What agreements could the former Yugoslav Republic of Macedonia make with WEU countries in the areas of employment and investment to prevent instability.

The PRESIDENT – I call Ms Petrescu.

Ms PETRESCU (*Romania*) (summary) asked what cooperation the former Yugoslav Republic of Macedonia had with her neighbours as part of the EU agreement on good neighbourhoods and security. What were the rights of ethnic minorities in the former Yugoslav Republic of Macedonia.

The PRESIDENT – Thank you, Ms Petrescu.

Mr Bučkovski, you have the floor.

Mr BUČKOVSKI (*Prime Minister of the former Yugoslav Republic of Macedonia*) – I start with the final question about the rights of minorities. With the OHRID framework agreement, Macedonia is promoting additional guarantees and rights for minorities and building a multi-ethnic society. Our Parliament has created a special procedure involving a veto on certain questions, particularly with regard to inter-ethnic relations. That is the Badinter principle named after a well-known French jurist, Robert Badinter, who was one of the advisers during the OHRID framework agreement negotiations.

We are promoting a multi-ethnic society with special rules regarding the use of the mother language, especially for those in Albanian communities, who comprise more than 20% at a municipal level. In two municipalities the second official language is Turkish, in more than 20 municipalities it is the Albanian language, in two municipalities the Serbian language and in one municipality it is Romany. We are promoting in our model special municipalities giving Roma the chance to stand for mayor. In the last 15 years in our country, there have been special municipalities for Roma communities.

One pillar of the OHRID framework agreement in our model is equitable representation in the state administration. During the crisis of 2001, we had a new experience. The Macedonian police and army now serve all citizens. Our Albanian friends – citizens of Macedonia with Albanian ethnic origin – feel that the army and police represent all citizens. More than 18% of the army and 17% of the police are made up by people from the Albanian community today in our country and we hope that the Turkish community will comprise 4%, the Serb community 2% and so on. That is our additional guarantee for stability in the Republic of Macedonia.

Today, Macedonia is a stable country because we are finalising the implementation of the OHRID framework agreement. After a period of security and political stability, we are now trying to stabilise the economic situation. We know that one of the preconditions of promoting a better economic situation in our country is to make the Republic of Macedonia an attractive business destination.

With candidate country status and the potential invitation as soon as possible to be a member of NATO it will be easier to be more attractive. We have signed more than 15 free trade agreements with all our neighbours in the south and east of Europe, with the EU and with Ukraine, so our market is no longer one of 2 million but more than 500 million, which is one of the preconditions of Macedonia becoming more attractive to investors. I am optimistic about that because the latest economic movements in the Republic of Macedonia show that it will be ready to solve its economic problems in the coming year. With candidate country status, and with a stable Kosovo, we will be more attractive to investors.

The future of the former Yugoslav Republic will be in the European Union. We are now in a position to promote former Yugoslavia, minus Slovenia, plus Albania. Croatia is the leader in former Yugoslavia and we welcome the start of negotiations between Croatia and the EU and would like it to become a member as soon as possible, as we are expecting for Bulgaria and Romania in January 2007. If Romania and Bulgaria prolong the enlargement process for one year, Croatia will be a member of the EU one year later and one year after that Macedonia and other countries in the west of the Balkans will be part

of the EU. We are trying to promote solidarity and encourage our friends in the region – Romania, Bulgaria and Croatia – to continue their successful story through the European Union.

The PRESIDENT – The Prime Minister deserves a round of applause because it is important to hear his gentle words about his neighbours. To hear him wishing them such steps forward is an important message here today in Paris.

*(The speaker continued in French) (summary).*

Mr ARLOVIC (*Croatia*) (summary) welcomed Prime Minister Bučkovski to WEU and said that his country had an important role to play in the security of the region. Croatia would do her utmost to ensure that all of former Yugoslavia acceded to the EU. The sooner the economic conditions for membership of the EU were met, the sooner the whole region would be able to move into the 21<sup>st</sup> century. This would help the fights against terrorism and organised crime in the area.

He raised the issue of human rights. He thanked the Prime Minister once again for his statement.

The PRESIDENT – Thank you, Mr Arlovic. Colleagues will have noticed, like me, that when Mr Arlovic addressed himself to the Prime Minister the latter did not need any translation. Let that be a political signal for us.

I now call Mr Lloyd, President of the United Kingdom Delegation.

Mr LLOYD (*United Kingdom*) – Prime Minister, many of my colleagues will have been struck forcefully by the sensible and pragmatic tone that you struck here today and also by the great progress that Macedonia has made in its internal relations and with its neighbours. The previous questioner referred to problems of organised crime and you referred to the threat of terrorism that affects all our societies. We know that the western Balkans are a rather permeable part of Europe at the moment. We obviously hope that these matters can be tackled long before Macedonia and Croatia are members of the European Union. What more does Macedonia need from its neighbours and what more from the wider Europe in order to intensify those efforts? Are we actively working with the levels of cooperation needed to begin to break the grip of those who can do so much damage to all our countries?

The PRESIDENT – Thank you, Mr Lloyd. We now have the final question from Mr Ates.

Mr ATES (*Turkey*) – First, I would like to welcome the Prime Minister to the Chamber. I know that Macedonia is doing great things in the region. I hope that, very soon, Macedonia will become a member of the EU. At the same time it is trying to become one of the NATO countries. However, there are some standards that have to be fulfilled and I wonder whether the Macedonian army is up to the standard. Are there any programmes in place to assist with that?

