

Parliament risks being left behind



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If the European Parliament does not adapt to the eurozone crisis, a democratic gap will open up, warns Pervenche Berès

In all democracies, major economic and fiscal decisions need to secure the democratic legitimacy offered by a parliament. This should also be true of the major changes currently under way in the eurozone.

Democratic gaps are, however, opening up at the EU level. One of these gaps is between the eurozone's member states: Angela Merkel, Germany's chancellor, and Nicolas Sarkozy, France's president, do not feel obliged to talk to other eurozone leaders and are, in effect, forming their own *directoire*, an executive that is imposing their views.

But the most worrying gap is a result of national leaders continuing to conclude agreements on behalf of 300 million people without making those agreements accountable to the European Parliament.

For this, the Parliament is partly to blame. It has not fully appreciated the scale of the consequences that the crisis is having on the EU institutions, and it has not adapted its structure

and working methods accordingly.

Others have. The European Commission, for example, has done so without changing the EU treaty, by reinforcing the position of Olli Rehn, the European commissioner for economic and monetary affairs: it has elevated him to the position of 'vice-president for economic and monetary affairs and the euro' and given him additional working instruments.

The Parliament's failure to adapt pre-dates the crisis: it has yet to respond adequately to modifications made by the Lisbon treaty to the role of the Eurogroup of eurozone finance ministers, changes intended to increase policy co-ordination. But it now also needs to align its institutional configuration with the EU's latest evolution. That re-configuration would reflect the general trend within the European Council: to differentiate the rights and responsibilities of members and non-members of the eurozone.

The European Council, for example, concluded that there was no need for the governments and parliaments of

countries that do not use the euro – such as Denmark and the UK – to approve the creation of the temporary bail-out fund, the European Financial Stability Facility (EFSF), or of its permanent replacement, the European Stability Mechanism (ESM). There should, likewise, be no need for Danish and British MEPs to vote in the Parliament on how to fix the failings of economic governance in the eurozone and on measures to stabilise the eurozone.

In my capacity as the Parliament's rapporteur on the European semester, the cycle of economic policy co-ordination between member states, I am therefore suggesting the creation of a eurozone-only cluster within the committee on economic and monetary affairs. This sub-committee would be open to all MEPs – but only MEPs from eurozone members would be allowed to vote.

This proposal is controversial. This debate, though, needs to be held.

If the Parliament's institutional set-up is not re-configured, the governments that make up the eurozone will use the idea of non-eurozone MEPs voting on eurozone-only issues as a further reason to marginalise the Parliament. The Eurogroup and the Commission will continue a constant dialogue on

economic governance, while the Parliament will increasingly be an onlooker.

This should concern democrats: holding a parliamentary debate on the direction of economic policy is a cornerstone of any democratic system. It should also concern taxpayers: after all, they are contributing financially to the EFSF and to the ESM.

The Parliament is, it seems, not yet ready to break the taboo that my proposal represents. MEPs need, though, to appreciate that the issue of democratic legitimacy will not go away (indeed, I would argue that further economic policy co-ordination inside the eurozone will be impossible without more democratic legitimacy).

If the European Parliament does not take the lead, national parliaments will. We can expect national parliaments from the eurozone to organise themselves in an effort to secure national backing for measures agreed at an EU level. If so, the European Parliament will – on economic matters – become only a parliament of the internal market.

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Does the EU value emissions over human rights?

The EU is making a mistake by targeting Canada's oil sands, writes Mark Milke

The European Commission was wrongheaded when, in October, it singled out oil extracted from Canada's 'tar sands' by proposing a higher carbon-emissions value for it than for other sources of fossil fuel.

Given that very little Canadian oil currently makes its way to Europe, labelling it as 'dirty' would be largely symbolic. But such a designation would matter: it would muddy the issues that now surround extraction of Canadian oil and inflame trade tensions. It could also, in the longer term, lead to more imports from countries that are not paragons of civil, political and economic rights.

But first, some background that, while not the basis for the Commission's proposal, has affected the mood music, to the detriment of debate.

For one, the oft-used term 'tar sands' is incorrect. Tar originates from distilling coal. Canada's oil comes from clay sand, through two processes that are cleaner than distilling coal. In the traditional method, oil is extracted through mining that scars the landscape. The oil is then separated from the sand using heat. This approach, however, is in decline and accounts for only 20% of oil extracted from Canada's oil sands. The rest is 'steamed' out of the ground through a process that resembles conventional oil drilling. The impact of oil sands on Canada's landscape is therefore falling.

The proposed EU action, though, is based on greenhouse-gas emissions. According to a study by IHS-Cambridge Energy Research, oil derived from sand emits as much as Nigerian or Venezuelan crude oil, but 6% more than the average crude oil consumed in the US.

This difference is small and rendered less significant still by a point that the Commission misses: most emissions come not during extraction but during usage. As IHS-Cambridge noted, "70% to 80% of the greenhouse-gas emissions

come from the combustion of the fuel in an engine, so the vast majority of emissions remain the same whether the oil comes from west Africa, Latin America or Canada".

Set against these small, theoretical environmental gains are three very real considerations: demand, security and human rights.

Global demand for oil will rise from 89.2 million barrels per day now to 99 million barrels in 2035, according to the International Energy Agency (IEA). The IEA also predicts that unconventional oil – such as Canada's oil sands – will play "an increasingly important role in world oil supply through to 2035, regardless of what governments do to curb demand".

For Europe, the question then is not whether the world will use more oil, but where it will come from.

Oil's origin should matter for Europeans who care about their own security and about others' human rights. Canada, unlike most oil-exporting countries, is politically stable and has a superb human-rights record – unlike, say, Iran, Saudi Arabia or Venezuela.

But since European industry faces obligations to reduce its carbon footprint, rather than its human-rights footprint, the Commission's proposal will encourage Europe to focus on the former at the expense of the latter.

Lastly, the Commission's directive is not worth a trade clash with one of Europe's best partners.

Canada's prime minister, Stephen Harper, and his government have hinted quite clearly that Canada may complain to the World Trade Organization if Canadian oil sands are labelled 'dirty', arguing that the designation is protectionism under another guise.

Even if the dispute does not deteriorate to that level, an EU directive that discriminates against Canada's oil would add a complication to talks on a comprehensive EU-Canada free-trade agreement.

Stated bluntly, the EU's directive would send this unfortunate signal: human-rights issues and progress in open trade matter less than marginal differences in greenhouse-gas emissions.

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