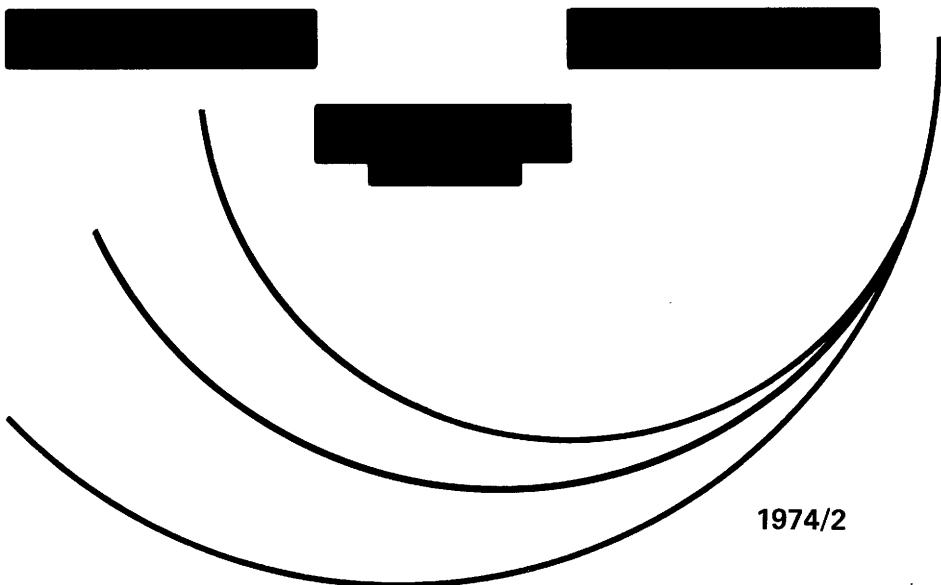


europaean parliament

information

PARLIAMENT IN SESSION



1974/2

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The European Parliament
met in plenary session in Strasbourg
from Monday, 11 February to Thursday, 14 February 1974

The main focal points of Parliament's interest during its week in Strasbourg were the state of the Community, agriculture and social policy; but Parliament's debates covered a wide range of subjects including energy policy, industrial policy, European security and external relations.

Nor was the week without clashes: President Ortoli, freshly arrived from the Washington Energy Conference, heard Mr Francis Vals, the Socialist Group Chairman, give notice of a censure motion should the Council fail to go further on Parliament's budgetary powers than the Commission now proposes. There was deep disagreement in the House itself over agriculture, especially between the European Progressive Democrats and other Members and Mr Bordu, the Communist, was in conflict with representatives of other groups over the deportation of Alexander Solzhenitsyn from the Soviet Union.

Many of these are on-going issues and the state of the Community in particular will be considered again in May, when the Seventh General Report is debated in detail.

Parliament challenged the Commission's farm price proposals and, in view of the oil crisis, called on the Commission to reduce the Community's dependence on outside sources. On this subject Commissioner Hillery said the Nine should consider cutting back working hours to help alleviate the energy shortage.

Finally the House heard President Cornelis Berkhouwer's unequivocal call for a common resolve as the only way of dealing with the Community crisis.

I. State of the Community

1. Statement by Mr Cornelis Berkhouwer, President of the European Parliament

President Berkhouwer made the following statement at the opening of the sitting on Monday:

'The Community is in the throes of a grave crisis, certainly one of the worst in its history. We must all realize that it may well put at risk our efforts to build a united Europe if the Community spirit no longer guides all our actions and purely national interests hold sway.

Europe cannot be made a reality except by a genuine effort of will on the part of the Member States. Only by a common resolve can we possibly hope to weather the difficulties and advance towards European Union. The very existence of Europe is at stake. It is of vital importance that the Member States should place the Community's interests first and seek common, not national, solutions to every problem.

It is wrong to reassure ourselves by saying that we have reached the point of no return. There is no such point. The European Community exists by virtue of a common resolve; without it there will be nothing left – everything will collapse. Today, this resolve is weakening. We must act now before it is too late.