The PRESIDENT – Thank you, Mr Ates. I have just had a request from the head of the Maltese Delegation, so I call Mr Falzon to the floor for the final question.

Mr FALZON (*Malta*) – Thank you, Prime Minister, for your excellent address to the Assembly. I would like to ask you: what are your plans to promote an advantageous and attractive economic environment in your country, particularly with respect to the judiciary and the system of legislation?

The PRESIDENT – Thank you, Mr Falzon.

Mr Prime Minister, you have the floor for the final rounds of answers.

Mr BUČKOVSKI (*Prime Minister of the former Yugoslav Republic of Macedonia*) – First, like Croatia and our other friends in the region, we will continue to promote a better political climate. Together with Albania, we are part of the Adriatic Charter and we want to be invited to become members of NATO as soon as possible. Our expectation is that we can do so in the period between 2006 and 2008. We hope that during that time Croatia, the Republic of Macedonia and Albania will be invited to become full members of NATO. It will mean a more stable western Balkans and a more powerful southern wing of NATO. We want the European Union, together with NATO, to be stronger in the fight against organised crime and terrorism in the region. We want the international community to support Belgrade and Pristina in finding an eventual solution to the ultimate status of Kosovo.

I want to mention our experience with the United Kingdom. In our successful reform processes in the defence sector, we have found a strategic partner in the United Kingdom. With the cooperation of NATO, the Republic of Macedonia is promoting the open-door policy promoted in the NATO summit at Prague in 1999. It means successful reforms if the partnership between NATO and one aspirant country is to work well. It is important to be clear what the reform process means. We would like to repeat our successful experience of reforming defence and apply it to our police.

We would like to promote the new European values in closer cooperation with our neighbours. We want to promote the special projects of closer cooperation among all western Balkan countries so that we can strengthen the fight against organised crime and corruption. We are in a period at the end of which we are to become a member of the EU and we hope to have the same standards as other EU countries. We need the international community to promote some integrative methodology in the western Balkans as a precondition for the greater success of the reform process.

After the positive answers in respect of Turkey's aspirations to become a member of the EU, we hope that the western Balkans can become a bridge between two different civilisations – between the EU and Turkey in the new era of competition between the three giants of China, the United States and the EU. The EU will be stronger with our Turkish friends. This is a new era of competition in trade and we expect Turkey to be in a position successfully to finalise its membership of the EU as soon as possible.

Our friend from Malta, Mr Falzon, asked how we would improve the business climate in our country. Among the conditions for becoming more attractive to potential foreign investors are improving our registration and starting to implement reform of the judiciary. We must promote the rule of law as a basic principle of our political and legal system, guarantee private property and promote more efficient procedures in respect of evidence, property and bankruptcy law. Other states in the same region will have to follow a similar procedure to prepare for competition and make themselves attractive to foreign investors.

Without foreign investors, it will be difficult to solve the economic problems of our country and throughout the region. In the last 10 years, in the period of transition, and in the privatisation of state property, we made many mistakes and now we are trying to use that experience to become more attractive to investors. This will be easier with our status as a candidate country. We will use the fund for restructuring our country in the next seven years to help finalise our negotiations with the EU.

The PRESIDENT – Thank you, Prime Minister, for your excellent answers to some difficult questions. I congratulate our colleagues, Dr Hasipi and Mr Krstevski on their excellent work in representing your parliament here.

We cross our fingers that on 15 December we will get a positive result at the Council of Ministers meeting so that I can propose levelling up your country's delegation's status in this Assembly. I wish you a good flight back to Skopje and hope to welcome you soon to the European family.

*(Mr Lloyd, a Vice-President of the Assembly, took the Chair)*

#### ***4. The European defence equipment market***

The PRESIDENT – The next order of the day is the presentation of and debate on the report of the Technological and Aerospace Committee on the European defence equipment market: Article 296 of the Treaty establishing the European Community and the European Commission's Green Paper – reply to the annual report of the Council, and vote on the draft recommendation (Document [1917](#)).

I call the Rapporteur, Mr DANIELI, to present the report.

Mr DANIELI (*Italy*) (summary) thanked the President and said that, until the 1990s, the European defence market was the sum of the national markets. Since the 1980s, liberalisation, production developments and information technology improvements had all had effects on the defence, research and technology sectors. The changes were accelerated by the end of the cold war. Privatisation, rationalisation and mergers occurred especially in the aerospace and hi-tech industries. This had also spread to the ground and naval sectors. The emergence of large defence groups had led to further consolidation.

The emergence of the ESDP had placed the EU at the heart of the European defence debate. With this change, the EU had become involved in military matters and this had repercussions for the EU defence market. However, the defence market was still monitored by national governments and there was still a high degree of national control. National rules had restricted harmonisation between member states in the EU. This would not work in the long term. The ground and naval equipment industries were still disparate and were at risk of takeovers. Transatlantic cooperation also meant an unbalance between markets and industries leading to the EU defence market and policy being partly determined by United States policy.

In order for European defence projects to exist, the EU and member states had to have a strong, competitive, technologically advanced defence base. It was important to have a range of large and small companies in this sector. This report analysed critical points in this area. Article 296 of the Treaty on the European Community excluded defence equipment from European interest. This national interest had been curtailed by the case law of the European Court of Justice. In this development, the European Commission had moved from being a passive spectator to an active participant. Article 296 meant that the Commission could not issue directives, so it therefore issued communications. The most recent of these had covered a possible re-wording of Article 296. The Commission had intervened on these issues in 1996 and 1997 but member states had not then reacted.

