

TWENTIETH JOINT MEETING  
of the Members of  
THE CONSULTATIVE ASSEMBLY  
OF THE COUNCIL OF EUROPE  
and the Members of  
THE EUROPEAN PARLIAMENT

(STRASBOURG, 14 NOVEMBER 1973)

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*OFFICIAL REPORT OF DEBATES*

STRASBOURG

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## NOTE

This edition contains the original texts of the English speeches and translations of those delivered in other languages.

The latter are denoted by letters as follows :

(*F*) = speech delivered in French.

(*G*) = speech delivered in German.

(*N*) = speech delivered in Dutch.

The original texts of these speeches will be found in the separate editions which are published for each language.

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SITTING OF WEDNESDAY,  
14 NOVEMBER 1973

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**IN THE CHAIR : Mr VEDOVATO**  
**President of the Consultative Assembly**  
**of the Council of Europe**

*The Sitting was opened at 3.05 pm*

***1. Opening of the Joint Meeting***

**The Chairman.** — (*F*) I declare the 20th Joint Meeting of members of the Consultative Assembly of the Council of Europe and members of the European Parliament open.

Ladies and Gentlemen, as this is the first 20th Joint Meeting since the enlargement of the Communities, I should like to stress the increased responsibilities which fall to us in this new situation.

The countries we represent share a certain idea of European society, based on the principle of parliamentary democracy and respect for personal liberty.

If this society is to develop and thrive, the members of the enlarged Community, including parliamentarians, must endeavour to avoid all danger of divisions occurring among the European parliamentary democracies and all risk of the gap between the Nine and the Eight being further widened.

During the last few days, there has been a great deal of talk about European solidarity, and public opinion in our countries, as expressed by the large majority, has been urging our governments to put aside selfish national considerations and form a common front against all contingencies.

This can only be welcomed.

It must nevertheless be realized that, although the Middle East crisis is creating serious problems for the countries of the Community, it affects the other states of Western Europe in the same way.

Or course, European solidarity—both generally and in particular instances—must prevail among the Nine. But it must also make itself apparent between the members of the Community and those countries which do not yet belong to it.

This principle, which is fundamental to Europe's credibility and its future, must be borne in mind, especially on the eve of the Copenhagen Summit conference.

It is the role of the Council of Europe Assembly and, I am sure, of the European Parliament as well to recall this fact. We parliamentarians must set an example, increase multilateral contacts and make sure that no effort is spared to establish fruitful and sustained cooperation between our two institutions.

For that reason, I attach increased importance to the Joint Meetings, and I hope they will contribute to the definition of an overall policy in Europe. The joint communiqué to be issued



for the first time at the end of our deliberations will help to serve that purpose.

I would remind you that the rules of procedure that will apply are those agreed jointly by the Bureaux of our two Assemblies.

As a consequence of the enlargement of the European Communities, the total number of representatives in the Council of Europe Assembly and the European Parliament exceeds the 282 seats available to us in this Chamber. For that reason, it was decided not to allocate a particular seat to each member, as was the practice in the past, but to divide the Chamber into alphabetical segments within which you may each sit wherever you wish. Since a number of members are absent, we believe that this arrangement will make it possible for all those attending the Joint Meeting to be seated satisfactorily.

I would ask members who wish to speak during the meeting to put their names down on the list of speakers in Room A93.

It is customary, in both the Consultative Assembly and in the European Parliament, to limit speeches to 10 minutes, except in the case of rapporteurs and spokesmen of political groups. I consider it would be wise to adopt this procedure for today's Joint Meeting.

Are there any objections ?

Agreed.

The purpose of the Joint Meeting is to enable the members of the two Assemblies to hold an exchange of views without any vote being taken. However, the two rapporteurs have prepared a communiqué which they intend to issue at the end of the discussions on the responsibility of the Presidents of the two Assemblies. A draft of this communiqué has already been distributed.

## **2. Prospects for trade liberalization in the framework of the GATT negotiations**

**The Chairman.** — (F) The next item on the agenda is an exchange of views on prospects for trade liberalization in the framework of the GATT negotiations.

I call Mr Dequae, the Rapporteur of the Committee on Economic Affairs and Development of the Consultative Assembly of the Council of Europe.

**Mr Dequae, Rapporteur.** — (F) Mr Chairman, Ladies and Gentlemen, with regard to prospects for trade liberalization in the framework of the GATT negotiations, there is no doubt that the circumstances and atmosphere, now that these negotiations are beginning, are far from ideal. Each of the major countries or blocs is approaching problems cautiously. The international climate is one of tension and mistrust, especially because of monetary instability. Europe is making barely any progress towards political and monetary integration, and the United States is experiencing political tensions that are inconducive to trade negotiations. The international political tensions are far from being eliminated : they have led to the oil embargo, which has affected certain parts of the world and has increased trends towards self-sufficiency, which is contrary to the spirit of GATT. The poorer countries are growing anxious and restive. The terms 'tariff reductions' and 'harmonization' do not entirely coincide. I find it reassuring, Mr Chairman, that the EEC has already succeeded in framing its common trade policy to an appreciable extent. In that respect, at any rate, it can speak on behalf of the Europe of the Nine.

Contacts with the Eight are being established in this field, and today the Council of Europe is happy to be able to discuss them jointly and act as a bridge between the Nine and the Eight.

Despite all this, I am not completely pessimistic, and the initial negotiations in Tokyo were fairly encouraging. In the

first place, our attempt was made to ensure that the negotiations covered the maximum number of countries and that the governments concerned possessed the requisite authority. That is the basis on which we should build.

The aims have been clearly defined. They are: the expansion and even greater liberalization of world trade. We are particularly gratified that it is intended to secure additional benefits for the developing countries, so as to increase their foreign exchange earnings through increasing diversification of their trade, new conditions of access and greater price stability.

The scope of the negotiations is specified in the report and reiterated in the Tokyo communiqué. They will cover, on one hand, customs duties—at first sight the simplest problem but one which will certainly raise the question of across-the-board reductions—and, on the other, harmonization, that is to say, levelling off.

As regards non-tariff barriers, the need for effective international discipline was stressed. However, Europe, in the shape of the Nine, would like the discussions to be confined—and, I believe, rightly so—to the most important non-tariff barriers. GATT, as we know, has discovered 800 non-tariff barriers, and it would therefore be foolish to try to tackle every problem in international negotiations of this nature.

Consideration also needs to be given to the multilateral safeguard system, and in this matter a difference of attitude between the United States and Europe has already emerged.

Europe—at any rate, the Europe of the Nine—considers that Article XIX of the General Agreement is sufficient in this respect.

The negotiations will also cover agricultural products. And it is acknowledged at the beginning of the Tokyo Communiqué that account needs to be taken of the special characteristics of

problems in the agricultural sector. I, for my part, consider that outright application of the law of the strongest in agriculture, at a time when world agricultural production is insufficient and there is hunger in the world, would be not only dangerous but criminal. The most realistic approach is that of world agreements on specific products. Certainly the principle of giving priority to tropical products, as reiterated in the Tokyo Declaration, is important. A lot of things can undoubtedly be achieved on this basis.

The Tokyo Declaration also defines the ultimate aim of these negotiations. This is aptly summed up as achieving 'a balance of advantages at the highest possible level'; in other words, the negotiations are to be of a very open and indeed bold kind. To that end, the Declaration states there shall be no reciprocity in respect of the developing countries unless reciprocity is compatible with their commercial and financial development, which may be the case with some countries that have already reached an advanced stage. This is perhaps an approach to the EEC position with regard to reciprocal benefit within existing associations, which will undoubtedly be a subject of discussion. An improvement in the generalized system of tariff preferences is also provided for in the Tokyo Communiqué, especially for the benefit of developing countries that are worst off. In that respect, Europe already seems to have taken up a more advanced position, since we are insisting on the generalization of preferences.

The Declaration stresses that the success of the negotiations is to a large extent conditional on the development of a sufficiently stable worldwide monetary system. The same idea is expressed in the two reports, and I believe that this is logical in a structure designed to reduce import duties. Undoubtedly, this structure will be permanently threatened unless there is a certain degree of monetary stability, since exchange rates provide just as much opportunity as import duties to secure advantages or create disadvantages. Finally, with a view to making the operation effective, the Communiqué provides for the establishment of a Trade Negotiations Committee; and I

agree that, for such important and prolonged negotiations, a small group should be made responsible for the proceedings as a whole. Furthermore, the negotiations have been scheduled to finish by the end of 1975. That may seem a very long period, but I believe that great efforts will have to be made if the completion date is to be respected.

It is moreover, noteworthy that after the Tokyo meeting, no mention was made anywhere of the State-trading countries. These nonetheless constitute a problem, but perhaps a problem that runs parallel to the one with which we are concerned today.

Mr Chairman, while recapitulating the gist of my report as well as of the rapporteurs' draft communiqué, I have also done my best to summarize and update the problems involved in the forthcoming negotiations.

*(Applause)*

**The Chairman.** — *(F)* I call Mr Christian de la Malène, rapporteur of the Committee on External and Economic Relations of the European Parliament.

**Mr de la Malène, Rapporteur.** — *(F)* Mr Chairman, the negotiations which opened in Tokyo last September, following a joint declaration on 4 February 1972, should—I repeat: 'should'—surpass in importance all those so far held since the war.

The declaration recognizes the need 'to re-examine international economic relations in their entirety with a view to negotiating whatever improvements are necessary on account of the structural changes that have taken place during recent years'.

The aims thus defined are in themselves more ambitious than those of the previous negotiations, the 'Kennedy Round'. This time, it is intended to deal not only with the traditional customs protection techniques but also with structures. Agricul-

tural products are involved in the same way as industrial products. Trade with the Third World is one of the major problems to be resolved during these negotiations. These various aims show clearly—as has already been said—that our Community Europe will be in the forefront throughout the negotiations.

In the face of these ambitious aims, how do we stand ? It is important to recall first of all, I feel, that our Community is liberal in its desires as well as in its intentions and its needs.

Liberal in its desires and in its convictions : it may be said to be one of the fundamental objects of the Treaty of Rome to aim at the expansion of international trade. The Treaty of Rome thus constitutes a guarantee, as it were, of the Community's open and liberal policy—in internal relations, of course, but also in relations with the outside world.

Indeed, the Treaty refers to 'ensuring economic and social progress by action to eliminate the barriers which divide Europe'. It thus provides for free movement not only of goods but also for persons, services and capital. This liberal conviction holds good for both the internal and external relationships of our Community. And liberalism is not only a conviction of our Community ; it is also one of its necessities. It was a necessity even for the Six ; it is therefore all the more a necessity for the Nine.

The growth of our Community depends upon the continuous expansion of international trade.

I quote some very simple figures in my report. In 1970, the Community's exports represented 18% of gross national product in the case of the EEC, whereas exports represented only 4.3% in the case of the United States and 9.8% in the case of Japan. It is a self-evident truth, which is being confirmed more than ever at present, that the European economy is largely based on the importing of raw materials, which are then processed into manufactured goods and partially re-exported. Fur-

thermore, the dependence of the Community on non-member countries is tending to increase in certain vital sectors, and here, of course, everybody thinks of energy.

And so, in addition to being liberal in its convictions and liberal out of necessity, our Community has also given practical evidence of its liberalism over the past few years of its existence. We have shown during recent years that this international liberalism is an essential aim of the Community's and indeed the driving force behind the expansion of trade.

First of all, it is a driving force as regards internal trade : there has been a veritable explosion of intra-Community trade, for whereas such trade represented 8% of world trade in 1960, it had risen to 14% by 1970.

And so our Community has not only encouraged the expansion of international trade but has also given an undeniable impetus to international commerce.

The integration of the economies of the Six, and then the Nine, has speeded up economic development in the Preference Area, thus creating a single prosperous market open to both goods and investment from non-member countries. Here is another figure : between 1958 and 1970, exports to the Community from our main trading partner, the United States of America, increased by 180%, whereas American exports to the rest of the world increased by 120%.

That shows to what extent our market of the Six, then of the Nine, has acted as a driving force in developing the trade and exports of our main trading partner.

We have also shown throughout the negotiations—I shall briefly illustrate in a moment—how liberal our Community's attitude is, for during the sixties we lowered our customs barriers by nearly 50%, so that the Community's average customs tariff today is the lowest in the world.

It is the lowest in the world in two respects. First, it averages 6.9% at the frontiers, against 11.1% in the United States and 10.1% in Japan. It is also the lowest in the world as regards its profile, since the profile of our average tariff, which is 6.9%, is one which shows very few irregularities, whereas that of our partners and of the United States is marked by large disparities—and this, as you will know, accentuates the protectionist character of customs tariffs.

Thus, we are not only the driving force behind the expansion of world trade but must also be the leaders in such trade, since we account for 25% of it whereas the United States accounts for only 17%.

That shows how directly and adversely the Community and European economy would be affected if the liberalization of trade were to be called in question or even its tempo slowed down.

My report contains some thoughts on the means which our Community has equipped itself to tackle this problem, the efforts it has made to provide itself with the wherewithal to carry out a common trade policy and, over and above a common trade policy, the various other means of expanding international trade. I shall not revert to that subject now.

I would simply like to say a few words about the earliest negotiations, the 'Dillon Round', so as to make it clear that our Community adopted a liberal attitude at the very outset. I should then like to say something about the Kennedy Round and go on to conclude with some remarks about the present negotiations.

Even in 1960, during the Dillon Round, the Community showed its determination to act liberally. First of all, there were some preliminary negotiations, similar to those we are conducting at present—negotiations in respect of Article XXIV (6) of the General Agreement, which enables compensation to be given to countries whose interests are prejudiced by a customs



union. After these preliminary negotiations, there came the Dillon Round proper, in which the Community proposed a 20% across-the-board reduction in tariffs. Our American allies were unable to accept this, however, as the mandate given to the President of the United States did not allow him to lower American tariffs so drastically.