The Commission, in its declaration on the state of the Community, has shown the Member States where their responsibilities lie. I hope they will respond. The situation, then, is far from bright. However, the last meeting of the Council of Foreign Ministers provides a ray of hope. A common stand has been adopted towards the Washington Conference and a constructive approach made to the question of strengthening our Parliament's budgetary powers. The outcome of these Council discussions in the Council on budgetary problems suggests a real desire to reach an early decision.

I therefore wish emphatically to recall that Parliament stated its point of view on this supremely important question in its resolution of 5 October 1973. In a conciliatory and pragmatic spirit it proposed a most reasonable solution which, I must stress, represents no more than an absolute minimum. The Council must understand this goodwill gesture, accept these proposals and so prove that it sincerely wishes to build Europe in a democratic and realistic manner.

It would seem that certain delegations are still hesitant about granting our Parliament the power to reject the draft budget. How could Parliament be said to enjoy real budgetary power if this fundamental right were withheld? How could it be claimed that its budgetary powers had been strengthened? I declare again, most emphatically, that our Institution considers this right essential and strongly urges that it be formally granted as required by democratic practice.

Furthermore, it must be clearly understood that Parliament cannot allow any reduction in the scope of the consultation procedure.

We shall be able to state our position again during the talks which are to take place between our Parliament and the Council before any decision is taken.

Our Parliament attaches the utmost importance to the extension of its budgetary powers. The Council must be aware of this and act accordingly.

Sitting of Monday, 11 February 1974

2. Presentation of the General Report for 1973 and programme of the Commission for 1974: statement by Mr Carlo Scarascia Mugnozza, Vice-President of the Commission

The Community was in a state of crisis and all must share in tackling it. The Community had made progress: a common approach to the GATT negotiations had been agreed as had action programmes on social policy, industrial policy, scientific and technical research and on the environment. But this hardly balanced what had been left undone.

1973 had exposed Europe's vulnerability. Only 40 % of the Community's energy came from its own sources. 91 % of its imports were in fact raw materials. Bringing commodities and energy into Europe had contributed to an import bill of nearly 60,000m u.a. in 1973. In 1974, the bill would be 30 % or

17,000m u.a. higher. The blow would not be fatal but Europe would be seriously handicapped.

'We shall', he said, 'have to adopt new habits and learn to live differently ... avoiding waste and economising on scarce resources ... finally we shall have to make use of our main, real source of wealth: the capacity for work, the creative imagination and the ability to move with the times of the Community's 250 million citizens.'

The energy crisis had hit Europe's capacity to produce. In 1974 the growth rate was likely to drop by one-and-a-half points. This would affect employment in building, tourism and the motor trade.

'We must treat the European economy as one single economy ... otherwise it will get more out of control or be controlled from outside.'

Mr Scarascia Mugnozza said action should be concentrated on a few major objectives. He instanced discipline in currency and trade measures and a joint response to external challenges. Europe would have to redefine its relationship with the oil-producing countries and those supplying raw materials. There was common ground for cooperation here but the Member States must not act alone or undermine the bargaining strength of the Community as a whole.

The Community still had a responsibility to help the least favoured nations, especially in coping with higher energy costs.

Any fall-off in world trade would adversely affect Europe. So the Community must not give way to isolationism. Europe must speak with one voice.

The Commission would ensure that every idea and every proposal was consistent with every other one.

Looking ahead to European Union he said some progress had been made in 1973. 'I am thinking in particular of the proposals in the strengthening of the budgetary powers of the European Parliament, which, in view of the time required for ratification, the Council must adopt as soon as possible if the new procedure is to apply to decisions concerning the 1975 budget.'

Work now had to begin in earnest on preparing European Union. The Commission looked forward to cooperating with the European Parliament and

particularly its Political Affairs Committee in defining the form and content of European Union.

Mr Scarascia Mugnozza said that the underlying aim of building Europe was a human one and he concluded: 'Between the easy, all too easy, but unacceptable path of division and reunciation and the path, difficult but alone worthy of Europe, of unity and effort, the Commission has already made its choice.'