From 2000, the question of organising the European defence equipment market had taken on new life. In 2003, an agency for defence procurement had been created, which in 2004 had become the European Defence Agency. The Commission had issued a directive in the same year which had covered the possibility of the Commission taking action on public contracts: this meant, in effect, that the Commission was entering the market through the back door. In September 2004, a Green Paper on Defence Procurement had been published and a period of public consultation began. At the end of this, the Commission hoped to have both *de facto* and *de jure* competence. The Commission believed that a national and intergovernmental approach to the defence market was one of the main causes of the current problems.

In January 2005, the consultation period had come to an end. There was one point of clear difference between large countries with significant defence industries and smaller countries. This was the question of offset, which was very delicate since it touched on issues of industrial know-how, development and employment. Large countries could accept this, but smaller countries, the majority of the member states, wanted a fair return or compensation. The Commission had generated movement towards the drafting of an intergovernmental code of conduct. This was a step towards opening up the market.

The report had clear recommendations, which, if adopted, would be a historic step forward.

The PRESIDENT – Thank you, Mr Danieli.

The debate is open.

I call Mr Malins.

Mr MALINS (*United Kingdom*) – Thank you, Mr President. I should like to thank the Rapporteur for presenting the report and for making it so helpful and interesting. It will make fascinating reading for us all, and I am grateful to him for the way in which he delivered his speech.

There are only two or three matters to raise briefly. The first is related to the United Kingdom's hitherto close relationship with the United States, not least on defence and military issues. That historic relationship goes back many years and continues at the present time. I understand that the United Kingdom was promised a waiver in relation to the United States international traffic in arms regulations, which are quite complex. The waiver was, I think, promised during the time of President Clinton, but it has not been delivered, which is causing increasing frustration in the United Kingdom, not least in the Select Committee on Defence of the House of Commons and among parliamentarians and the defence industry. There are many bureaucratic regulations to go through in our relationship with the United States. I understand that political opposition on Capitol Hill to the United Kingdom's being granted such a waiver is almost insurmountable, and my judgment is that the United Kingdom, on future defence procurement and relationships, may well shift away from the United States to some extent if the waiver is not granted and towards our European friends and allies.

I want to raise briefly a matter of some interest to me, which I mentioned yesterday in the interesting debate with the Austrian Defence Minister. I refer to the existence of the battlegroups that have apparently been set up. They are some 13 in number and are made up of 1 500 personnel each. Their purpose is to be a rapid reaction force on a European scale and to respond to emergencies.

For some time, I have been trying to get more firm information on these battlegroups as I think that there is a link between them, their need to be deployed so rapidly, and the whole defence equipment issue. So far, I have not found out whether the battlegroups exist or who commands them or orders their deployment. Neither do I know whether they have yet been deployed, and I have not been able to find out who equips them.

Yesterday I asked the Austrian Defence Minister about the input from national parliaments about the deployment of such battlegroups. He replied that, in his judgment, no such deployment could take place without the consent of the parliament of the country concerned. He went on to say that he could not think of one European state where troops could be deployed without the full support of the parliamentary process, and I did not take the opportunity to remind him that the United Kingdom was one such country. In our country, troops can be deployed without a formal parliamentary vote.

I was pleased about one aspect of the report, which noted that governments have a central role in determining the defence equipment requirements of their armed forces. The report went on to talk of cooperation in defence equipment technology and said that such cooperation was the best way to deal with the matter.

However, another report about the future of the European naval defence industry covers some of the same ground. The thrust of that report is slightly different, in that it talks about the need to have what would be, in effect, a European naval defence industry. It says that there is a need to resolve difficulties about funding naval defence programmes and to encourage operational convergence, procurement synchronisation, the harmonisation of rules for technology transfer, and agreements for developing and implementing European programmes. That element of the second report seems to suggest that there is a wish to move to what is, effectively, a common policy in defence matters right across Europe.

The procurement of equipment remains a problem, however, as different countries will always have different requirements. I therefore believe that there could be some potential danger if there was too much harmonisation.

Having said that, I welcome the report that has been put before us. It is a most useful document, into which a great deal of work has gone.

The PRESIDENT – The debate is closed.

Does the Rapporteur wish to speak?

Mr DANIELI (*Italy*) (summary) responded to Mr Malins, stating that it was obvious that the report was in favour of a single defence policy dimension and the implementation of common foreign and defence policies in Europe. But cooperation/competition with the United States was an objective fact in a variety of sectors. The most obvious of these was launchers, in respect of which the United States had recently introduced protection rules, affecting not only France but other European Union producers as well.

A vital strategic requirement for the EU was to make a qualitative leap forward to a single dimension.

Battlegroups were not within his remit or his competence.

It was necessary to strike a balance between the old concept that everything in the defence field should be national and the need for EU member states to move to specialisation and integration.

The PRESIDENT – Thank you.

Does the Chairman of the Committee wish to speak?

Mr O'HARA (*United Kingdom*) – Let me respond briefly to Mr Malins. The whole point of the report is that unless we have proper defence procurement the battlegroups are not fit for purpose and we

do not want our battlegroups to be toy soldiers. As regards his comments about competition with the United States, the report lays stress on the importance of achieving a better balance between cooperation and competition with our partners on the other side of the Atlantic.