The results of these initial negotiations were, therefore, fairly modest, since the tariff cuts amounted to only about 10%. The Kennedy Round followed a few years later, and this made it possible to achieve considerable progress in the matter of tariff reductions, first of all because the Community had found its feet, and also perhaps because the United States was better prepared. In any case, the outcome was that, although the initial aim of a 50% across-the-board tariff reduction was not achieved, it was possible to obtain effective reductions of the order of 36% to 39%, which were agreed to by all the major industrialized countries.

Admittedly, it did not prove feasible to resolve certain problems. Nevertheless, some headway was made in regard to tariff disparities, though little in the agricultural sphere. Efforts were made in the non-tariff field which was dealt with by my predecessor, but unfortunately there was no tangible progress, as regards the American Selling Price.

During these first 2 sets of negotiations—the Dillon Round and the Kennedy Round—various deficiencies as it were became apparent in respect of world trade and its framework—that is to say, GATT—so far as the problems of developing countries were concerned. The basic principles of GATT, namely non-discrimination and reciprocity, as well as the emphasis placed solely or mainly on tariff problems, did not make it possible to improve the position of the poorer developing countries during these negotiations. Thus, these two rounds of negotiations resulted in partial failure in this key field. And that demonstrates cogently the need for the problem of the developing countries to be kept uppermost in our minds in the negotiations now beginning.

In the belief that a fresh effort should be made, our Community is thus ready to enter into negotiations, but although it has good reasons for doing so, it must nonetheless observe certain limits.

The deterioration in the climate of international trade, not so much in regard to the volume of trade as in regard to the rules that govern it, is probably attributable to disregard, whether intentional or otherwise, of a number of rules and the emergence of new problems.

The trading system which was essentially created with outstanding success in the industrial sphere through the Havana Charter is based on such principles as the most-favoured-nation clause. These principles as it were, called in question by the formation of big regional entities and by the special trading arrangements which those entities accorded to the developing countries. As a result, the developing countries' share in international trade is steadily decreasing, despite the various amendments made to the General Agreement system. Furthermore, at the opening of fresh negotiations, it can be seen, that national protectionist reactions have increased during the past few years, perhaps above all—but not exclusively—in the United States, as a result of the exacerbation of sectoral or regional economic problems due to the very success of efforts to expand trade as well as to increased international competition. The farming sector, as we have seen, has not yet been satisfactorily opened up, and hence a modified approach towards liberalization is called for.

Lastly, several quite new problems have made their appearance, especially in the field of non-tariff barriers, as a result of the increasing part played by the multinational companies. All these factors, and others besides, impel our Community to embark on fresh negotiations and put forward original and specific solutions.

So much for the reasons ; let us now look at the limits. The Community believes that, although the negotiations can

hardly be dissociated from progress in the monetary sphere, they must be confined to questions of trade and not be linked with political or international security problems.

The Nixon Round is beginning in an atmosphere of uncertainty, particularly as regards the future of the world monetary system. The Community is convinced that no agreement in the commercial sphere will be viable unless the world economy is protected from the monetary disorders which have become a feature of recent times. It is therefore of the opinion that if trade and monetary negotiations are to be conducted separately within their own specific contexts, it will nonetheless be obliged 'to assess the progress achieved in matters of trade and to define its position on trade in the light of progress in the monetary sphere'. That, then, is the first limit: there must be parallel negotiations and progress must be achieved in each field if we are to make genuine headway.

Next, the opening of trade negotiations coincides with an attempt on the world political scene to redefine the concept of Atlantic solidarity. American diplomacy, as governed by the Nixon Doctrine, recently began a review of the nature of relations between the United States, Canada and their Western allies. This initiative is already under way and will continue to generate much discussion concerning political and international security matters. The Member States of the Community are generally of the opinion that trade problems should not be mixed up with these discussions, but should be dealt with separately, from the sole angle of greater liberalization of world trade. We therefore find that there is a limit in the political as well as in the monetary sphere.

Within this framework, the Community's negotiating position is further limited—this time more severely—by a desire to defend what it considers to be the basic components of its union. The Community, while expressing its readiness to enter into negotiations of a wide-ranging nature, intends to remain faithful to the principles it has adopted for its own development and to its particular responsibilities. For instance, the Com-

munity does not intend to allow the customs union, in other words the principle of internal Community preferences, to be called in question. It also means to maintain its common policies intact, particularly the main principles and machinery of the common agricultural policy, which are not negotiable.

On the question of adjustments to trade relations with the developing countries, the Community stipulates that the advantages enjoyed by countries with which it has special relationships must not be impaired. That is a minimum requirement.

With these reservations, the Community proposes that the negotiations should cover all tariff and non-tariff barriers to international trade. Its negotiating position is, as it were, based on five main themes, which I shall sum up as follows by way of a conclusion :

The first theme is industrial customs tariffs. The Community envisages a further significant lowering of these tariffs but except in the case of certain products, does not regard their complete abolition as a practical possibility. It also recommends a levelling of tariff structures. Here, too, we find there is a limit : if we reduce our tariffs too drastically, the advantages granted to the developing countries tend to decrease.

The second theme is non-tariff obstacles to trade. The Community suggests selecting a limited number of specific barriers which might be made the subject of judicious package deals accompanied by codes of good conduct.

The third theme is agricultural policy. In view of the universal existence of support policies and the instability of world markets, the Community envisages the conclusion of agreements on export subsidies as well as international price or stockpiling arrangements relating to four or five basic agricultural products.

The fourth theme is the developing countries. The Community is resolved, provided the United States undertakes to

follow the same course, to improve its system of generalized preferences. It also wants to participate in certain quantitative reductions affecting exports from developing countries, and envisages entering into commitments on food aid.

The fifth theme, which is rather more technical concerns the safeguard clauses. The Community is in favour of maintaining the provisions of Article XIX of the General Agreement as they stand, while considering that they might be supplemented with rather more flexible machinery.

It is in this mood, with these five themes in mind and having regard both to the limits I just mentioned, which were discussed at length in this Chamber last spring, and to the various reservations formulated that the Community is approaching the current multilateral negotiations. It hopes that its GATT partners share its determination to bring the negotiations to a successful conclusion as soon as possible. The date planned for completion is 1975, but it is uncertain whether it can be kept to. The Community also hopes that shifts in the international situation will not be allowed to affect the negotiations, and that changes in the pattern of trade, alterations in the farming sector, and the upheavals that occur when a period of shortage follows one of plenty will not result in the value of the negotiations being forgotten. Their significance must not be viewed from a short-term standpoint ; it is of a lasting nature and must not, as I said, be subordinated to international fluctuations in this or that key sphere, whether it be commercial or political.

With these considerations in mind, the Community hopes that the various agreements and aims can be achieved as a whole at the earliest possible date.

*(Applause)*

**The Chairman.** — *(F)* I call Mr Gundelach.

**Mr Gundelach,** *Member of the Commission of the European Communities.* — Sir Christopher Soames, with whom I

collaborate closely in the Commission of the European Communities on matters relating to multilateral trade negotiations, has asked me to replace him here this afternoon.

I should like to think that all of us here are firmly convinced of the importance of the forthcoming trade negotiations and I hope that in your national assemblies and parliaments you will support the efforts of your governments aimed at making them a success. At a time when the world order is changing so dramatically, we must at all costs reserve the trade stabilization which is so vital to our continuing prosperity and we must seek to carry it forward. We must take no chances of a slide back into the protectionist policies which plagued the inter-war years.

This, as I see it, is basically what is at issue in these negotiations. They provide a crucial opportunity to commit ourselves to the development of an expanding system of world trade and to work effectively to achieve it. I believe that Mr de la Malène is absolutely right when he says in his report and in his speech that the European Community has demonstrated that it is both outward-looking and firmly committed to the further liberalization of world trade. We have assumed our full responsibility not only by agreeing to take part in the negotiations—because without the participation of the world's largest trading group they could hardly take place—but by playing a major role in their successful initiation. This was the achievement of the Tokyo meeting in September, attended by Ministers from nearly 100 countries, when the negotiations were declared open and the aims and objectives were agreed.

Before I speak about developments since Tokyo, it may be useful if I state briefly one or two of the points of the Community's general approach to these forthcoming negotiations. We believe that the main objectives of these negotiations should be twofold—first, to consolidate and to continue the liberalization of international trade on the basis of mutual advantage and mutual commitment, with overall reciprocity, and, secondly and no less important, to improve the opportunities for

the developing countries to participate in the expansion of world trade and to ensure a better balance of advantage between the industrialized and developing countries receiving these benefits of this expansion.

These two broad objectives will govern our approach to these negotiations throughout. Where tariffs are concerned, the Community believes these negotiations should lead to a significant reduction of customs tariffs by means of cuts whose depth would be related to existing levels of duty. In general, the principle would be the higher the tariff the greater the cut. In this way we would also achieve a significant degree of tariff harmonization.

I should record here that the Community emerged, as has been stated earlier this afternoon, from the Kennedy Round with the lowest and most homogeneous tariff of all the major industrialized countries.

As regards non-tariff barriers, we feel that a number of different possible approaches to different sorts of non-tariff barrier may be necessary. The precise solution could be of a number of possible types, but the Community does not exclude the negotiation of codes of conduct or of new interpretive notes to the GATT. On this subject I wish only to add that the matter of non-tariff barriers is one of great complication, but in my personal view one of the greatest issues of the forthcoming trade negotiations may be even more important than the question of tariffs.

I turn next to agriculture. We regard this as an integral part of these negotiations. But we believe that account must be taken of the special characteristics of agriculture and agricultural problems. In our view the main objective in agriculture should be to achieve the expansion of trade in stable world markets in conformity with existing agricultural policies.

To achieve this orderly expansion, we consider that appropriate international arrangements should be negotiated.

Such arrangements should be concluded, for example, for cereals, rice, sugar, and certain homogeneous milk products. For other products such arrangements are less appropriate, a system of joint discipline could be negotiated to ensure that exports on the world market would be organized on a more smooth-running basis. But I must make it very clear that in stating the Community's willingness to negotiate seriously on agriculture, I am not suggesting an intention to negotiate about the principles of our common agricultural policy. These principles and the mechanisms which support them we consider to be a matter of internal policy and we do not consider them to be the object of international negotiation.

So far as safeguard measures are concerned, the Community confirms its strong attachment to the disciplines set out in the GATT.

Nevertheless, so far as Article XIX is concerned, while the Community believes that its present positions should be maintained as they are, we recognize that the effective operation of this Article has not proved easy. The Community will therefore be prepared to participate in discussions designed to explore a better application of the practical modalities of safeguard measures taken under this article.

I should underline that it is our view that any new modalities of application should not simply result in a relaxation of conditions under which safeguard clause action can be taken; any change of such conditions would have to be accompanied at the same time by a very precise definition of the controls over their use. How does the European Community see the implementation of the second major objective—that is, the improvement of opportunities for developing countries to participate in the expansion of world trade? We regard this objective as being an important feature throughout the negotiation in all its aspects.

For tariffs we see the greatest emphasis lying in the improvement of our Generalized Preference Scheme which has



now already been in force for two years. Improvements could be achieved here by increasing the level of ceilings within which duty-free treatment is applied to the exports of developing countries, by including a wider selection of processed agricultural products, by preserving and increasing wherever possible the margin of preference on goods already included in our scheme, and by introducing more flexible procedures. The Community is in the process of finalizing improved arrangements in its own scheme for 1974 which will be implemented on 1 January 1974. Clearly we hope and expect that other industrialized countries will make a similar effort.

As far as non-tariff barriers are concerned, we are ready to take particular account of the problems of developing countries and to discuss the application of differential measures which will provide special and more favourable treatment to them, where this is feasible and appropriate. As a counterpart we feel that developing countries themselves should find it possible and indeed in their interests to make a contribution to reducing the non-tariff barriers which they maintain.

So much for our views on the various subjects which are expected to comprise the main areas of the negotiations. I should like to conclude by recalling briefly what has been happening since the Tokyo meeting. The Tokyo meeting was, of course, a mere two months ago. Not all has gone as smoothly as we might have hoped since then. It seldom does in this world.

First, let me mention the inaugural meeting of the Trade Negotiations Committee which was set up by the decision of Ministers in Tokyo and which will be the principal forum of the negotiations. The Committee met in Geneva for the first time from 24 to 26 October. On all sides there was agreement that the first phase of the negotiations should consist of the preparatory work which will be essential before the period of real bargaining can commence. No-one, no single delegation in Geneva, thought we could go any further at this stage. There was also clear agreement in Geneva that there could be and

should be no substantive negotiation until all parties were possessed of full powers and authority to conduct and conclude them.

But there is still a great deal of detailed ground-clearing which can and must be done. We need to establish a full technical dossier on the main subjects for negotiation on tariffs, on non-tariff barriers, on agriculture and on primary material—base dates, quantities, values, etc., which will be used when the time comes to arrive at a tariff-cutting formula and to calculate the value of mutual concessions.

Such a preparatory phase will also give us all the time to prepare our negotiating mandates. I do not wish to imply that there would be no differences of opinion at the Geneva meeting, but equally I would not wish to dramatize them. Different concepts of how agricultural matters should be handled did emerge, but although the Trade Negotiations Committee did not, at this first three-day meeting, settle the question of an organizational structure for the work programme during the preparatory phase, we do not believe that these differences are of any major importance. We certainly hope and intend to resolve them so as to avoid undue delay.

Since the Geneva meeting, we have had the decision of the United States Administration to suspend proceedings in Congress on the Trade Bill, which in effect will provide a negotiating mandate for the United States. The Commission has expressed its regret at this decision, which arises from difficulties concerning the granting of most-favoured-nation treatment to the Soviet Union.