Sitting of Tuesday, 12 February 1974

3. First debate on the Seventh General Report of the Commission on the activities of the Communities in 1973 and on the Action Programme of the Commission for 1974

The following spoke in the debate: Mr Hans-August Lücker (German) for the Christian Democrats, Mr Francis Vals (French) for the Socialists, Mr Jean Durieux (French) for the Liberals and Allies, Lord Bessborough (British) for the European Conservatives, Mr Michael Yeats (Irish) for the European Progressive Democrats, Mrs Leonilde Iotti (Italian) for the Communists and Allies, Mr Giovanni Giraudo (Italian) as Chairman of the Political Affairs Committee, Mr Maurice Faure (French, Socialist), Mr Pino Romualdi (Italian, Independent), Mr Kristen Helveg Petersen (Danish, Liberal), Mr Mario Scelba (Italian, Christian Democrat) and Mr Knud Nielsen for the Socialists.

Mr François-Xavier Ortoli, President of the Commission of the European Communities, replied to the debate.

Mr Lücker said that the Commission's account of the state of the Community was accurate. The Community was no longer able to act. He would have wished for a more practical statement of the conditions needing to be met if progress were to be possible. 'We must find a way of getting back to majority decisions', he said, and called on his colleagues in other groups to commit themselves to Europe.

President Cornelis Berkhouwer then welcomed Mr François-Xavier Ortoli, President of the Commission, who had just flown back from the Washington conference to attend the debate. The House applauded.

Mr Vals said that the Commission's statement of good intentions was not enough. It was an intellectual exercise void of political reality. 'We come from Nine Member States, each one of which is experiencing difficulties.' But what the Nine failed to realise was the futility of action in isolation. Mr Vals then analysed the Community crisis. The regional and Mediterranean policies were falling through. CAP was a fiction. The Community had become no more than a free trade area. He agreed with the Commission's analysis. But it was not enough. There were no references to Treaty infringements or the unanimity rule which was paralysing the Community. Why, he asked, had the Community not taken a stand? Silence gave consent.

'We can no longer keep silent', said Mr Vals. There had been scant attention paid to Parliament's carefully considered resolutions over the last fifteen years. The Council and – what was more serious – the Commission were trying to limit Parliament's budgetary powers as much as possible, even though the House had already rejected the Commission's proposals as inadequate.

Mr Vals therefore gave notice that if the Council did not meet Parliament's wishes and went no further than the Commission's proposals, the Socialist Group would table a censure motion against the Commission. It would do so with the support of other groups that shared its opinion but it would do so alone to affirm its responsibility in this matter.

Mr Durieux pointed out that the Heads of State or Government had gone to Copenhagen to shelve every important issue. But it was not by passing resolutions that Parliament would make itself heard. All that was wanted was a programme on specific points which could be sure of winning unanimous approval. He called for the budgetary powers Parliament was asking for to be granted.

'Let us shake up public opinion and our governments and let them know that Europe is something we want and that we are going to build', he concluded.

Lord Bessborough pointed out that in the Communities it was always the issues on which there were disagreements that were given publicity. For his part he welcomed the Seventh General Report, particularly its sections on industry, technology, science and energy. It had shown him on what a wide scale of work the Community was engaged. He was not so pessimistic as some about the Community and did not believe the present crisis was a fatal one. A good deal of ground work had been done, even if they had some way to go on energy policy.

But he asked 'what is the point of our being members of the Community if we do not pool our resources?' It was vital that Member States should place the Community's interests first.

Mr Yeats said that recent events had caused a loss of confidence in Europe. Each institution and each Member State had to face up to its responsibilities. The Nine had the political will to succeed in building a united Europe but this undoubted will had to be reflected in action. Mr Yeats quoted the words of Robert Schuman 'Europe will not be built in a day, not as part of some overall design; it will be built through practical achievements that first create a sense of common purpose'. There were many 'practical achievements' in the Seventh General Report. 'We must not forget them and lapse into undue pessimism in the face of present difficulties', Mr Yeats concluded.

Mrs Iotti said all were aware of the crisis but the Seventh General Report did not measure up to the situation. It was a cry of anguish but made too much use of words like 'trust' and 'must' and made too frequent appeals for goodwill. The problem was to find a valid response to the real causes of the Community crisis.

Mrs Iotti agreed with the Commission's emphasis on human beings as the Community's main asset. But the Commission was too late in recognising this reality. What had the Community done for the individual?