The heart of the report is the requirements of the European Security and Defence Policy that Europe be independent, autonomous and competitive in defence procurement. That is the intention and it is in tension with national sovereignty in matters of defence as enshrined in Article 296 of the Treaty of Rome. We have to find our way through this. The European Commission is trying to find a way through that difficulty through the Green Paper, and the instrument for achieving that is the European Defence Agency. Therefore, we want better synergy between the member countries, the European Commission and the EDA.

Mr Danieli gave an excellent presentation of that argument. I congratulate him on his presentation of the report, which has the full support of our Committee. There were no amendments to it and I commend it to the Assembly.

The PRESIDENT – Thank you, Mr O’Hara.

The Technological and Aerospace Committee has presented a draft recommendation to which no amendments have been tabled.

We will now proceed to vote on the draft recommendation contained in Document [1917](#).

Under Rule 35 of the Rules of Procedure, if five or more representatives or substitutes present in the chamber so desire, the Assembly shall vote by roll-call on a draft recommendation.

Does any member wish to propose a vote by roll-call? ...

That is not the case. We shall vote by show of hands.

*(A vote was taken by a show of hands)*

*The draft recommendation is adopted unanimously.*

Thank you, Mr Danieli, for your hard work on the report.

### ***5. The future of the European naval defence industry***

The PRESIDENT – The next order of the day is the presentation of and debate on the report of the Technological and Aerospace Committee of the future of the European naval defence industry, and vote on the draft recommendation, which is contained in Document [1916](#).

I call the Rapporteur, Ms Cortajarena Iturrioz, to present the report.

Ms CORTAJARENA ITURRIOZ (*Spain*) (summary) introduced the Report of the Technological and Aerospace Committee, and said that WEU had previously agreed a report on mergers in the United States defence industry. This report had concluded that these mergers had helped the industry markedly. However, in Europe similar mergers were not currently possible. The organisation of the European shipbuilding industry was more complex, for example, with ownership split between the private and public sectors.

The report looked at five European countries which had relevant naval defence industries. Germany was the only country which had completed its process of mergers. A United States investment fund had bought up German shipyards. This had led to the introduction of a law preventing over 25% foreign ownership of such facilities.

In Spain, state shipyards had been radically restructured: over the 20 years to 1995, those employed by the shipyards had declined from 40 000 to 7 000. Exceptionally, these shipyards had been given EU subsidies. Looking forward, the report considered that military shipyards in Spain were well positioned.

In France, a law had been passed in 2005, which allowed privatisation of shipyards.

In Italy, the shipbuilding industry had also been given permission to privatise, but details were not yet certain. However, the 2006 Italian budget would be cutting some funding.

In the United Kingdom, the main defence shipbuilding company had been in operation since the late 1990s. There had been a wide-scale restructuring of the defence industry in order to help it compete more effectively on the world markets. Currently, the United Kingdom Government was looking at further restructuring linked to the Defence Procurement Agency.

The idea of a pan-European defence shipbuilder, similar to a naval version of Airbus, required very serious thought. The industry employed some 45 000 people with a turnover of €800 000 million, excluding those working in ancillary industries.

It was not possible to have an ESDP that was not based on a Europe-wide defence naval industry. Such an industry required harmonisation of national laws and defence budgets to allow mergers to take place. The EDA was in a good position to work through these problems.

So far, defence cooperation had not been impressive, as national cultures were very different and had resisted change. The establishment of the EDS had reinvigorated the desire for further cooperation.

There was a large difference over state and private ownership of shipbuilders. However, governments should be required to show real political will to bring about closer cooperation in this industry. WEU delegates were encouraged to pressure their governments to work for this cooperation, and for further consolidation of the industry.

The recommendation of the report merely attempted to lay the foundation for such consolidation. Europe deserved no less.

The PRESIDENT – Thank you, Ms Cortajarena Iturrioz.

The debate is open.

I call Mr Mendes Bota.

Mr MENDES BOTA (*Portugal*) (summary) said that it was not enough just to come to terms with the five main traditions of shipbuilding in Europe. The EDA had pushed further cooperation down its list of priorities. However, there were enough orders for the coming 20 years to merit closer cooperation. A European level strategy was needed to produce an agreement and set a timetable for consolidation.

The EDEM had not yet been established. Currently, there was a fragmented market and no coordinating strategy for defence equipment procurement. The establishment of such a strategy needed a proper legal framework. This would help European growth and efficiency.

Portugal also had a shipbuilding industry and was producing a wide variety of ships including coastal vessels. EU member states needed to remember the importance of shipyards across Europe.

The PRESIDENT – Thank you, Mr Mendes Bota.

The debate is closed.

I call the Rapporteur, Ms Cortajarena Iturrioz.

Ms CORTAJARENA ITURRIOZ (*Spain*) (summary) agreed with what Mr Mendes Bota had said. The big challenge was to do the utmost to persuade EU member states of the importance of small and large companies in this industry. She thanked those who had made contributions to the debate and the report.

The PRESIDENT – Thank you, Ms Cortajarena Iturrioz.

I call the Chairman of the Committee, Mr O'Hara.

Mr O'HARA (*United Kingdom*) – As members will have discerned, this report is of a piece with Mr Danieli's. He talked about the general problem of the need for rationalisation in respect of the European Defence Agency. He said that there had been great achievements in aerospace but that that was less the case in the naval defence industry.