For the reasons that I have explained, the Commission wants the trade negotiations to get seriously under way as early as possible, but this cannot be done until all parties to the negotiations have the necessary political mandate. But we must show understanding for the American position, which I sincerely hope will entail the minimum delay in the timetable envisaged.

I am convinced—our recent talks with a number of senior members of the American Administration in Washington have reinforced our conviction—that there is no weakening of the United States' resolve to see these negotiations through to a successful conclusion. We must hope that circumstances will rapidly improve and that Congress can resume and complete its work on the Trade Bill and thus give the necessary powers to the American Government to hasten the day when the potential benefits which would flow to all of us from these negotiations can be securely realized.

*(Applause)*

**The Chairman.** — (F) I call Lord Walston.

**Lord Walston.** — It is a privilege to be here today as a member of the British Labour delegation to the Council of Europe in this joint meeting with the European Parliament. I can only regret that I am alone and with none of my British Labour colleagues. I am not here as a rebel : I have received no instructions, advice or communication of any kind from the British Labour delegation to suggest that I should not be here, and I am here, therefore, purely in my ordinary capacity as a member of that delegation.

My regret that I am alone is, above all because I am a European, but I can assure all my colleagues here today that, in spite of the absence of many of my British colleagues, the British Labour Party is no less convinced than ever of the need for international socialism. It is manifest to all of us who feel this way that the need today for international socialism is greater than ever it was. It is needed in so many spheres, but especially in regard to one aspect of today's debate—the developing countries. I was delighted to hear Mr Gundelach express the attitude of the Commission and I hope that the Community is active in this respect.

After all, we in the rich countries have an overriding obligation to help the developing countries not simply by words but

by deeds—above all out of a sense of natural justice. We cannot be happy living in a world in which one relatively small section—on the whole, the northern and western sections of the globe—is rich and a very large part, mainly in the southern hemisphere, is not only poor but very poor.

But it is not only natural justice which must make us feel this way : it is also the hard reality of economic life. Even the most obtuse among us must be beginning to realize this. For decades now, for generations, we have lived in a world in which the prices of essential commodities have been dictated by the law of supply and demand, the free play of the market. Until very recently, those prices were dictated by the rich countries of the West.

We in the West were in an all-powerful position. To all intents and purposes, we were the sole buyers of these primary products and the sole providers of capital for the exploitation of the natural wealth in minerals and in oil, and the natural fertility of the soil, of the poorer parts of the world. They had no one but us to look to for capital, expertise and markets. So we could dictate the prices, and we did so—to our advantage. We kept the prices low and grew rich, while they remained poor.

But now, with some commodities—cereals and oil are the outstanding examples—the boot is on the other foot. There is a world shortage of cereals. If there is not a world shortage of oil, at least those who possess the oil are now restricting its output. It has now become clear to us that the prices of these commodities are dictated not by us, the rich buyers, but by them, the producers. We do not like it and we are finding it, to put it mildly, very uncomfortable and difficult.

However, we have no right to complain because, after all, these producers of oil and cereals are doing no more than put into practice the lessons that they have learned from us, the rich countries, over the past 50 or 75 years. And there are many other primary producers than those who are today growing rich

with their cereals and oil. I suggest that the present relatively high prices of cereals are unlikely to remain with us for long. What about those who produce cocoa, coffee, cotton and many other commodities ?

I should like to remind my colleagues of some of the fluctuations in the prices of commodities in the recent past, just to give some picture of the effect that this must have had on the national economies of those countries that depend so largely upon them, and above all on the individuals who live in those countries, whose livelihood depends upon what they get for the coffee, cocoa and cotton that they produce.

In the past 10 years, the price of cocoa in Colombia, which depends largely on coffee for its national income, has fluctuated from a high of 77 cents in 1964 to 55 cents in 1967—a variation of 44% in three years. In Pakistan, the variation in the price of cotton has been 49% in four years and in India, over a similar period, the price varied by 125%. In Ghana, which depends to a large extent for its foreign exchange earnings upon cocoa, its export earnings from this commodity between 1970 and 1971 fell by over 30% in one year. In the Cameroons in two years the figures fell by a similar amount.

Those figures give some indication of the effect of fluctuations in commodity prices upon the standard of living, trading programmes and development possibilities in those countries. No amount of liberalization of trade or reduction of tariff barriers will overcome such difficulties. Free access to western markets is wanted, but they have largely had that ; what they must have in addition to these assured outlets is fair and stable prices.

The United Kingdom is still one of the largest buyers of commodities in the world, but the enlarged Community is an infinitely larger and more important buyer and its effect is far greater than ever could be the effect of one single country, no matter how powerful that country may be in economic terms.

I therefore suggest that those who believe solely in terms of personal and of national advantage, and who have no truck with anything like social justice or fair or reasonable prices, in their own narrow self-interest should combine with those socialists and all others who believe in the just price as opposed to the free play of the markets. Together we must all of us achieve a managed market for all important primary products, which should be managed not only in the interests of the consumer but, above all, in the interests of the producer, too—of the poor, of the under-privileged and of the often-starving producers of the developing world.

Enough words have been said on this subject, but although politicians may grow fat on eating their words, hungry people do not grow fat on that diet. What they need is food, and in order to buy their food they must have money; and they can get that money only if it comes from the rich countries of the West deliberately making a vast effort to transfer wealth from our own riches to the poorer people of the developing world.

*(Applause)*

**The Chairman.** — *(F)* I call Mr de Bruyne.

**Mr de Bruyne.** — *(N)* Mr President, what I have to say relates to a few points in the reports by Mr de la Malène and Mr Dequae. I was able to follow the various phases in the preparation of the latter report as a member of the Committee on Economic Affairs and Development of the Council of Europe Consultative Assembly.

I should like to point out a number of differences between the report presented by that Council of Europe committee and Mr de la Malène's report.

At various points Mr Dequae refers, quite rightly in my opinion, to the close ties which exist in relation to the forthcoming GATT conference between the field of trade policy as such and the field of monetary policy. He invokes an argument

used at the preliminary GATT negotiations in Tokyo in September. Let me quote a passage taken from paragraph 13 of Mr Dequae's report :

'A considerable achievement of the opening session of the GATT negotiations has been the acknowledgement of the necessity of a link between trade and monetary problems. Since international trade can be influenced by the level of tariffs as well as by the level of exchange rates, a link between monetary and trade negotiations would avoid that a nation, or a group of nations, obtained irreversible concessions in the tariff field while keeping total freedom in monetary matters, particularly the fixing of parities ; that is why your Rapporteur is in favour of trade liberalization combined with stable, but adaptable parities.'

Scarcely any trace of this view is to be found in Mr de la Malène's report. If I understand him correctly, he wishes to keep monetary policy out of the GATT negotiations. This I deduce from a passage on page 5 of his report :

'Convinced as it is of the need for renewed effort aimed at greater liberalization of world trade, the European Community is ready to enter into negotiations with this in view, but wishes the negotiations to be strictly limited to questions of trade.'

There is a paragraph on page 6 which appears to bear a slightly different emphasis :

'Although it is extremely difficult to dissociate these negotiations from the progress achieved in the monetary sphere, it is the Community's opinion that they should be restricted to matters of trade and not linked with problems of international politics or security. The Nixon Round is beginning in an atmosphere of uncertainty as to the future of the world monetary system. The Community considers that a trade agreement will prove practicable only if the world economy is protected from the monetary disorders

which have been a feature of recent times ; it is therefore of the opinion that if trade and monetary negotiations are to be conducted separately within their own specific contexts, it will nonetheless be obliged to assess progress achieved in matters of trade and to define its position on trade in the light of progress in the monetary sphere.'

I should like to put a question to Mr Dequae and to Mr de la Malène. Am I right in my impression that there are signs of a divergence between the views of the Council of Europe and the views of the European Community about the content of the GATT negotiations on the subject in question ?

My second question concerns the trade preferences granted by the European Community to AASM, that is to say the African states and Madagascar associated with the EEC. As is clear from the reports by Mr Dequae and Mr de la Malène, the Council of Europe's attitude to these preferences is different from that of the European Parliament. Indeed, the latter's view on preferential treatment for the associated developing countries emerges clearly from the following passage which appears on page 7 of Mr de la Malène's report. I quote :

'On the question of the adjustment desirable for trade relations with the developing countries, the Community stipulates that the advantages enjoyed by countries with which the Community has a special relationship must remain unaffected.'

Mr de la Malène has, in fact, just confirmed this opinion.

Although the two attitudes are not necessarily irreconcilable, Mr Dequae expresses himself differently on page 8 of his report in Paragraphs 33-36. I shall not need to quote him in full. However, it is clear that Mr Dequae sees the problem in a different light. For example, he says :

'The proposal of a generalised system of tariff preferences raises two issues : reverse preferences and trade agree-



ments. The reverse preferences which EEC exports are enjoying in AASM states under the Yaoundé Convention will fortunately come to an end in January 1975.'

From the expression used by Mr Dequae, it may be inferred that he is glad that this special tariff for the Yaoundé Convention countries will come to an end, whereas Mr de la Malène would prefer it to be continued.

Mr President, ladies and gentlemen, a comparative study of the two reports reveals a further difference in attitudes to the question of what the principal themes of the GATT negotiations ought to be. The first themes are stated in both documents. They are the lowering of customs barriers, the removal of non-tariff trade barriers, agriculture, and the special place to be allotted to the developing countries in the GATT negotiations. Mr Dequae mentions centrally planned economies as a further theme. No mention is made of this in Mr de la Malène's report. With reference to the wish expressed by Mr Dequae that the communist countries—not only Cuba, Czechoslovakia, Poland, Romania and Yugoslavia but all the communist countries—should be involved in GATT operations in the future (this is surely the significance of paragraph 42 on page 10 of the report by the Council of Europe rapporteur), I should like to ask Mr Dequae whether he sees any signs that the communist bloc is making any move towards cooperation with the GATT countries, and if so what those signs are.

Mr President, ladies and gentlemen, the primary purpose of this Joint Meeting of members of the Council of Europe and members of the European Parliament is not to heap amiable generalities on one another. I should therefore like to add a word about the joint communiqué which we have before us in draft form. Although I am prepared to support this text, I do not think there is really very much substance in it.

To conclude, I should like to thank you for your attention. It has been a great pleasure for me to have the opportunity of

addressing the distinguished members of the European Parliament.

*(Applause)*

**The Chairman.** — (*F*) The rapporteurs will reply at the end of the debate.

I call Lord Mansfield, on behalf of the European Conservative Group of the European Parliament.

**Lord Mansfield.** — If I may begin on a personal note, may I say how privileged I feel to be addressing this 20th joint meeting of the Members of the Consultative Assembly and the European Parliament. As a comparative newcomer to politics and a complete newcomer to European politics, I feel particularly pleased that I am addressing this Assembly today as spokesman for the European Conservative Group of the European Parliament. As many members of the Community are aware, the three acceding countries joined the Community in January, and our group has members from two of those countries.

First may I deal shortly with the European scene as it is now. Since the accession in January of the countries I have mentioned—that is to say, the United Kingdom, Denmark and Ireland the European position is such that the other EFTA countries which have not joined the Community have negotiated special relations agreements, for one reason or another. All of those are not yet in force, but it is perhaps worthwhile to recall that the aims of the agreements are to promote through the expansion of reciprocal trade the harmonization, development and economic relations between the EEC and EFTA and through these agreements to contribute to a similar development and expansion of world trade.

It would perhaps have been better for all concerned if the negotiations under Article 24 (6) had been concluded before the forthcoming Nixon Round started, but perhaps that could

not be. It may be said that the new round of talks differs from any that have gone before in that the question of tariff reductions will not be the main, let alone the only, issue. This is well explained in Mr Dequae's report, which is an admirable statement of the problems. I particularly welcome the succinct yet comprehensive list of requirements in paragraph 42 of the report.

In the same way as we have to seek our solutions in the forthcoming round of talks, it should perhaps be remembered that new and different considerations have arisen which make these talks desirable. Since the Kennedy Round, Europe, both in the EEC and EFTA, has become a dominant force in world trade. As our rapporteur in the European Parliament, Mr de la Malène, so well points out in his report, and as he said today, the Community—that is to say, the Nine—accounts for about 25% of world trade.

Perhaps I should point out one matter which has not been mentioned this afternoon—that since the Kennedy Round, Japan has taken its place as one of the major trading nations of the world, and this has had unfortunate repercussions for some countries. This fact, plus the fact that many developing countries have shed their colonial status—not only are they new countries but they are contracting parties to the general agreement—has caused fundamental changes in the structure and organization of world trade to become desirable.

The difference in the objectives as between Europe as a whole and the United States of America is well set out in the two reports from our rapporteurs. I have already mentioned that different considerations apply to the forthcoming round so far as the participants are concerned, but that is also true of the areas of the discussion which will take place. One instance, perhaps, besides the tariff negotiations, which will cause considerable problems is that of the non-tariff barriers. For instance, there is a new awareness of the need for the protection and the preservation of the environment and also the health and welfare of citizens, particularly those who live in

what I might term the over-industrialized countries. This has thrown up a new form of non-tariff barrier, the basis of which is not so much a trade policy as a domestic policy of the country concerned. I suppose that one example might be the safety standards and the health standards of such items as motor cars, particularly when they come to be imported into the United States of America. This may not be intended in such instances to be designed to limit imports but it certainly has that effect.

I have touched on a few factors which in my submission distinguish this forthcoming round of talks from those which have taken place before. I do not think there will be much, if any, disagreement between the delegates here on matters of principle—and that includes the objectives that we all seek—the common policies, such as the common agricultural policy, which we feel must be preserved, even if shortly to be modified. Of course we have also to maintain and strengthen and to safeguard the rights and standards of our friends in other countries, particularly those with weak economies.