The crisis was caused by serious disagreements between the governing classes in the Member States for capitalists supported Europe when they saw a profit in it.

Mrs Iotti said the right course for Europe was to sever its umbilical cord with the United States, not to enter into conflict with the USA but to defend its independence in friendship and cooperation with both the USA and the Soviet Union.

The Communists and Allies reserved the right to take a stand if the Socialist Group tabled a censure motion but it would support any bid to change Community policy in line with the wishes of the public at large and in order to build a democratic, independent and peace-loving Europe.

Mr François-Xavier Ortoli, President of the Commission, replied to the debate.

The Community was in a state of crisis: a monetary crisis and an energy crisis. Europe was poor in energy and poor in raw materials. But Europe must know what it is and what is its aim: the happiness of its peoples.

In Washington a large measure of agreement had been reached: on working with the producing countries and on not forgetting the poorer countries, for example, but there had been a disagreement about some form of organisation between the industrialised states.

Europe was in a crisis but the Commission had not failed. It had carried out its task. This could be ascertained from its timetable.

Replying to Mr Vals, Mr Ortolí said that the Commission proposed giving Parliament the power to reject the budget as a whole. This would represent a fundamental change.

The Commission expected definite decisions in the weeks ahead on energy policy, economic and monetary union and the European Development Fund. The Commission had proposed a Regional Fund and had had the courage to make certain proposals on CAP.

But majority voting was not possible. Some of his colleagues did not agree with him here but on some essential issues a real agreement had to be reached. Laws would never replace facts and nothing could replace the drive and the reality of human beings.

Referring in conclusion to the renowned 'political will' he said he would prefer 'strength of conviction'. He believed in passion and perseverance.

Sitting of Thursday, 14 February 1974

4. The state of the Community

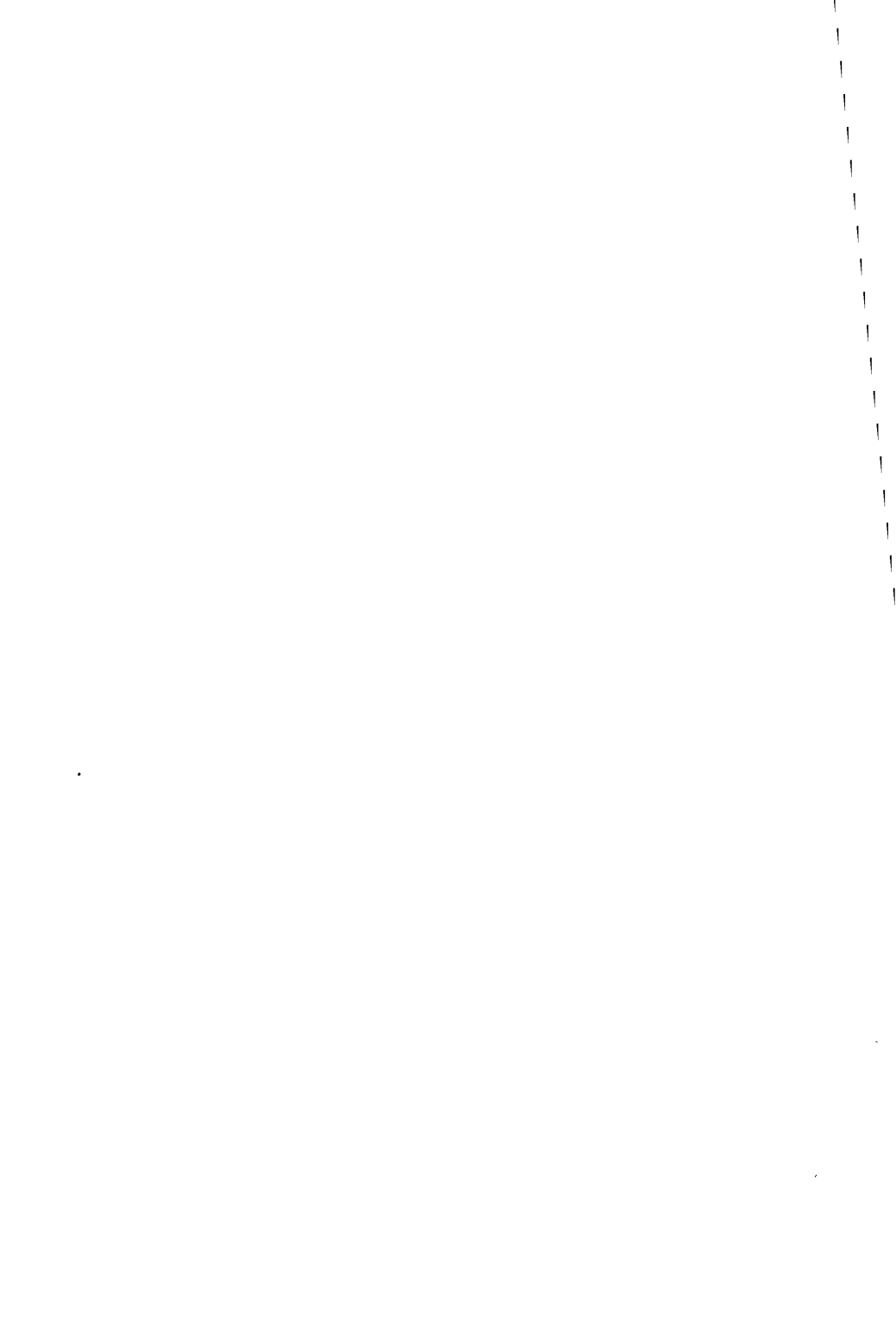
The following motion for a resolution on the present state of the Community was tabled by Mr Hans Lücker (German) for the Christian Democrats, Mr Jean Durieux (French) for the Liberals and Allies, Lord Bessborough (British) for the European Conservatives and Mr Michael Yeats (Irish) for the European Progressive Democrats.