Ms Cortajarena Iturrioz's report sets out how much has been achieved but also how much more needs to be achieved. As in Mr Danieli's report, the European Defence Agency is seen as the channel through which rationalisation should be brought about. I congratulate her on her masterly presentation of

the report, which was accepted without amendment by the Committee. I add my thanks to the Committee's technical support staff for their assistance in its preparation, as in that of Mr Danieli's. I commend the report in its entirety to the Assembly.

The PRESIDENT – The Technological and Aerospace Committee has presented a draft recommendation to which no amendments have been tabled.

We will now proceed to vote on the draft recommendation contained in Document [1916](#).

Under Rule 35 of the Rules of Procedure, if five or more representatives or substitutes present in the Chamber so desire, the Assembly shall vote by roll-call on a draft recommendation.

Does any member wish to propose a vote by roll-call? ...

That is not the case. We shall vote by show of hands.

*(A vote was taken by show of hands)*

*The draft recommendation is adopted.*

### **6. Surveillance of the maritime and coastal areas of European states**

The PRESIDENT – The next order of the day is the presentation of and debate on the report of the Defence Committee on surveillance of the maritime and coastal areas of European states, and vote on the draft recommendation, Document [1920](#).

I call the Rapporteur, Mr Rigoni, to present the report.

Mr RIGONI (*Italy*) (summary) stated that the report dealt with the surveillance of the maritime and coastal areas of Europe. This was an important subject, which the Assembly needed to look at. Maritime activities, pollution, illegal immigration and drugs were all threats to security. This had acquired greater importance in recent years, especially for Mediterranean countries.

The particular problem of no frontiers at sea required coordination in Europe. This was an essential requirement. The report perhaps could have looked at greater European integration, such as through a European coastguard service. However, in the EU, cooperation was underway both on a bilateral and multilateral basis.

The types of missions required in Europe were mentioned: rescuing people, surveillance, policing fishing, pollution surveillance, narcotics traffic, illegal immigration and terrorism.

There was a need for a common security and surveillance mechanism, a need for a European coastguard agency. Countries could be brought together to exchange information and supervise traffic. The present situation was that several agencies existed within Europe: a European Maritime Safety Agency, FRONTEX, two centres controlling maritime borders in Spain and Greece and a fisheries control agency. The two control centres in Spain and Greece had already cooperated in operations, such as in the narcotics trade and illegal immigration.

Looking at the Maritime Safety Agency it was noted that the 85 000 kilometres of maritime borders in Europe had caused great monitoring challenges. The most important feature of joint surveillance that was in development was a pan-European maritime communication system called SafeSeaNet. This was a way to identify vessels and to prevent unlawful action.

The present situation with the FRONTEX agency was that it was not yet fully operational. It needed to be boosted further. Greater naval coordination as well as bilateral and multilateral cooperation was important.

Looking at the 26 Mediterranean navies, it could be seen that they were not just European. Maritime routes in the Mediterranean were of global importance for a number of factors, including trade. Notwithstanding its relative size, the Mediterranean was important for traffic, such as that relating to oil and merchant shipping activities. It was necessary to look at its strategic importance and not forget the large number of other vessels, such as small fishing vessels, that were in use.

The situation required a united response, from the European Union. There was the possibility of enhanced and strengthened multilateral cooperation on the basis of EU cooperation. There should be more exchanges on maritime safety, as well as a network of data banks to help the navies of EU member states tackle crime.

The report contained detailed recommendations to the Council, and the Secretariat of the Defence Committee were to be commended on their work in drafting these.

The PRESIDENT – Thank you, Mr Rigoni.

The debate is open.

I call Mr Falzon of Malta.

Mr FALZON (*Malta*) – I would like to thank the Rapporteur for his excellent report on the surveillance of the maritime and coastal areas of European states. This matter is of great concern to all EU member states, but in particular to those countries bordering the maritime areas.

This Assembly notes that illicit activities in the Mediterranean environment are on the increase. The transportation of illegal immigrants is of great concern to the Maltese people. The issue is widely debated and discussed in Malta, as the pressure is increasing.

Malta is a small island state, with 400 000 people living on just 300 sq km. It is important for the EU to recognise that a few hundred illegal immigrants represent quite a substantial proportion of our population. The flow of illegal immigrants to Malta is one of the heaviest in Europe.

Preventive measures, patrols and inspections at sea require extensive resources, and surveillance capability is an essential requirement for countries that undertake such activities. Such operations are far beyond the means and resources of the Maltese community.

Combating illegal immigration is an area of responsibility that must be shared between the EU and those front-line states most likely to be on the receiving end of illegal immigration. This Assembly should recommend the development and implementation in Europe's maritime areas of systems that use the latest technology. It should also support cooperation with Mediterranean countries in setting up coordinated arrangements for controlling Europe's maritime borders and protecting against illegal immigration and trafficking of all kinds. It should also positively recommend the development of procedures to exchange intelligence and the provision of funding and resources.

The PRESIDENT – The next speaker is Mr Özal of Turkey.

Mr ÖZAL (*Turkey*) – Thank you. I should like to thank the Rapporteur for this comprehensive report, which emphasises the need for close cooperation on this issue, and contains information on regulations and operations in the EU. It can therefore be regarded as a useful reference paper as well.

I agree with the need to monitor maritime and coastal areas, especially for countering unlawful acts at sea and as a protection against the dangers posed by accidents and pollution.

Turkey is mindful of the requirement to address such maritime risks. My country has also taken a number of measures with a view to ensuring safety and security in the relevant maritime areas.