However, I must express my regret and dismay at the fact that the United States Trade Reform Bill has now been pushed back in time until, at any rate, it seems to me, consideration will not come about until next year. I was heartened by the fact that Mr Gundelach said that the Committee dealing with the matter in Geneva—the Trade Negotiations Committee—had other preliminary tasks which it could be getting on with. Nevertheless, anybody who looked at a copy of *Le Figaro* for yesterday, 13 November, would have seen alongside 'The Nixon Round' a heading 'Les négociations sont au point mort'. I very much hope that that is journalistic licence and exaggeration rather than the truth.

I do not know about the Socialist International, because I do not happen to be a Socialist, but what I say is that for all the peoples of all the countries by whom we are sent here as delegates, these negotiations are far too important for our future wellbeing that they should be bogged down because of the internal difficulties of one of the participating countries, ho-

wever terrible those difficulties are and however much we may sympathize with the country involved.

*(Applause)*

**The Chairman.** — *(F)* I call Mr Jahn.

**Mr Jahn.** — *(G)* Mr Chairman, Ladies and Gentlemen, let me first pay a tribute to outstanding reports by Mr Dequae and Mr de la Malène. I should like now to discuss a paragraph of Mr Dequae's report which concern the relationship between GATT and the centrally planned economies, namely section F and conclusions G. Paragraph 41 states, inter alia, that 'at a later stage GATT should be reformed in order to take account of the characteristics of the economic system of communist countries and enable them to take a greater part in international trade and economic cooperation'.

Let me examine this question more closely. I should like to submit to you and to my colleagues in the Council of Europe certain considerations we discussed in the Political Committee of the European Parliament regarding trade relations with the state trading countries.

The significance of the development of economic relations with the Eastern European States was recognized as early on as the beginning of the sixties. Since then the various Member States have taken steps independently or bilaterally to develop these relations. The European Parliament also emphasized the significance of trade at an early stage and analysed the obstacles in the way of trade expansion. In spite of this, there has been no noticeable change in the overall picture of economic relations. Trade between the Community and the state trading countries represents about 7<sup>0</sup>/<sub>10</sub> of the Community's total foreign trade. On the other hand, the state trading countries' exports to the Community play a larger part in their volume of trade. In 1971, the Community accounted for between 10<sup>0</sup>/<sub>10</sub> and 14<sup>0</sup>/<sub>10</sub> of the foreign trade of Czechoslovakia, Poland, Hungary and

the GDR, 7.5% of Soviet foreign trade and 21.9% of Rumanian foreign trade.

These figures reflect the hitherto prevailing idea that it is necessary to achieve a bilateral trade balance. Clearly a notable increase in trade will only be possible if Eastern Europe exports are sufficiently attractive to Western markets. This will, however, necessitate changes in market organization and in the quality of the goods which are bound to take a long time to effect. All the Member States have been attaching special importance to relations with the Eastern European States and have therefore been extending trade policy to them longer than to the western nations.

Since 1 January 1973, as mentioned by the Chairman, two things have lastingly influenced the Community's role in foreign affairs :

— Enlargement put an end to the division between the important Western European States. The accession of the United Kingdom to the Communities and the consequent commitment to common aims has for the first time made a broadly based general political consensus possible among these States.

— Moreover the need to develop a common attitude to the outside world, has changed decisively, in as much as since 1 January 1973 the Treaty provisions for a common trade policy have been unrestrictedly applicable. Since then, trade agreements can no longer be concluded by individual Member States, even with the state trading countries. Existing bilateral agreements expire at the end of 1974. Unless they are expressly extended with the full knowledge of the Community authorities, the European Community must either conclude agreements with these States or take independent action. Both courses are likely to assist the use of the economic power of the newly formed entity to establish a considerable political potential.

The Eastern European States—in particular the USSR—have reacted to this change, although the reasons for their

reaction may be rooted in other and more far-reaching interests.

This reaction culminated in the visit of the Comecon Secretary-General, Mr Fadeyev, to the Chairman of the Council of Ministers of the European Communities in August 1973.

The Community's response to the offer of negotiations between Comecon and EEC was favourable, but cautious.

Apart from these formal questions—enlargement or continuance—bilateral or multilateral relations—the Community also faces the problem of bilateral relations between Member States and the state trading countries of Eastern Europe.

Numerous cooperation agreements—which have been touched on today in the discussion—have been concluded bilaterally. Joint production, joint investment and marketing provided for in these agreements will have a decisive effect on trade flows and hence on the Community's trade policy. In addition the problem of preferential interest rate accorded bilaterally is still unsolved. In 1972, the Commission submitted proposals to the Council of Ministers for Community Rules governing both interest rates and cooperation agreements. The powers of the Community ought to be clearly defined before the start of negotiations with Comecon.

A further subject for negotiation with Comecon could be the removal of quotas and the question to what extent the Eastern European Countries can be granted preferences.

Problems of bilateral and multilateral relations are in this connection of particular concern to our Parliament. The official expression of the desire of the Eastern European States to enter into discussion is at present specifically restricted to relations between Comecon and the European Communities. An extensive debate in the Political Committee of the European Parliament showed, however, that the great majority is in favour of the Community endeavouring to reach certain agree-

ments by negotiation with Comecon and to continue as hitherto the practice of bilateral negotiation with all states belonging to Comecon. Simultaneous bilateral and multilateral relations with Comecon and its members are therefore to be recommended in the internal interests of the Community itself.

Mr Chairman, I have nearly finished. There is a great deal of interdependence between the 'political union' of the EEC members aimed at for 1980 and relations with Eastern Europe. The following points are the most important :

The whole problem of relations that are exclusively economic is nowhere more clearly apparent than in relations with the state trading countries. As consideration and discussion of this problem has repeatedly shown, economic questions, questions of general foreign policy and security are interwoven. They cannot be dealt with without weakening the overall position. Hitherto there has been competition instead of cooperation among Member States as regards economic relations with the state trading countries. In the long run this is not in the interest of the individual members and may even threaten the attainment of political union. For this reason it is surely necessary to reach agreement on this question, as proposed by the Commission to the Council. EEC relations with the Eastern European States are a function of the general attitude of the European Community and also of the Council of Europe in a future Europe and in the world as a whole.

*(Applause)*

**The Chairman.** — (F) I call Mr Bangemann, who will speak on behalf of the Liberal and Allies.

**Mr Bangemann, Group of the European Parliament.** — (G) Mr Chairman, Ladies and Gentlemen, the principle of liberalization of world trade does not stem from the self-interest of the powerful countries but, as Mr de la Malène rightly pointed out, this principle can and must be a motivating force and also a foundation for general wellbeing.



If therefore the European Community favour the removal of customs barriers and other, non-tariff, barriers, it is not because, being in a position of strength, they wish consciously and deliberately to ignore the weaknesses of their trade partners, but because they are deeply convinced that this principle, and this principle alone, guarantees the participation of all countries in general development.

We are convinced of this because we ourselves have had such good experiences with this principle as regards the development of the Community. In my opinion Mr de la Malène pointed this out very well.

He also echoed the European Parliament and its Committee for External Economic Trade Relations in regard to the connection that exists between the GATT negotiations and the question of reform of the world monetary system. There is no doubt at all that we are here faced with a parallel development which makes it essential for a reform of markets to be accompanied by basic monetary reform. Since, however, the latter will take a long time—even to reach conclusions which can be considered at least temporarily valid—it will be better to concentrate during the negotiations on giving priority to questions of trade, without losing sight of the need for parallel development. I feel that in this respect Mr de la Malène has reflected the opinion of his committee very correctly.

During these negotiations the member States of the Community must not place too much emphasis on the view that our customs union represents the nucleus of integration within the Community. Historically this was certainly correct, but in the light of evolution it is incorrect. If we are striving towards political union as one of the forms of a new European identity, this does not mean that the customs union will lose its identity, but it does mean that it will no longer stand alone and in the foreground of such integration. What has hitherto been attained is indeed a historic achievement on the part of the Community, but it must not be allowed to mortgage the future, particularly as regards relations with outside countries.

Naturally such customs barriers can only be removed gradually, in order, in particular, to avoid social tensions. It is, however, our firm conviction that in the interests of all participants they must certainly be removed. As Lord Mansfield said very clearly, while non-tariff barriers and hindrances may perhaps already be of greater importance today, they will certainly gain in importance when future considerations of the protection of the environment come into play. Here we shall certainly be facing a development which has two unacceptable aspects. For, if the industrialized countries lay great stress on environmental protection, they will be imposing a disadvantage on their industries, competitively speaking, and, on the other hand, the threat to the environment will increase in the developing countries. These are not alternatives. Neither of these solutions would solve the problem, and both would be equally unsatisfactory to everybody. It is precisely because of the special importance of the protection of the environment that we are going to have to undertake the meticulous, slow and exacting work of reducing non tariff barriers, even though, for practical reasons, we must begin by concentrating on the most important questions.

Emphasis on the principle of liberalization can naturally not prevent recognition of the fact that this principle—like any other principle—does not exist for its sake. If, however, it were strictly applied, the principle of liberalization would, in fact, tend to prejudice the developing countries to which it was applied, particularly where world trade in agricultural products was concerned.

On behalf of my group in the European Parliament, I wish to emphasize very strongly what Mr de la Malène has said. It would not be right when dealing with these questions from which a long term solution is being sought, to allow oneself to be guided entirely by the existing situation. It would be very wrong to draw the conclusion from the present situation of undoubted scarcity in world food supplies, that the highly developed countries need to maintain their agricultural production at its present high level or even raise it, in order, as

it were, to feed the world. Nothing could be more wrong, since this would mean that the undeveloped countries would be kept in their present state, and would become permanent supplicants, a position that would stand in the way of their own development.

While preserving the principle of freedom of world trade we here have the possibility of giving the developing countries scope for their own development by means of individual trade agreements on quotas and prices. And here I regret very much that it has not yet been possible and that the Community has not yet succeeded in adopting a reasonable and binding attitude in regard to the World Sugar Agreement, since that would provide an excellent example of the ability of European countries to understand both their own role and that of the developing countries in this sphere.

Naturally the objection will be raised that if these countries are allowed to use their production potential opened up on the basis perhaps, of a system of comparative costs, it may lead to encouraging monoculture, which is already their economic weakness. This argument is both right and wrong. It is certainly true that a larger, more broadly based industrial production would make these countries more resistant to crises. But they will certainly not achieve this if we withdraw the basis they already possess in order to strive for such a development. We must first of all see that what they possess today is consolidated, in order later to achieve better conditions if possible.

All these problems, Ladies and Gentlemen, Mr Chairman, should however be solved in conjunction with a movement towards liberalization. It would be disastrous if we were to make so many holes in the principle of liberal world trade by such agreements that it became a fine weather parasol, but on rainy days, that is to say in normal weather, left us without any world trade at all. All these negotiations then, these specific trade agreements, should therefore be concluded with due regard for the trend towards a liberal system of world trade, because this would make it easier to solve our problems in the long run.

This also means that we shall arrive at a different definition of our development policy. We shall have to define and handle development policy increasingly as a policy of division of labour. It is inadmissible, as was rightly pointed out by our Labour friend, for us to impose on the developing countries on the basis of their historical situation a role in which they are accepted as partners, but nevertheless remain in a situation of dependence. It is necessary to bring about a world-wide division of labour in order to give the developing countries an opportunity of which they can only avail themselves in that context. That seems to me to be what international solidarity means.

I should like to point out, however, that another principle needs to be linked to that of international solidarity—one which should be emphasized precisely by this Assembly because it is topical, although not merely because of that ; that is the principle of what I would call international 'solidity', in contrast to, or by comparison with, the principle of international solidarity. What do I mean by that ? If we succeed in bringing about an international division of labour, the vulnerability of the individual partners will be greater as a result. If we have to rely on each other because we believe that this is economically and politically right and reasonable, it also means that in such a system mutual economic pressures must be excluded to a greater extent. This means—and I do not say this merely because of the current situation which was dealt with so thoroughly in yesterday's energy debate but rather with an eye to the future—that we must see that negotiations lead to a changeover to basic international rules which will guarantee that no-one taking part in this division of labour and benefiting by it, shall by exerting economic pressure, create difficulties for any other partner dependent on this division of labour.

Ladies and Gentlemen, we live at a time in which classical warfare is becoming rarer. It is not ruled out, but it is becoming rarer. At the same time, however, a different means of influencing the policy of other states is coming increasingly to the fore—and in my opinion one which violates international

law—namely economic pressure. The further our international division of labour goes, the more dependent we are on each other, the more—in my opinion—economic pressure of whatever kind takes on the character of warfare in a modern world dependent on division of labour. Today wars are not waged merely with arms, but also by economic boycotts. This fact makes my group and myself think it desirable to draw your attention to this point and to express the hope that consideration will be given during these negotiations—and we ourselves will have further opportunities to express our ideas individually on this point—to the need for a ‘good conduct clause’ not only to protect any industries at risk, but also to guarantee that countries participating in and enjoying the protection and benefit of such international agreements should at the same time understand clearly that they themselves have no right to threaten their partners, that they must not only renounce the active use of force but also the right to boycott, and that they must take other economic measures as well to ensure that the highly sensitive instrument constituted by a world division of labour is able to function.

Let me say something quite plainly : if we concede quotas at agreed prices to the developing countries under the World Sugar Agreement, we for our part must be able to rely on these supplies. If we cannot, it will never be possible to root out the idea of self-sufficiency, the idea of national surplus production, because everyone will maintain that the Community cannot afford to endanger the security of its supplies by giving the developing countries more scope for their development. This means, therefore, that the relationship is reciprocal. Those who fail to understand its reciprocity—I use the term here in a broader sense than the usual one—will in the long run damage their own interests. We must take this to heart and so must our partners, who are striving with us to reform the market.