The European Parliament,

- sharing the concern expressed in the declaration of the Commission of the European Communities;

- in view of the seriousness of the present situation and the effects which it may have on the future of the Community;
 - aware that the unity of Europe can only be realised if the Community institutions are enabled to pursue forthwith a policy founded on real European solidarity.
1. Launches an urgent appeal to the institutions of the Community, the Governments and political forces in the Member States to eliminate obstacles to progress towards European union by providing a solution to the following immediate problems: regional policy, energy policy, the new stage of economic and monetary union, social policy and increasing the powers of the European Parliament;
 2. Instructs its President to forward this resolution to the Council and Commission of the European Communities and to the governments and parliaments of the Member States.

Sitting of Thursday, 14 February 1974



II. Agriculture

1. Agriculture

The two reports on agriculture were taken together. The first was the interim report (Doc. 377/73) drawn up for the Committee on Agriculture by Mr James Scott-Hopkins on the Commission's memorandum (Doc. 251/73) on overhauling the Common Agricultural Policy.

It will be remembered that Mr Petrus Lardinois, the Commissioner responsible for agriculture presented this memorandum to the House on 14 November 1973. He explained that the three main aims of the Commission's proposals were:

1. to simplify the administration of the CAP by reducing the present 200 or so basic regulations to 30;
2. to reduce the imbalances in some agricultural markets by adjusting intervention prices and introducing production levies on some products;
3. to save 1,050 million u.a. under the 'Guarantee Section' of the EAGGF, by bringing production into line with market conditions. This would include:
580 million u.a. savings on cereals;
and 470 million u.a. savings on dairy products.

But measures to organize the sheep meat and reorganize the protein sectors would add 100 and 30 million u.a. to expenditure. No expenditure was anticipated for the common organization of the potato market.

Mr Scott-Hopkins' interim report welcomed the simplification of CAP administration especially if coupled with tighter control over expenditure. But although the Committee on Agriculture welcomed the Commission's guiding principles, it had reservations about how they would be put into effect.

These were set out in detail in the interim report. But the final judgement was set out in the committee's report (Doc. 337/73) on farm price proposals.

It will be remembered that Mr Lardinois made a statement to the House in January on the Commission's agricultural price proposals for 1974/75. The average price increase would be of the order of 7 0/o. The greatest increase would be that of 10 0/o in the price of beef. This was to encourage beef production. There would be changes in the beef import system too; there would be a single levy based on the market price.