In that context, Turkey launched a national maritime surveillance operation, Operation Black Sea Harmony, in the Black Sea in March 2004. The operation continues and remains open for the participation of Black Sea littoral states. Turkey has also contributed to NATO's Operation Active Endeavour in the Mediterranean since it began. In addition, the Turkish Navy and coastguard continue their routine patrol missions in other maritime areas along Turkey's coasts, which are 8 333 km long.

Moreover, the Turkish straits vessel traffic services system became operational in December 2003, providing vital expertise and guidance to vessels passing through the straits. In addition to the local maritime traffic – 2.5 million people travel daily between the two coasts of the Istanbul strait alone – the approximately 50 000 vessels passing through the Turkish straits every year enjoy the services provided by the Turkish VTS.

Turkey is now developing new projects to extend maritime traffic monitoring systems along her entire coastline. In that regard, additional VTS centres and an integrated network capable of providing an automated identification system for vessels sailing in the surrounding waters are planned to become operational by the end of 2007.

I note that a series of similar projects and maritime surveillance efforts is also under way or about to be launched in the EU. I strongly believe that non-EU allies and accession countries need to be fully involved in such activities if they so choose. It would also be logical and cost effective if a synergy between the relevant efforts and projects of interested parties could be created.

The PRESIDENT – I call Baroness Hooper.

Baroness HOOPER (*United Kingdom*) – Thank you, Mr President, for allowing me to intervene despite my not having added my name to the list of speakers.

I rise briefly to support the recommendations in Mr Rigoni's most interesting report. This year in the United Kingdom, we are celebrating the life and successes of one of our greatest admirals, Admiral Lord Nelson. Much has changed in the intervening period since then, but, nevertheless, the report shows that the work of the navy is as important as ever, albeit in many different ways, particularly in relation to the surveillance of drug and other trafficking, piracy, fishing regulations and even in the environmental context in terms of oil slicks, and so on. Mr Rigoni has outlined extremely well the relevance of the navies of all our countries today.

However, the Rapporteur referred to the setting up of a European coastguard service and I should like to ask whether it would not be sufficient to improve the existing cooperation arrangements, to which he referred, and the communication between the various navies. Would that not be sufficient? Is it really necessary to create a new European coastguard service?

The PRESIDENT – The debate is closed.

Does the Rapporteur wish to speak?

Mr RIGONI (*Italy*) (summary) agreed that one of the main reasons for enhancing cooperation was to combat illegal immigration. Multilateral cooperation within the EU was necessary but had to be implemented in cooperation with the countries of origin. Huge numbers of people had been coming daily to Italy from Albania, but the problem had been solved through bilateral cooperation between the Italian and Albanian navies including surveillance of the Albanian coastline. There was similar cooperation with Tunisia. There were still some problems with Libya but Italy, together with Malta, was trying to solve them. EU cooperation should lead to wider Mediterranean cooperation.

Baroness Hooper was right to stress the importance of a maritime security agency within the EU.

The PRESIDENT – Thank you, Mr Rigoni, for your concluding remarks.

The Defence Committee has presented a draft recommendation to which no amendments have been tabled.

We will now proceed to vote on the draft recommendation contained in Document [1920](#).

Under Rule 35 of the Rules of Procedure, if five or more representatives or substitutes present in the chamber so desire, the Assembly shall vote by roll-call on a draft recommendation.

Does any member wish to propose a vote by roll-call? ...

That is not the case. We will have a vote by a show of hands.

*(A vote was taken by a show of hands)*

*The draft recommendation is adopted.*

I thank you again, Mr Rigoni, for this important report and, in the absence of the Committee chair, may I ask you to pass on my thanks to the secretariat for its hard work on this important task.

### ***7. Accounts of the expenditure of the Assembly for 2004***

The PRESIDENT – The next order of the day is the presentation of and debate on the oral report from the Committee on Budgetary Affairs and Administration on the Auditor’s report on the accounts of the Assembly for 2004 and debate and vote on the motion to approve the final accounts, which is contained in Document 1907 and its addendum.

I call Ms Lucyga to present the report on behalf of Mr Gabburo.

Ms LUCYGA (*Germany*) (Translation) – In pursuance of the provisions laid down in Part VII of the Financial Regulations, the Auditor examined the accounts of the Assembly of Western European Union for the year 2004. The audit concerned the Assembly’s income and expenditure for the year 2004 and its assets and liabilities as at 31 December 2004. The duty of the Auditor is to examine the accounts as he may deem necessary in order to ensure that all expenditure is in accordance with the budget, that the accounts are properly kept and that there are no financial irregularities.

The Auditor had access to all the accounting ledgers and to the supporting evidence, documents and files. The Assembly’s officials provided him with all the information he had requested and he thanked them for their cooperation.

The Auditor’s report states, “In our opinion, the appended financial statements for 2004 are representative of the entries in the ledgers and are consistent with transactions carried out in 2004, in compliance with the applicable regulations and budgetary provisions.” and the letter accompanying the final report is unambiguous in “approving the Assembly’s accounts”.

I therefore ask the Assembly to discharge the President of his financial responsibility for the 2004 accounts.

The Auditor, as might be expected, made certain recommendations for improving the financial management of the Assembly and the Administration gave its assurance that they would be addressed.

The PRESIDENT – Thank you, Ms Lucyga.

The debate is closed.

We shall now vote on the motion to approve the final accounts of the Assembly for 2004 contained in the addendum to Document 1907.

Under Rule 35 of the Rules of Procedure, if 10 or more representatives or substitutes present in the Chamber so desire, the Assembly shall vote by roll-call on the accounts.