*(Applause)*

**The Chairman.** — (F) I call Mr Farr.

**Mr Farr.** — Mr President, I wish to congratulate the two rapporteurs on this subject.

Before I say a few words, I wish to point out to the last speaker from Germany that it is not true to say that one cannot rely on international agreements for sugar. We have an international agreement with Commonwealth nations for cane sugar in Britain which has been working effectively for over 20 years and now supplies us with about 1 <sup>3</sup>/<sub>4</sub> million tons of cane sugar per annum. We regard this as extremely effective and it has never been the case, even when world sugar was in short supply such as during the Cuba crisis, that we were unable to get the guaranteed amount from the Commonwealth for which this agreement called. Therefore, these agreements do work and this one in particular has worked.

I wish briefly to congratulate the two rapporteurs, particularly Mr Dequae, whom I have the pleasure of being with on the Council of Europe. I particularly agree with the seven objectives to which he refers on page 26 relating to agriculture. I fully agree with the report, but I wonder whether he might not consider adding an eighth objective. This would be in relation to the developing nations, something to the effect that developed countries such as our own should not necessarily aim to be self-sufficient in a commodity that they can grow with ease when that commodity's production is not essential to their cropping rotation but is an essential crop in certain developing countries where no alternative is available.

In this connection I very much welcome Mr Dequae's call for international product-by-product agreements. I think there are a number of opportunities in this respect as regards wheat, beef, mutton and dairy products.

However, I wish to refer for a moment or two to the circumstances that I believe we would all like to see successful for renewal of the world sugar agreement.

As I told the last speaker, we have had a very successful Commonwealth Sugar Agreement for many years. I put it to the

Council of Europe and the European Parliament that it is not acceptable that we developed countries of Europe, with several profitable alternatives available to us, should insist any longer on producing an excess of sugar from beet when so many countries of the developing Commonwealth and the third world are saddled with what one could almost call a one commodity pattern of agriculture due to climatic and other reasons, which places their commodities beyond their control, and they are desperately dependent upon the export of sugar in order to live at all. On Mr Dequae's report I should like to say how fully I agree with objectives 1, 4 and 5 of the seven which he listed. Our producers in Europe can turn to other crops for which there is a profitable demand and which play the same role in crop rotation as sugar beet does, such as oil seed rape. But the cane producers of many developing countries possess no such alternative. I should like us to get down again to the negotiating table to see whether we can once more reach a new international sugar agreement. The current one expires at the end of this year.

I should like to urge upon the members of our two assemblies, both inside and outside our national parliaments, the policy of striving for a renewal of the International Sugar Agreement with our developing countries of Western Europe as net importers of sugar and not as exporters.

One of the most important parts of Mr Dequae's report is where he calls for a search for new world commodity agreements. It will not be easy, and with the collapse of the world sugar talks the situation is bleak, but if we can achieve some world commodity agreement before 1975 we shall not only help the third world with its problems but we shall also help ourselves and possibly avoid the costly dumping of surplus European foodstuffs, as occurred recently in the case of European butter which was disposed of in Russia.

*(Applause)*

**The Chairman.** — *(F)* I call Mr Holtz.

**Mr Holtz.** — (G) Mr Chairman, Ladies and Gentlemen, the aim of the GATT negotiations is liberalization and a greater expansion of world trade, and in addition an improvement in the standard of living and wellbeing of all peoples. This is what we hear on all sides, but what is the picture really like ? True, we are witnessing an enormous growth in world trade, but the share of the developing countries in it fell from 30% in 1950 to 17% in 1970.

In the industrial countries the living standard is, of course, rising far faster than in the developing countries. The prices of industrial products have risen as a rule more than have the prices of raw materials, even of oil, which has given us a number of headaches in recent weeks. Whereas indeed the price of oil has increased by approximately 100% since 1960, the prices of industrial products in many sectors have risen by 300% during the same period.

These few facts show that the liberalization measures long since decided on have served the interests of the industrial countries more than of the developing countries. That is why I was so pleased to hear both the Rapporteurs, Mr Dequae and Mr de la Malène, propose that the developing countries in particular be met half-way in the coming GATT negotiations.

Let me now explain myself in more detail. All responsible politicians have realized that it is not enough to give official aid to the developing countries. Development aid must not be merely conscience-money, handed over by the industrial countries ; world-wide changes in the economic and trade sector are equally necessary. An international division of labour must not mean foisting the role of perpetual raw-material suppliers on to the third world.

This being so, we, the western countries, but also the eastern countries which are industrialized, must be willing, in the GATT negotiation, to take a stand on the following points for the benefit of the developing countries :



1. diversification measures in the sphere of exports and imports are to be encouraged ;

2. the principle of the most-favoured-nation must not become sacrosanct ;

3. in preferential trade agreements it may occasionally be necessary to waive reciprocity ;

4. restrictive practices, such as the setting up of import and export price rings and discount cartels by private firms, especially those operating internationally, must be prevented ;

5. non-tariff obstacles to trade, such as import quotas, compensatory frontier levies, standardization of production, environmental and safety measures, should be gradually reduced.

We are expecting practical progress precisely in this area. We, the industrialized countries, do not wish—nor should we—to pursue a post-colonial policy of self-interest. We reject neo-colonialism.

We wish far more to establish a partnership based on world-wide reciprocal economic dependence. The one-sided dependence of the third world on the industrial countries which has lasted so long and which to some extent still exists, runs counter to the spirit of the GATT negotiations. As the advocate of the countries which are being kept in a state of under-development, I understand the attitude of the Arab oil-producing countries on the one hand—allow me here to make an excursion into a highly topical and explosive subject—and on the other I note with concern that, provoked by the oil crisis, the European countries and also the USA are showing a tendency to increase protectionism and even, perhaps, to strive towards autarchy. That would run counter to the world-wide desires for liberalization expressed by all the countries united in GATT, among which, for instance, are Egypt and Kuwait.

I hope that the European countries—and we should discuss this too—will show solidarity and take a common stand in the face of the oil boycott. Since we are assembled here today as member of the Council of Europe and of the European Parliament, this would be a good opportunity to display European solidarity.

At the same time I hope that we shall not witness an escalation of mutual blackmail, but that a solution satisfactory to all will be found, possibly in the form of a good conduct clause.

At the beginning of my remarks I referred to the aims of GATT. I would draw your attention to paragraph 9 of Mr Dequae's report, in which mention is made of economic expansion, and property.

But if the gap between the rich and poor nations is not to be widened, then it will be necessary to take steps to bring the objective of a just division of labour and a fairer distribution of commodities and income closer. In short, we must not forget the social components when considering trade measures.

I may venture later on, on behalf of the Socialist Group, to propose a few amendments to the joint communiqué.

*(Applause)*

### **IN THE CHAIR : Mr BERKHOUWER**

**President of the European Parliament**

**The Chairman.** — (N) I call Mr Dequae.

**Mr Dequae.** — (N) Mr President, Mr Holtz has said that he intends to make a few remarks later regarding the standpoint of his group. I should be grateful if he would do that now, so

that we can then give a joint answer and not have to return to this point a second time.

**The Chairman.** — (N) The reference is to the proposal for a joint communiqué. I understand—perhaps you can confirm this—that the Joint Meeting does not normally adopt a final resolution. The issuing of a joint communiqué is a new departure. Nobody can prevent us introducing this innovation and adopting such a communiqué as a conclusion to our exchange of views. I have before me a ‘preliminary draft joint communiqué’ which can be adopted if the Joint Meeting agrees.

In fact, we have gone a step further, because I also have before me a ‘motion to amend the preliminary draft joint communiqué’, tabled by Mr Vals on behalf of the Socialist Group of the European Parliament. This is an amendment to paragraphs 5, 9, 11 and 13. If I now receive another amendment from the German representative, I am not sure what the position is.

I think our exchange of views would then degenerate. Perhaps the word is not very well chosen, but I do not see how we are to bring our debate to a fitting conclusion. We have no rules in the Joint Meeting for voting on resolutions and amendments to resolutions.

I call Mr de la Malène.

**Mr de la Malène, Rapporteur.** — (F) Mr Chairman, may I draw your attention to the fact that we are making a procedural innovation. This is a meeting of two assemblies which possess powers of their own and are governed by their own rules of procedure. The purpose of the meeting is to exchange ideas, but it would be difficult, I feel, to transform this joint meeting into a legal institution capable of holding votes and dividing itself into majorities and minorities. We cannot proceed in that direction.

Mr Dequae and I have made a conscientious effort to agree on a text which could be regarded as reflecting the views of

both of us. It seems to me, however, that it would be very difficult from the legal point of view to introduce a procedure enabling amendments to be tabled and that is how I would reply in advance to any amendments that might be proposed.

**The Chairman.** — (F) What you have just said, Mr de la Malène, coincides precisely with my own thinking.

I call Mr Dequae.

**Mr Dequae, Rapporteur.** — (N) Mr President, it is true that we are under no obligation to amend this text. However, it is interesting for us to know what standpoints and opinions people hold about it, so that we can then put the communiqué into final form on our own responsibility. We do not need to vote on it, because there is no need to discover whether we agree about it. I was merely concerned to have people's views so that our reply might reflect our own attitude on the question.

**The Chairman.** — (N) I propose that the previous speaker should hand over the amendments he wishes to have accepted to both rapporteurs. I shall pass Mr Vals' proposals on to them. We shall leave it to the rapporteurs to decide whether and to what extent they are able and willing to incorporate the amendments in to their joint text.

Can we agree to this proposal ?

**Mr Dequae, Rapporteur.** — (N) Mr President, I am afraid there is a misunderstanding. I think it would be best if the amendments were read out to us and the reasons for them explained. The best thing would be for the person submitting them to give a short 3 minute explanation.

**The Chairman.** — (N) I propose to give the person tabling the amendments 2 minutes to explain them.

I call Mr Holtz.

**Mr Holtz.** — (G) Thank you, Mr Chairman, for kindly allowing me to speak for a further two minutes.

The text submitted to you by Mr Vals and myself was to be presented by both of us. I am not saying anything different both our names appear on the document.

I also think we should call again to mind what the Federal Chancellor, Mr Willy Brandt, said yesterday. We do not wish to cut off our own noses, either in the European Parliament or in the Council of Europe. What we decide here is not of world-wide validity, but it nevertheless contributes to the shaping of opinion in these two bodies. So let me thank you once again.

I am taking the preliminary draft joint communiqué as my basis, beginning with paragraph 5, which reads : emphasize the need for concerted action by the countries of western Europe—and here we would like to add in particular—within the framework of the current GATT and International Monetary Fund negotiations. The addition of in particular is designed to give greater emphasis.

We are ready to adopt paragraph 9 in its entirety, but adding : ‘to the extent that the fair distribution of goods and income is assured.’

We agree with paragraph 11, but in the second line where mention is made of ‘parallel efforts to establish a sufficiently stable international monetary system’, we would like to substitute ‘prior’ for ‘parallel’.

Lastly, the Socialist Group proposes that the first sentence of paragraph 13 be amended as follows : ‘Considered that reforms should be undertaken to raise the export revenues of the developing countries’. We suggest that the remainder be deleted, as we feel we should otherwise have to add a long list of measures ; as it stands it is rather too general for us.

**The Chairman.** — (N) I call Mrs Aasen.

**Mrs Aasen.** — Whenever we are discussing the problems of cooperation between countries in Europe, it would be wise to stress that no regional structure should be seen as an end in itself, but only as an instrument towards a global structure, and always subordinated to a global aim. The most burning issue of our time is the gap between rich and poor nations and we all know that, even if development aid is necessary and important, it is far from enough to solve the problems of the developing countries.

In spite of the efforts during the first development decade of the United Nations, we all know that this gap is widening even more. Today, three years after the beginning of the second UN development decade, which has also been called 'A Strategy for Survival', the gap between rich and poor is still growing wider.

We have to realize that, although the GATT negotiations will concentrate on eliminating barriers to trade, there is a wider purpose in our efforts—that is, to further peaceful international relations and to eliminate injustice and sources of conflict. Even if Norway is in favour of a maximum reduction of tariffs, we realize that their complete elimination is hardly possible at present. Most developing countries will probably need tariffs for many years to come to protect their infant industries.

As for non-tariff barriers, there should be a concentration on measures which directly disturb the reasonable pattern of international trade. Full results can hardly be achieved in all parts of this complicated field within the short span of two years. There could, however, be an effective and continuing controlling and supervising role for GATT here, and perhaps a follow-up programme could be envisaged.

The complicated issue of agricultural trade has to be faced in the light of the problems relating to world resources. The fact that a country may make a special effort to develop its own production rather than unduly taxing scarce international

resources should not be regarded as a departure from good trading behaviour.

I also want to stress the need for an expanded role for food and transferred aid and agreed international stock building programme. The needs and interests of developing countries must always be in the foreground when we are dealing with these problems. We have to realize that many developing countries do not see any particular interest of theirs being served by a general lowering of tariffs, apart from an improvement of the preference system. It should be possible to reach results of importance to them in other respects—such as, for instance, reduction of our permanent quota restrictions. The UNCTAD Secretariat has an important role to play in this context. It should give the developing countries the necessary assistance in order that their special needs can be taken into account during negotiations.

I agree that the developing countries should be granted wider tariff preferences on a non-reciprocal basis as is stated in the conclusion of Document 3559. Special efforts should be made to help along the least developed countries. We should also recognize the need for simultaneous improvement in trade and monetary matters. We have to face the fact that an international economic system or the lack of such a system favours the richer world and hampers the efforts of the developing countries to reach economic independence. We have to discuss this problem with the developing countries in order to reach solutions which can change the system and give better possibilities for the developing countries. In this huge and nevertheless small world, we are all dependent on each other. Our utmost aim should be to approach the problems in a way that favours global solutions. But in so doing, people in different parts of the world must communicate and first and foremost we who live in the most developed countries should listen to the voice of the developing countries themselves.