Does any member wish to propose a vote by roll-call? ...

That is not the case. We shall vote by a show of hands.

*(A vote was taken by a show of hands)*

*The motion to approve the final accounts of the Assembly for 2004 is adopted unanimously.*

*The accounts are therefore approved unanimously.*

Thank you very much, Ms Lucyga, but your work is not yet finished.

### ***8. Opinion on the budget of the WEU Ministerial Organs for 2005***

The PRESIDENT – The next order of the day is the presentation of and debate on the report of the Committee on Budgetary Affairs and Administration on the Opinion on the budgets of the ministerial organs of WEU for 2005 and vote on the draft recommendation (Document 1909).

I call Ms Lucyga to present the report, on behalf of Mr Gaburro.

Ms LUCYGA (*Germany*) (Translation) – As is the case every year, and according to Article VIII (c) of the Assembly’s Charter: “The Assembly shall express its views in the form of an opinion or recommendation on the annual budget of Western European Union as soon as it has been

communicated". This report is concerned with the budgets for 2005 of the Secretariat-General and Paris Administrative Service, WEAG/WEAO, and with the pensions of the Secretariat-General and the former Paris Ministerial Organs (PMO).

Since 1 January 2002, WEU as restructured has taken a more definitive form: the Institute for Security Studies and the Satellite Centre now belong to the European Union, and the Paris Administrative Service is in place. The 2004 budget was therefore comparable in terms of its structure and volume to that of 2003. However, for 2005, the cessation of WEAG's activity from 1 July has brought about a change in the overall volume of the budget.

The position now is that the budget of the Secretariat-General has gone up by 1.59%, a rate of increase lower by almost one percentage point than that required to maintain purchasing power in Belgium at its present level. The same goes for the budget of the Paris Administrative Service, where reorganisation has led to improvements in many areas.

The budget of WEAO, whose activity continued in 2005, does not call for any particular comment. However, a number of adjustments in the running of the Research Cell have made possible a reduction of 11.55% in the 2005 budget, compared with 2004. The cessation of WEAG's activity on 30 June 2005 led to a reduction of almost 50% in personnel and operating costs. However, costs in connection with closure – personnel and premises – required substantial provision to be made, under the head "Special Costs, closure", which explains why the 2005 budget has increased by 10.08% as compared with 2004.

Taken together, the budgets of all the WEU ministerial organs are as follows. Following a decrease in 2002 and 2003 due to reorganisation of WEU following the Marseilles Ministerial Council in November 2000 – 13.9% in 2003 compared with 2002 – the operating budget for 2004 and 2005 stabilised, with its framework and capacity remaining virtually constant, down 2.95% in 2005 compared with 2004. For 2006, this stabilisation of capacities will require budgets that take account of inflation and the real increase in remuneration and pensions.

I therefore propose that the Assembly adopt the following recommendation to the Council: "Take into account, when drawing up the budgets, not only the rate of inflation but also the increase in remuneration as decided in the framework of the Coordinated Organisations, so as to guarantee at least that the capacities of the WEU ministerial organs are maintained at their current level."

I should say that, in addition to WEU, these organisations include the following five organisations: NATO, the OECD, the Council of Europe, European Space Agency and the European Centre for Medium-Range Weather Forecasts.

The PRESIDENT – Thank you very much again, Ms Lucyga, for your speech and, indeed, your report.

The debate is closed.

The Committee on Budgetary Affairs and Administration has presented a draft recommendation to which no amendments have been tabled.

We will now proceed to vote on the draft recommendation contained in Document 1909.

Under Rule 35 of the Rules of Procedure, if five or more representatives or substitutes present in the Chamber, the Assembly shall vote by roll-call on a draft recommendation.

Does any member wish to propose a vote by roll-call? ...

That is not the case. We shall vote by a show of hands.

*(A vote was taken by show of hands)*

*The draft recommendation is adopted unanimously.*

### ***9. Draft budget of the Assembly for 2006***

The PRESIDENT – The next order of the day is the presentation of the report tabled by Ms Lucyga on behalf of the Committee on Budgetary Affairs and Administration on the draft budget of the Assembly for 2006, Document 1908.

Ms Lucyga has also tabled a previous question on this draft, which has been distributed as Document 1923. If the Assembly agrees to Ms Lucyga's motion, the subject of debate will be removed from the Agenda and from the Register of the Assembly.

Under Rule 33 of the Rules of Procedure, this motion takes priority over the original motion, debate on which is suspended. The previous question may be moved only once.

The previous question is put to the vote immediately after the presentation of the relevant committee report. I therefore propose that when Ms Lucyga presents the report, she should at the same time speak to her motion for the previous question.

Only the proposer of the previous question, one speaker against the motion, and the Rapporteur or the Chairman of any committee concerned may speak; and the time available to each speaker is five minutes.

I am sure that colleagues have followed this ruling with care and attention.

Ms LUCYGA (*Germany*) (Translation) – Mr President, ladies and gentlemen, the situation forecast for the Assembly's budget in 2006 is quite exceptional. As in the past, the Assembly is submitting to the member states a budget whose hallmark is stability in that it is proposing to maintain work at the usual level by increasing the "operating budget" heads, that is Heads II to V, only by the official rate of inflation in France, 1.7%, as adopted by the international organisations of which the governments are members.

However, as a result of extra expenditure, for which there was no need in 2005, the budget estimates have had to be revised upwards. International organisations must make provision in their budgets for pensions payable to retired staff and for leaving allowances paid to staff who have not accumulated ten years' service in their organisation. In 2006, three staff members will be retiring and two will be eligible for a leaving allowance. This entails additional expenditure of €330 000 under the pensions head, which is an increase of 4.5% as compared with the 2005 budget taken as a whole.

In addition, the Assembly has to take account, as is the case every year, of the increase in the salary scales of the Coordinated Organisations – NATO, OECD, WEU, European Space Agency, etc. The envisaged rate of this increase in 2006 is 1.7%. It also has to allow for a number of increments paid to staff members on the basis of their length of service.

Taking all these extra costs into account, while limiting the increase in the operating budget to the rate of inflation in France, the Assembly has estimated that its expenditure in 2006 will go up by 6.82% as compared with 2005. This represents an amount of some €500 000.

The Assembly is aware of the need to limit the increase in the budget of WEU as a whole to a figure corresponding to "zero real growth", that is, the rate of inflation. It has accordingly proposed a formula which draws on the various budgets of the Organisation in order to obtain the extra funding that is needed in 2006 as an exceptional requirement. Its proposals show that if use is made of the appropriations saved in the 2005 budgets, while limiting the increase in the total of the budgets for 2006 to the rate of inflation, the funding the Assembly requires is already available. However, some delegations are nevertheless requesting the Assembly to reduce its operating budget – Heads II to V – and hence its activities. We have explained to the national delegations that a political stance of this nature is regrettable at a time when all the authorities in the member states are concerned about the fact that European citizens are unaware of the European Union's activities in the field of the CFSP and ESDP, and also about the lack of parliamentary support for them. All the ministers who have addressed the Assembly have consistently stressed the importance of the work we are doing.

Nevertheless, in an effort to take account of the very difficult financial situation in a number of member states, and despite the effects of the drastic reorganisation measures applied in 2002, entailing an

18% reduction under Heads II, IV and V of our budget, the Assembly has proposed a reduction in its operating budget – Heads II to V – of about 5%, or €100 000, but could not make any change to the appropriations requested under the “Permanent staff” and “Pensions” heads as these are linked to contractual obligations and to decisions taken in the framework of the Coordinated Organisations. It should be noted that the Assembly has acquired considerable experience in making savings under its operating budget: it has limited the number of fact-finding missions associated with the preparation of reports; it buys “low cost” air tickets; it is able to make a more efficient assessment of the number of reports it needs to publish for distribution purposes; it puts all reports on the website, etc. In view of the above, the increase the Assembly requires for 2006 would be limited to €400 000.

Despite this effort to reduce our budget request, we learned only lately that the WEU Budget and Organisation Committee has not agreed to our proposals. We must therefore put our case strongly to the governments of our 10 full member countries, making clear that the Assembly’s work cannot from year to year be at the mercy of the number of staff leaving or retiring. The member states are contractually bound to pay leaving allowances and pensions. The issue will furthermore be the subject of a report by the Assembly’s Budget and Administration Committee.

For all these reasons, Mr President, I move a vote on the previous question.

*(Mr Goris, President of the Assembly, resumed the Chair)*

The PRESIDENT – Thank you, Ms Lucyga.

Does anyone wish to speak against the motion? ...

That is not the case.

Does a rapporteur of any committee concerned wish to speak? ...

That is not the case.

Before we proceed to the vote, I formally thank Ms Lucyga for what the British call a hell of a job because she has worked hard on the budget. It is not only the EU that faces budget problems at the moment, because so does this Assembly. She has taken care of this problem for several years with an excellence that we can only applaud.

We will now proceed to vote on Ms Lucyga’s motion, the previous question, Document 1923.

Under Rule 35 of the Rules of Procedure, if 10 or more representatives or substitutes present in the Chamber so desire, the Assembly shall vote by roll-call on the motion.

Does any member wish to propose a vote by roll-call? ...

That is not the case. We shall vote by show of hands.

*(A vote was taken by show of hands)*

*The previous question is adopted unanimously.*

As the previous question has been adopted, the subject of the draft budget of the Assembly for 2006 has been removed from the agenda and the Register of the Assembly.

### ***10. Date, time and orders of the next sitting***

The PRESIDENT – That concludes our business for this afternoon.

I propose that the Assembly hold its next public sitting tomorrow morning at 10 am, with the following orders of the day:

1. Statement by leaders of invited delegations.
2. The European Union in the Balkans: Althea and other operations; Parliaments and the Althea mission (*Presentation of and joint debate on the reports of the Defence Committee and the Committee for Parliamentary and Public Relations and votes on the draft recommendation, draft resolution and draft order*, Docs. [1919](#) and [1911](#))

3. Cooperation in the operational area between the EU and NATO – reply to the annual report of the Council (*Presentation of the report of the Defence Committee*, Doc. [1918](#)).
4. Address by the Rt. Hon. Jack Straw MP, Secretary of State for Foreign and Commonwealth Affairs, Chairman of the WEU Council, representing the United Kingdom WEU/EU Presidency (Address delivered by H.E. Sir John Holmes, the British Ambassador, Paris).
5. Cooperation in the operational area between the EU and NATO – reply to the annual report of the Council (*Debate on the report of the Defence Committee and vote on the draft recommendation*, Doc. [1918](#)).

Are there any objections? ...

*The orders of the day for the next sitting are agreed to.*

Does anyone wish to speak? ...

*The sitting is closed.*

*(The sitting was closed at 17.55)*