Let us all hope that our will to attack the core of the problems, even if it might affect our own standard of living, is

now present and that we as parliamentarians in our national assemblies also will underline the fact that we cannot solve the problems in isolation, neither within our national assemblies nor within regional borders, but only in a global context.

In my opinion the documents before us should have dealt to a much wider degree with the problems of developing countries from the point of view of developing countries.

*(Applause)*

**The Chairman.** — *(N)* I call Mr Delforge.

**Dr Delforge.** — *(F)* Mr President, when we read the excellent reports which have been presented to us, we realize that they were written some time ago. Quite obviously, they could not give priority consideration to the various problems which have arisen recently.

It is undeniable, however, that the whole of our economic development is now directly dependent on our energy policy. For some considerable time to come, our general policy will also be influenced by the state of our fuel supplies. The last meeting of the Nine's Ministers for Foreign Affairs proved that we are no longer confronted merely by an economic problem. Already, the whole of our social policy will be conditioned by energy, and I would point out to our Labour colleague, who spoke a few moments ago, that the problem of oil prices is by no means the main one. It was perhaps yesterday, but today the main issue is how to keep ourselves supplied with energy.

It has to be admitted that Europe has made no contribution in this sphere. Finding new sources of energy has not been one of our major considerations. We can now see what a mistake it was to put Euratom in cold storage, and I mention this only as an example. Again by way of example, it is to be regretted that neither the Council of Europe nor the Community has played any direct part in the prospecting for oil in the North Sea.



Without underestimating the importance of milk policy, it may be pointed out that no European marathon has so far been held on oil and the question of our energy supplies. The public must find it difficult to understand, as our British colleague observed a moment ago, why this meeting is not concerning itself with our energy supplies. In this vital field we must emphasize the need for European solidarity. That has seldom been said, and what is more there has been little evidence of such solidarity recently. Without dealing with the substance of the matter here, as that would take us too far, we ought, I think, to reaffirm this principle of solidarity. I accordingly propose to our 2 rapporteurs that they consider an amendment to the joint communiqué in the spirit which Mr Dequae described just now. I should like the word 'energy' to be inserted between 'economic' and 'political' in paragraph 4, where reference is made to 'furthering European co-operation and unification in the economic fields'.

In the discussions with the United States and with the developing countries, Europe should, in my view, demonstrate its solidarity, as well as its desire and determination to change the present situation.

*(Applause)*

**The Chairman.** — (N) I call Mr Aano.

**Mr Aano.** — First, I want to express my appreciation of the opportunity which representatives of Western European nations outside the enlarged Community are given to meet members of the Nine through joint meetings such as this. It is in itself important that parliamentarians from the European democracies outside and inside the EEC should meet, and it is necessary that we come together to exchange views and thoughts on our common European future. Especially it is valuable, and indeed a necessity, for those of the Scandinavians who remain outside the Communities of the Nine to be included in this way in the broader family of European nations.

Most regularly, of course, this will continue to take place in the ordinary sessions within the Council of Europe, but joint meetings, of the latter with the more fixed grouping of the European Parliament will in future prove to have an increasing value. It is for this reason that I sincerely hope that those concerned with the planning, dating and organization of such meetings in future will do all in their power to place them in connection with the ordinary sessions. I am sure that you are all aware that for some of us, travelling from Oslo or Stockholm, it takes close to three full days in order to be present here at this one afternoon meeting. Let us always keep in mind that the Nine have no monopoly of being Europe, for Europe is much larger than that, and what we sometimes call Free Europe consists of at least 17 nations.

If I may talk for Norway, it may be true that very many of my countrymen still feel that we live in a far away and peaceful border area of Europe, and I guess and fear that most continental Europeans, as well as Americans, think in the same way about us. Admittedly, in some way it may still hold some truth. However, the picture is rapidly changing—and if not before, the North Sea oil has awakened us to see how Norway is being thrust into the centre of international political interest. I am convinced that for Norway this means that the good old days of peaceful seclusion are gone for ever and that the strategic and military, as well as the economic importance of Norway in our European and indeed Atlantic context has increased immensely.

This new situation is adequately exposed in a new and most interesting book which I recommend, by Peter Dreyer, 'Scandinavia Faces Europe', published by Saxon House on behalf of the Atlantic Institute for International Affairs in Paris.

Denmark has joined the Communities. Norway decided by a majority in the referendum to remain outside. However, we are agreed to cooperate with the Nine as closely as possible under the new trade agreement with the Nine. We are, indeed, happy that the trade agreement seems to work satisfactorily, at

least so far, and, being a country largely dependent on trade, both for our import and export industry, we are eager to see the opening of the third phase of the GATT negotiations. Even as a non-member of the EEC, Norway is, in the words of the draft joint communiqué, eager to confirm her 'intention of furthering European cooperation and unification in the economic and political fields in order to affirm the identity of Western Europe *vis-à-vis* its main world partners'.

We also share the satisfaction of the relative success of these negotiations in the past as far as the developed industrial countries are concerned. However, we are likewise equally disturbed by the fact that so little benefit has been gained by the developing countries, as also admitted in the Working Document drafted by Mr de la Malène and repeatedly mentioned in this debate. I wonder whether Mr de la Malène has not hinted at the most important and, therefore, very disturbing cause of these deficiencies when he says : 'The basic principles of GATT—non-discrimination and reciprocity—and the emphasis placed on genuine tariff negotiations made it practically impossible to do anything to improve the position of the poorest developing countries'.

Whatever faith we may have in the benefits of free trade, the very weakness of a free market economy is that to make it work people must have something to buy for. Where there is absolute poverty, free trade does not help at all. It may be an obstacle to development to get started, for poor nations to get off the ground of backwardness and poverty. Therefore, it is important to have not only a third round of negotiations but a new approach to the whole issue.

Then we have to take an example from our different national developments. It is not free trade alone, disregarding the distribution of the new wealth among our citizens, which has wiped out mass poverty in our modern welfare societies, but private initiative under the control and guidance of a state with a definite policy of redistribution of wealth, through trade laws, taxation, social welfare measures, etc.

I am convinced that we here have a key to the solution of world poverty as well. What we need is a willingness to see square in the eye the horror of mass disease, the hopelessness of mass poverty, for billions of our fellow men on this our space-ship Earth. I am deeply convinced that this must be our attitude and policy, whether we call ourselves socialists not.

The President of the World Bank, Mr McNamara, in his address in Nairobi on 24 September of this year, drew a gloomy picture of the discrepancy of the rapid development of the rich world and the near stagnation of the poor nations. Mr McNamara observed that 'the industrial base of the wealthier nations is so great, their technological capacity so advanced, and their consequent advantages so immense that it is unrealistic to expect that the gap (in living standards) will narrow by the end of the century. Every indication is that it will continue to grow. Nothing we can do is likely to prevent this. But what we can do is begin to move now to ensure that, absolute poverty, utter degradation, is ended'.

So far Mr McNamara. I do not think that all politicians—certainly this applies to the public—of our wealthy West realize the seriousness of the situation, but we do, and we can and must do something about it. We can do much through the measures mentioned here—through trade, for instance. The wealthier nations are even delaying the dismantling of discriminatory trade barriers, and we should be willing to do the opposite.

Second, we can fulfil our promises in and to the UN to reach their target of 0.7% of GNP by 1975—which cannot be reached by that time—as soon as possible. Norway, incidentally, has raised the target to 1%.

Third, we can urge our governments to give more without strings, as gifts, not as loans against heavy interest. Fourth, we also have a duty to enter into a dialogue with recipient countries, urging them to launch programmes for a new internal redistribution of wealth, so that a new increase in GNP is more

equally shared within their population. I should like to support the views in the amendment of Mrs Aasen and Mr Holtz to the draft communiqué in this respect.

Finally, we must be willing to define our own democratic policy anew. 'The fundamental case for development assistance is the moral one', said Mr McNamara. Yes, indeed. The fundamental case for political work as a whole is a moral one. Unless we learn to live and work together, taking into consideration all that we know today about misuse of resources, destruction of nature, and exploitation of our fellow man, unless a democratic policy today is a constant policy on and for change for the betterment of our fellow man, wherever he lives on this globe, the future of the earth and our future on the earth will be very gloomy indeed.

*(Applause)*

**The Chairman.** — (N) I call Mr La Combe.

**Mr La Combe.** — (F) Mr Chairman, Ladies and Gentlemen, what I have to say has already been said by many speakers who took the floor before me. So I shall be very brief. In their reports, Mr de la Malène and Mr Dequae painted a fairly optimistic picture of relations among the rich countries. They are, on the other hand, much more pessimistic about relations between the rich countries and the poorer ones.

I would venture to remind the two Assemblies present here that more than one-third of mankind does not get enough to eat, and I believe that the more of us say this, the better. That is in fact, the only reason why I wanted to speak.

I believe that the rich countries, with their tendency to waste their abundance are deeply to blame. Accordingly, we as elected representatives—that is to say, representatives of each of our nations but elected by the people—should regard it as our duty tirelessly to remind those who have the formidable task of governing as well as the technicians concerned with statistics that a part of mankind does not have sufficient to eat.

Furthermore, it is our duty to make the following point clear :

As a result of prodigious technological developments and the great changes that are occurring in agriculture throughout the world, people are now better informed. Although they are not necessarily being nurtured with culture, they are being kept informed by television and by the press, and they are also better educated. If, therefore, they are allowed to remain destitute and go hungry, they will sooner or later rebel.

And so, I consider it is the duty of both the European Parliament and the Council of Europe to declare solemnly that an end must be put to this state of affairs, since I believe that this is really the price to be paid for peace.

We rich countries may well have problems of our own ; we may well be having difficulties with the countries in Eastern Europe ; but I believe that the most disturbing question for the future of the world is that of relations between the North and the South—in other words, between those who eat their fill and, unfortunately, are often wasteful and those who have nothing to eat.

*(Applause)*

**The Chairman.** — (N) I call Mr Hofer.

**Mr Hofer.** — (G) Mr Chairman, Ladies and Gentlemen, as a citizen of a State that does not belong to the narrower European Community, but is associated with it by a special agreement, I am delighted to see that the coordination and cooperation between our states in respect of the negotiations which are to take place in GATT and in the International Monetary Fund are being discussed and furthered here. I am particularly pleased that the draft joint Communiqué states, and I quote from the text, that we are meeting here ‘...to discuss the political orientation and functioning of the 2 European bodies concerned, as well as problems of interest to Europe as a whole...’.

I would particularly emphasize the phrase 'Europe as a whole' and I welcome—and I again quote from the text—the intention expressed '... of furthering European cooperation and unification in the economic and political fields in order to affirm the identity of Western Europe vis-à-vis its main world partners'.

It is however undeniable, and here I would ask you to bear with me, Ladies and Gentlemen if I dwell on this subject which diverges in appearance only from the main subject, that in view of the present situation there is another burning question on which Europe, as assembled here, is called upon or, to put it more cautiously, would have been called upon, to take a stand. I am speaking of the Middle East problem and oil policy. In this decisive question which very sharply affects political and economic conditions in all our states, there was no question of cooperation within the framework of the 17 states represented here. On the contrary, in the statement on Middle East policy which has since become famous, the nine states of the Community claim that they speak for Europe. The German Federal Chancellor, Mr Willy Brandt, yesterday confirmed this claim of the Nine quite categorically in his remarkable speech to this Assembly. Purely linguistically it would be possible to prove from the text of his speech that the voice of the Nine is identical with that of Europe. Is it necessary, Ladies and Gentlemen, to remind you in this Assembly and on this occasion that Europe does not consist only of the Nine? Let me say quite openly, we are astonished, not to say disturbed that in yesterday's speech on the relations of the Community with all parts of the world, the German Federal Chancellor mentioned relations with America, Africa, the third world, Japan and Eastern Europe, but said not a single word about relations between the Nine and the Eight, who are here assembled at this very time.

'Europe as a whole' does not exist in this speech.

I wonder what this means? Where is the cooperation between the whole of Western Europe, for the purpose of which we are meeting here? I wonder what sense there is—and please

forgive me if I speak frankly here—in subscribing to cooperation and community of interest between all the European states if, in the hour of a crisis such as exists today in view of the Middle East situation, in view of the blackmailing oil policy of certain countries, we find no trace of cooperation within this comprehensive European institution? In long-term forecasts worked out in recent years regarding the future aims of the Council of Europe, to which the former President, my colleague and friend Olivier Reverdin contributed considerably, we noted, or rather we started from the fundamental fact that the Council of Europe is the only institution which unities all the democratic states of free Europe, with the exception of Finland; and we know the reasons for that. It was from this fundamental fact, namely that the Council of Europe is the only all-European forum, that we traced the justification, indeed the need for its existence. We are the more astonished therefore that here, on the eve of the Assembly in this house, the head of state of a large EEC country should have delivered a speech announcing a programme in the name of Europe in which neither the Council of Europe nor cooperation with the Council of Europe was mentioned by so much as a word. My question is, Ladies and Gentlemen—and we should all ask ourselves this—is there really such a gap between theory and practice in our European policy?

I need not emphasize here that the Middle East policy and oil policy affect not merely the Community countries but all those who are assembled or represented here. I would not be misunderstood, Ladies and Gentlemen. We do not underestimate the difficulties which the Nine have to overcome in order to arrive at a common procedure or a joint declaration, but we do wonder whether this necessarily excludes contact with other members of the family of the democratic states of Europe, at least on such a question which may, under certain circumstances, be vital. Moreover, if there is no cooperation or even consultation within the framework of the Council of Europe in the kind of crisis situation we are facing today, we cannot but ask ourselves when such consultation is likely to take place.



If it is claimed that the declaration of the Nine is the expression of the voice of Europe, then it is impossible not to formulate both as to its form and as to its substance.

The reservations as to form—which I have already outlined—are clear. The Nine do not constitute the whole of Europe, even if we are modest enough to recognize that they represent the powerful part of free Europe. But we must ask ourselves—at least I ask myself and I would again ask you to forgive me for being so blunt—whether much is left of the spirit of The Hague, of the summit conference of The Hague which opened the path for the developments of recent years and months—a spirit which was to have pervaded the whole of Europe.

About the reservations as to the substance of the declaration, I feel bound to say that I have my doubts, and I know that I am not the only one in this Assembly who has doubts, since they were also voiced yesterday during the debate of the European Parliament, whether any policy directed towards capitulation, blackmail or aggression in regard to the situation with which we were confronted. It was a type of economic aggression. We simply did not dare to call it by its proper name. It seems to me that if the European states had stood together, this would have given them an opportunity of showing that they are not willing to give in to aggression of this kind.

In recent years we have often spoken about air terrorism, about international air terrorism and the need to face up to it. And now that oil terrorism is added to air terrorism from the same corner of the earth, the entire Community of the Nine is down on its knees. This is not the place to speak in detail about the reservations regarding the consent of the declaration, but I am anxious to put them on record. Even Mr Brandt indicated yesterday that doubts might legitimately arise as to whether this declaration of the Nine heralded a sound policy.

Let me close by saying that if cooperation between the democratic states of Europe whose representatives are assembled here is to develop further as stated in the splendid Com-

muniqué, then the isolated proceeding of the way in which the Nine have acted in the Middle East question cannot be said to have done it much service.

(Applause)

**The Chairman.** — (N) I call Sir John Peel.

**Sir John Peel.** — Mr President, I am quite sure that my colleague and countryman, Lord Walston, will not expect me to be particularly interested in his desire to build international socialism. But what I am very interested in, and what I hope most of the people here are interested in, is building international unity within Western Europe as a start.

I do not think the British Socialist Party is doing quite as much as it might to promote that particular object.

I wish to mention one other thing regarding what Lord Walston said. It reminded me with some irritation of what I tried to do some years ago in a small territory in the Pacific where we were trying desperately to make both ends meet on some rather poverty-stricken islands. At that time there was a Socialist Government in Britain. We had to sell our second most prolific export, which was copra, to the British Government at a fixed price. Unfortunately, for most of the time I was there, we could have got a much better price on the open world market. I simply remind Lord Walston that there is the law of world supply and demand which is something that we cannot always overlook or neglect.

However, I wish for a few moments to speak about the joint communiqué, with which I very much agree, that was put up by our two rapporteurs, and in particular, paragraph 4, which says that the Parliamentarians of the Consultative Assembly and the European Parliament meeting in Strasbourg confirm their intention of furthering European cooperation and unification in the economic and political fields to affirm the identity of Western Europe *vis-à-vis* its main world partners.

Most of the speakers tonight have concentrated on the economic side. I want for a moment to concentrate on the political side because in my opinion that is just as important as, if not rather more important than, the economic side. If we are to attain what the Summit Conference last October said, which was not only economic and monetary union but European union as well, then clearly we must have political union marching at least more or less in step if we are to achieve effective economic and monetary union.

This was very much confirmed by Chancellor Brandt in a very strong speech he made to the European Parliament yesterday when he said he hoped that this whole process would be quickened rather than slowed down, and that more power should be given to the European Parliament. Of course, the European Parliament must become a democratic parliamentary institution and in due course must be directly elected. I know some people talk about it still as simply an assembly and say that the Treaty of Rome says it is an assembly. But the Treaty of Rome provides for direct elections to a parliament in due course and this is something we must turn it into, in my view sooner rather than later. We must not shy away from facing this issue.

We are not just a free trade area or a customs union. The trouble is that quite a lot of Europeans think that European economic community is the answer to all our problems and that all we need to do is grow prosperous economically and we can depend upon the United States of America when it comes to the crunch to defend us. This I think is a craven attitude and, what is more, I do not think it will work.

Europe must be prepared to defend herself as well as to grow prosperous economically.

It is not surprising that the Americans wonder what we in Europe are about at the present time. They are asking themselves, 'Are the Europeans uniting in harmony with the Atlantic Alliance or in competition with it?' There is a

tremendous amount of misunderstanding and lack of knowledge of each other at present.

On the European side, if we are to play our proper part as an adequate and comparable pillar of the free world on the European continent, matching that of North America, we must be more than just an economic unit. We must be political and, of course, we must defend ourselves. The Americans for their part must understand that political unity in Europe cannot be forged in a day and that as our unity increases, we shall develop a character of our own which will be different from the separate and individual personalities of our individual countries. There will inevitably be economic competition, but of course it must not be mutually destructive. Our partnership with North America in future depends upon much better communication than we have at present. It seems to me that at all levels we ought to create closer contacts and exchanges of views. In the European Parliament we have contacts with the American Congress. From time to time the Council of Europe has American Congressmen over here to talk in this very Chamber. The North Atlantic Assembly is one parliamentary body where we have quite useful contacts with our North American partners.

These must be developed, deepened and broadened and it seems to me that this moment, when Western Europe and North America are in such disarray over the Middle East and the whole question of oil and energy, is the time when we should be looking at our political unity and concentrating more on that perhaps than on solely our economic unity.

*(Applause)*

**The Chairman.** — (N) I call Mr Blumenfeld.

**Mr Blumenfeld.** — (G) Mr Chairman, as chance would have it 2 members of the European Parliament have spoken one after another who for many years have been and still are presiding in other European bodies : Sir John as the President of Western European Union and myself, although only for a

short time longer, as the Chairman of the Political Affairs Committee of the Consultative Assembly of the Council of Europe. It is in this capacity that I wish to speak. Naturally, I shall not forget, Mr Berkhouwer, that I am also under your rule.

I mention this merely because I wish to follow up the previous speaker's idea that we must not forget the political dimension of our discussion, but must keep it in the foreground. I do this particularly in view of the material before us in the form of two documents, the working document by Mr de la Malène and the report by my old friend and colleague, Mr Dequae, which have been very expertly prepared. These will be a mine of information for all who will be dealing with the GATT negotiations in the coming months and years.

The main issue is liberalization. Remembering when the reports were finalized, it is certain that while the last six weeks have not made what Mr de la Malène has written meaningless, it does appear rather feeble in the present context. In the present political situation it does not entirely correspond to what is perhaps expected of this joint meeting. For this reason I would like to turn to the draft of the joint Communiqué, starting from the fact, as you, Mr Chairman, stated earlier on, the proposals, changes and amendments suggested during the discussion, and in particular the proposal by Mr Holtz, should not be put to the vote, but should serve as material for the two Rapporteurs and provide them with useful suggestions for the joint Communiqué which they are to issue at the end of our discussion.

Having said this. I would like to revert to what Mr Hofer said, not merely because he said it here, but because feelings of discontent, which must not be allowed to develop, began to make themselves felt yesterday in the meeting of the Political Affairs Committee of the Council of Europe chaired by me, and also in lobby conversations.

A few weeks ago Europeans from the Community of the Nine complained volubly to the USA that they had not been

consulted in a crisis situation. Well, were the European Governments of the Eight consulted before the Brussels declaration of the Nine foreign ministers was decided? Were they even informed later in appropriate form, or told what it was all about? All of us here are affected. Sweden, Austria and Switzerland are equally hit by the oil boycott or by measures taken in connection with attempts by a number of Arab Governments to exert pressure on us. Surely it is not possible to speak only about the Europe of the Nine, meaning everybody, without consulting everybody beforehand.

I find it inadmissible that in addition to the many discords in the Western Alliance and within the 'Community of Solidarity' about which all foreign ministers and heads of state speak so convincingly at their conferences, there should be discord among Europeans. I too feel that it was, I shall not say a grave mistake, but nevertheless symptomatic, that in his very impressive speech yesterday the Federal Chancellor mentioned every possible partner of the Community—Comecon, the African countries, the Middle East, Australia, Japan, the USA and Canada of course—but, as Mr Hofer has just reminded us, said not a single word about the Europeans.

In the long run it is we who are most intimately concerned with the questions we are discussing here in connection with the documents by our two Rapporteurs; for all of us are concerned with the liberalization of world trade as a whole. The anxieties which we all share in respect of the third world, of the developing countries, concern us jointly. We can and must not exclude anybody. For this reason I am very grateful that this has been stated openly at our Joint Meeting.

Just two more comments now on the draft before us. I believe that in connection with the developing countries—if I may anticipate with this small point—the Rapporteurs should reflect whether, with their concise and ambiguous wording, they are representing special drawing rights as a source of finance for the developing countries. The complexity, the hitherto meagre results of the IMF conferences, the most recent

one in Nairobi, and all the other not very promising conferences on these questions of world monetary reform prompt me, without going into detail here, to appeal to my very expert friend, Mr Dequae, to reconsider this question. Otherwise there might be misunderstandings. And in this question we must not arouse any false hopes in the developing countries, but must express ourselves carefully about the long-term development of measures concerning monetary policy and make it clear to the developing countries that there are also other possibilities.

When so many eloquent words are spoken here about the poor and the rich countries, I feel we must ask ourselves who is upsetting liberalization if not the rich oil-producing countries of the Middle East. Once Norway, in addition to its fisheries and its other natural resources, also has its own oil, it will be interesting to hear what Mr Aano has to say, in this next speech here. I think he will then be in a difficult position.

Here we are concerned with which countries will actually be the rich countries of the future, and thus called on to help the developing countries. A glance at many of the countries of the Persian Gulf—I am not speaking of Iran—should be enough to make it clear what I mean. If we speak of solidarity in development aid, which I support in addition to solidarity between developing and industrial countries and indeed consider necessary, we must also draw the attention of the developing countries of the third world to the fact that when our highly developed economic and industrial potential is damaged by an oil boycott or by unreasonable price increases in oil deliveries from the Middle East, or if efficiency is reduced by this means, there will perforce be less development aid. This will affect not only financial development aid, but also supplies of goods and services, and it will no longer be possible to deliver oil—and gas-pipes to the Soviet Union.

While it is not necessary for all this to appear in detail in the Communiqué, we cannot ignore the connection, as mentioned before by Mr Bangemann and as expressed repeatedly in the debate, between boycotting and the cutting off of supplies

which are important to us at any rate in the coming years if we are to help the third world. The clearer this is made to the countries concerned and to the whole world, the more we may hope that what is contained in this document and what has repeatedly been said in the Assembly will one day become reality, and that there will also be peace in the Middle East.

*(Applause)*

**The Chairman.** — (N) I call Mr Schulz.

**Mr Schulz.** — (G) Mr Chairman, Ladies and Gentlemen, this is the first time for nearly a year that I have had the opportunity of a discussion with my former colleagues from the Consultative Assembly of the Council of Europe, with whom I worked for over 7 years. However greatly I value this opportunity, it is nevertheless not the reason for my asking for the floor. Rather is it that I wish to make a few political comments on the very important reports of Mr Dequae and Mr de la Malène, and above all to draw the attention of all here to the fact that we are experiencing a very memorable moment in European development. It is possible that the pressure of hard, indeed increasingly hard fact, will be a means of bringing about the political union of the European Community more rapidly than we would have believed possible only a short while ago.

I entirely agree with what the Foreign Minister of the Federal Republic of Germany said recently at a congress of his party in Wiesbaden, namely that external pressure should not be the main reason for the political unification of Europe.

For me too the political unification of Europe is necessary first and foremost to ensure that the resulting united Europe can most effectively apply its great, its best traditions of freedom, humanity, tolerance and diversification to all decisions affecting the future of the world. Nevertheless, hard facts have proved an effective motive force before now, and may possibly prove so again. The President of the USA proclaimed



1973 'The Year of Europe'. But now he has been undergoing for some time the cross-fire of criticism in his own country, and so far Europe has seen very little of its year ; in reality it was only an objective and such it has remained.

Let me remind you that in April, the then adviser to the American President, Mr Kissinger, developed his ideas on a reorganization of the Atlantic Alliance, and the reaction from the European partners was only partly one of approval, and partly one of bewilderment, even resentment.

In the meantime the President's adviser has become the Secretary of State, and he cannot be accused of showing excessive friendliness towards Europe, particularly in his early days of office ! But while many of my colleagues in the European Parliament have recently seen Mr Kissinger behaving, to borrow an old Latin tag, *fortissime in modo*, it cannot be denied that as the spokesman of the United States he is in fact acting, according to any objective criteria, *fortiter in re*. The reproach he made to the European partners in April that the United States of America pursued global interests, but the European states regional ones, went particularly deep and roused many susceptibilities. It seems to me, however, that an economic power, however great, will hardly be able to escape the reproach of following purely regional interests as long as it is not even, as is often maintained, a political dwarf, but a political nothing. Nor do I think that the last expression of unanimity by the Nine made on 6 November in Brussels was very likely to do away with this painful impression.

Yesterday we heard from the Federal German Chancellor that every effort is to be made to remedy Europe's situation as a political non-entity. Mention was made of a standing conference of chairmen, as a kind of adumbration of a European government and mention was also made of parliamentary control, though that merely in passing. Very little was said yesterday about this important point.

It might be said that the Consultative Assembly is not directly concerned with the problems of the European Com-

munity, that the Assembly could ask the European Community to solve its own problems. But from my own experience as a long-standing member of the Consultative Assembly. I know how passionately interested this body is in the political problems of the Community and how it demonstrated, for instance, for many years its close solidarity with the aims of Community enlargement which at the time appeared to be facing quite extraordinary obstacles.

Mr Chairman, it is my belief that the Consultative Assembly of the Council of Europe must continue to devote great attention to the line taken by the European Community and that the Council of Europe with all its subsidiary bodies, particularly its Consultative Assembly, should measure this development against its own statute, and by its own inherent ideology.

In this connection I would mention the lack of democracy about which so much has justly been said and which cannot be eliminated by a series of summit conferences. Those who really desire the political union of Western Europe must get out of the habit of wanting to have their cake and eat it. In other words, we want a strong Europe, capable of action, capable of defence, a Europe which speaks with one voice, but on no account do we wish to relinquish national sovereignty. It will therefore be necessary for political union to develop along the lines, not of an uncontrolled executive but of a legislative body with powers of action and control. One more word about the moral bankruptcy so tellingly described by Mr Hofer. As a European of German nationality and as a European Parliamentarian I have, over many years, experienced numerous disappointments and set-backs which have provoked my discontent, my irritation and my anger. As a European of German nationality, however, I freely admit that I have never felt so ashamed for the free part of our continent as on 6 November 1973 on the occasion of the decisions taken by the Council of Ministers.

If, on the basis of a unique situation in the Middle East, the defeated and weak are behaving as though they were the

victors, as though they could impose their will on the highly industrialized nations and cause them to dance to their tune merely by turning off the oil tap, then on 6 November the impression was wrongly created that the countries that are really strong, although in a very vulnerable and awkward situation, were, as a result of the oil boycott blackmail, in fact the weak ones.

I can only agree with all the speakers who have said that it would be very good for the future of Europe and also for a peaceful solution for the Middle East if this impression, which arose in Brussels, was corrected as soon as possible. Here too I turn to the States of the Council of Europe over and above those of the European Community, because they too are affected by this and because neither genuine nor pretended neutrality can present blackmail in this case.

We are all required to make an unprecedented effort and to speed up the development which will guarantee us a maximum of political independence, thus again rendering us capable of political action vis-à-vis the outside world.

Our scientists, our technologists, are capable of this, and our monetary means will also suffice if the politicians put the scientists and the technologists in a position to shorten their deadlines.

I believe that there will only be any sense in talking about economic and monetary union when we know that we are able to pursue our own economic activity with an assured energy basis. And only so will the decisive economic platform be established for the political union of Europe which needs to become reality as soon as possible and of which we can all be proud : political union which can make a decisive contribution to our common aim, which has hitherto largely remained in the realm of wishful thinking and will so remain until free Europe is politically organized, namely the aim of détente and peace throughout the world.

*(Applause)*

**The Chairman.** — (N) I call Mr de la Malène.

**Mr de la Malène, Rapporteur.** — (F) Mr Chairman, I should like first of all to repeat for the benefit of this meeting, in order to avoid any misunderstandings, that although we have presented our reports in a personal capacity, they do not express our own views but endeavour to reflect the general views of the Assemblies on whose behalf they were written. While not bearing the imprimatur of the two Assemblies, they endeavour to convey the Assemblies' feelings and although they are presented on the authors' own responsibility, they do not necessarily reflect the authors' own feelings. I am saying this for the benefit of those who have expressed surprise at the lack of incisiveness in the reports, especially in mine. In my reply, I shall confine myself to a few general remarks, leaving it to Mr Dequae to answer in greater detail and take up a position, as he said just now, on the proposals to amend the Joint Communiqué.

I thank all those who have spoken for the kind things they have said about us, particularly Mr Gundelach, a Member of the Commission of the European Communities.

I should like to tell both him and Lord Mansfield that we share their view on the need for firmness as regards the opening of the negotiations. The negotiations cannot and should not really begin until the parties concerned have received authority to negotiate. It is regrettable—but we are not to blame—that this requirement is liable to delay the real beginning of the negotiations, but this delay is surely preferable to the negotiations being started without all the parties having proper authority to negotiate.

This afternoon's discussions centred on three subjects which were admittedly not altogether irrelevant to the purpose of our debate but often diverged from it considerably. Essentially, these were: the means of giving more help to the developing countries; oil and the Middle-East crisis; and, lastly, the need to unify the Europe of the Nine and the Europe of the Seventeen and to strengthen Europe's political structures.

I should like to remind the various speakers that the subject proposed for our debate, from which we, the rapporteurs, could not of course deviate was : 'Problems associated with tariff negotiations and discussions on world trade in GATT'. Admittedly, all matters are inter-related but that was the subject we were supposed to deal with ; and if we had spoken about something else, we should have incurred criticism.

Or course, aid to the developing countries is one of the subjects of the negotiations, but it is not the only one. I was glad that a number of speakers, after Mr Dequae and myself, dwelt on this essential aspect of the negotiations. However, the negotiations are equally concerned with customs protection techniques, agricultural products, industrial products and trade with the developing countries.

I did not detect any disagreement in what was said but only differing shades of opinion. Reference was also made to deficiencies ; but, as I have already said, I could not include in the report anything which was irrelevant to its subject.

It was also said that the report was somewhat out of date, since it did not refer to the Middle-East crisis. But that was not the subject of the report ! I was supposed to discuss the Tokyo negotiations. There may well be links between these two matters, but I made a point of saying in my introduction that we feared that the developments in the international situation would be used by some as a pretext to belittle the Tokyo negotiations. True, the international situation is something to be reckoned with, but the permanence of the objectives being pursued in Tokyo must be emphasised. The fact that, for instance, the position has been reversed in the agricultural sphere—as we have moved from a period of relative abundance to one of relative shortage—does not mean it is no longer necessary to go and negotiate in Tokyo. On the contrary : the negotiations must remain our permanent objective. Consequently, our reports are not out of date. But other problems, such as that of energy supplies, have indeed arisen and are putting Europe in a critical position. They are not the subject

of our debate, however. That, then, is my answer to those who found our reports somewhat out of date.

I have not detected any disagreement on the key question, namely whether there was agreement between the Seventeen and the Nine on the need for the Tokyo negotiations, their aims and limits and the means to be employed for them. Our agreement has, moreover, been embodied in a joint communiqué prepared by my fellow rapporteur and myself.

Our aims are : to preserve the common agricultural policy; to secure acknowledgement of the need, which all speakers have recognized, not only to maintain but also to increase the advantages accorded to the developing countries ; and to have it accepted, that the GATT regulations, as interpreted hitherto, are inadequate to cope with this problem.

To the honourable representative of Switzerland, who felt there had not been enough consultation between the Seventeen and the Nine, I would reply that the aim of our joint meeting was to find out whether we had the same approach to the objectives of the Tokyo negotiations. I, for my part, have not noted any disagreement on this point. I did observe disagreement among those who spoke about the oil crisis, but that is another subject. I also observed disagreement about the need to safeguard the common agricultural policy ; to intensify the policy of aid to the developing countries ; to preserve the customs union ; and to establish a parallelism between monetary and trade policies, without making one conditional on the other and to deal with them in their respective contexts. On all these basic points, I found no disagreement . This is naturally gratifying to the two rapporteurs at the end of this interesting debate.

This unanimity of views will greatly facilitate their task of drawing up, on their own responsibility, a joint communiqué whose proposed terms will be outlined to you in a moment by my fellow rapporteur.

*(Applause)*

**The Chairman.** — (N) Thank you, Mr de la Malène.

I call Mr Dequae, Rapporteur.

**Mr Dequae, Rapporteur.** — (F) Mr Chairman, I must first of all express my entire agreement with the points made by Mr de la Malène in this general answer.

It may indeed seem surprising that the views of the rapporteurs of two institutions which meet all too seldom coincide to such a degree.

I shall confine myself to answering questions of a more specific kind, which are undoubtedly important even if some of the questions, have had to leave the Chamber no doubt for good reasons.

Lord Walston stressed—rightly, in my view—the thorny problem of fluctuations in the prices of world primary commodities, a phenomenon largely encountered in the underdeveloped countries. I believe, as he does, that market organization is needed to stabilize these prices. I shall be returning to this idea, which has also been put forward by the Socialist side, in a moment, when I come to deal with the end of paragraph 13 of the joint communiqué.

Mr Debruyne has put us to the test. He has discovered a divergence between my report and Mr de la Malène's report. In the first place he feels that the link between trade questions and monetary problems was strongly emphasized in my report but not in that of Mr de la Malène.

In fact, this is not true. The only difference is that I did not say expressly that monetary talks and negotiations must take place outside GATT. I thought this was self-evident, since special institutions exist for the purpose.

Mr de la Malène did state quite clearly that these discussions must take place in parallel, but cannot take place simul-

taneously in GATT. In reality, therefore, there is not the slightest divergence.

As far as preferences are concerned, a certain difference of emphasis is indeed apparent. Both of us, and indeed the whole of the Community, are in favour of general preferences. I stated expressly that I was concerned with non-reciprocal preferences, whereas Mr de la Malène argues in his paper that the advantages now enjoyed by the developing countries on the basis of existing relationships must not be allowed to disappear. But we can also bring influence to bear on this. However, his report does not say in so many words that preferences must not be reciprocal. It is stated quite clearly at one point that the countries concerned may offer the same advantages to those countries which are not associated with the EEC. There is a difference of emphasis here, but it cannot be described as a divergence.

The third question concerns relations with the Eastern bloc countries. This question was also touched upon by Mr Jahn. I find it extremely difficult to answer the question what the communists have in mind at the present time on this matter. Finding that out is no simple matter. However, we do know that there is talk of closer relationships between the Comecon countries and the states of the European Economic Community. But the results of these efforts to bring the two closer together are at present far from clear.

Mr Jahn, for this part, pointed out, I believe, that bilateral agreements with the countries of Eastern Europe constituted the present basis, and that this should not be abandoned. We certainly did not say that.

All we say is that we should like the state-trade countries to join GATT or participate in it in one way or another. But there is no doubt that, before this can come about, it will be necessary to find a solution to the differences in basic structures between the countries with a market economy and those with a state economy.



I should like to thank Mr Farr for his contribution to the debate. He drew attention to seven positive aspects of Europe's agricultural policy and he asked for an eighth to be added, proposing that Europe should refrain from expanding production to the point of achieving complete agricultural self-sufficiency in certain products. I cannot see any objection to this proposal, but I think that paragraph 4 is sufficiently explicit in this regard.

Mr Holtz's remarks, which were particularly interesting were in line with the views expressed in the communiqué. There is no problem about adding 'in particular' in paragraph 5. I am also in agreement with regard to paragraph 9 : it is a good idea to add 'and ensuring a fair distribution of wealth and revenues'. The well-being of all is undeniably the ultimate goal.

With the best will in the the world, however, it is impossible to go along with him in regard to paragraph 11. In the phrase 'parallel efforts to establish a sufficiently stable international monetary system', he proposes we say 'prior efforts' instead. If we make this a prior condition, it is certain that the GATT negotiations will not be concluded in 1975 ; indeed, they may scarcely have begun by then. It is therefore impossible to put the term 'prior' in the communiqué.

I believe we have found a solution with regard to paragraph 13. We shall retain the original text and add to it : 'and ensuring fair prices for raw materials'. That should give you and your friends full satisfaction, Mr Holtz.

Before I conclude, Mr Chairman, I should like to say a few words to Mr Blumenfeld on the subject of Special Drawing Rights for the underdeveloped countries. We should keep to the suggestion of SDRs being granted to the underdeveloped countries. That is what the text means ; but in an earlier version we had the better idea of adding : 'through the intermediary of UN specialized agencies, such as FAO, WHO and the World Bank'.

That is the change we shall make. We shall revert to the earlier version, which is more precise and less liable to create wild illusions about an unlimited amount of SDRs being granted to the underdeveloped countries.

With regard to the last speeches by Sir John Peel, Mr Blumenfeld and Mr Holtz, I would reply that we have not said much about the political aspect here since, as my corapporteur said, the report was essentially concerned with a specific problem. Undoubtedly, however, the various points made have a bearing on this problem. Moreover, it may be considered that no economic policy will be carried out in Europe, either among the Nine or among the other Eight, without a certain measure of political integration, at any rate without an advanced stage of consultations being reached. This is, therefore, the background to the problems involved in the negotiations.

I should like to conclude, Mr Chairman, by referring to what was said by Mr La Combe, who expressed his concern about the poorest countries, which are unable to escape from their plight and even seem to be sinking deeper and deeper down. I should like to say that the contents of the reports as well as our discussions as a whole have shown that what we want is not only a better world but a world that is better for everyone, through an equitable apportionment of assets among the whole of mankind.

*(Applause)*

With regard to the communiqué, Mr Delforge and Mr Holtz pointed out that some very important events have occurred since the reports were prepared. The last three speakers also mentioned this. In order to take these events into account, it has been decided—and Mr de la Malène is in agreement with me on this—to add to the joint communiqué a section (e) on the oil crisis, worded as follows :

15. Considered that the confirmation of the selective oil embargo might encourage autarchic tendencies in the

- industrial countries, which would impede the efforts made by GATT to achieve greater freedom of world trade and international economic inter-dependence ;
16. Considered that in the face of the oil crisis the European countries should show their solidarity ;
  17. Expressed the hope that it should be possible to avoid a hardening of world trade relations following the oil crisis by finding a solution satisfactory to all the parties concerned and by abandoning pressures and threats.

These, Mr Chairman, are the additions we propose.

*(Applause)*

**The Chairman.** — (N) Thank you Mr Dequae.

I propose that note be taken of the joint communiqué drawn up by the 2 rapporteurs, which will form the joint communiqué of the Joint Meeting of members of the Consultative Assembly and members of the European Parliament.

### ***3. Close of the Joint Meeting***

**The Chairman.** — (N) That brings us to the end of our discussion. I declare the 20th Joint Meeting of members of the Consultative Assembly of the Council of Europe and members of the European Parliament closed.

The sitting is closed.

*(The sitting was closed at 6.45 pm)*