There would be a 4 0/o increase in the guide price for milk through a 14.5 0/o rise in the intervention price for skim milk powder and a cut of 6.6 0/o in the butter price. This ought to increase butter consumption. Current measures to dispose of butter stocks would remain in force (cut-price sales to non-profit-making institutions and those on national assistance etc.). There would be a charge of 1 0/o of the guide price for milk if average butter stocks rose over 300,000 tons and a further 1 0/o on dairies with over 15 0/o of their butter and skim milk powder going to intervention.

The Commission wanted a better balance between cereal prices. Fodder cereals would rise quite a lot as compared with soft wheat. The increases would reflect their food value. Hard wheat needed stimulating and there would be a single intervention price for barley.

To stop the Community becoming too dependent in protein cereals there would be a better price relationship between rapeseed and sunflower; the support system for these two cereals would be extended to soya beans and aid would be introduced for green fodders and field bean seed.

The Commission wanted to make the organisation of markets more flexible; it had to be simplified and control tighter.

Pending finalisation of the Community's stockpiling commitments for soft wheat and maybe other commodities, the Commission proposed to bring in a stockpiling policy for sugar and olive oil.

To restore the unity of the common market quickly, the extra 1 0/o on common prices would continue for Member States operating in the Community's 'snake'.

Mr Lardinois was subjected to a good deal of questioning on that occasion. In the report before the House, the difficulties and criticisms had crystallised as follows: the main problem facing farmers was the swift increase in prices since November 1973. Animal feedstuffs, fertilizers and fuel had all gone up in price quite substantially.

The committee accepted that it was reasonable for the Commission to seek objective criteria for determining prices but the reference period used – the last four years – really left the present exceptional difficulties out of account altogether.

The committee did not suggest any specific figure for the overall price increase. But the Commission's 7.2 o/o was not enough. The committee was also critical of the levy on dairy produce.

The debate

The following spoke in the debate: Mr James Scott-Hopkins (British, European Conservative) rapporteur, Mr James Gibbons (Irish, European Progressive Democrat), rapporteur, Mr Jan de Koning (Dutch, Christian Democrat), rapporteur, Mr Giovanni Bersani (Italian) and Mr Lucien Martens (Belgian) for the Christian Democrats, Mr Cornelis Laban (Dutch) and Mr Heinz Frehsee (German) for the Socialists, Mr Jan Baas (Dutch) for the Liberals and Allies, Mr John Hill (British, European Conservatives), Mr Albert Liogier (French, European Progressive Democrats), Mr Nicola Cipolla (Italian, Communists and Allies), Mr Isidor Früh (German, Christian Democrat), Mr Charles Durand (French, Liberal), Lord St. Oswald (British, European Conservative), Mr Francis Vals (French, Socialist), Mr Mario Vetrone (Italian, Christian Democrat), Miss Astrid Lulling (Luxembourg, Socialist), Mr Heinrich Aigner (German, Christian Democrat), Mr Marcel Lemoine (French, Communist), Mr Augusto Premoli (Italian, Liberal), Mr Libero Della Briotta (Italian, Socialist), Mr Knud Nielsen (Danish, Socialist), and Mr Valerio De Sanctis (Italian, Independent).

Mr Petrus Lardinois replied to the debate on behalf of the Commission.

Much of the discussion hinged on amendments to the two motions tabled. The European Progressive Democrats moved several of these. They saw the Commission's proposals as undermining the common agricultural policy, found the price proposals inadequate and argued that the concept of co-responsibility was quite unacceptable.

Opening the debate proper Mr James Scott-Hopkins said the Commission's aims were to streamline CAP and to economise on EAGGF expenditure. There were four important points to note as to method:

- (i) establishing a balance between various sectors of agriculture;
- (ii) the principle of co-responsibility for surpluses and shortages;
- (iii) coping with inflation;
- (iv) the current market situation and modern farms must be the basis of future price determinations.

Turning to the Commission's actual approach, Mr Scott-Hopkins took issue with the system of levies or taxes on producers and dairymen handling their product when there was a surplus. This was objectionable and did not seem fair. Farmers selling direct to the public (as opposed to the dairies) would escape any kind of levy. He hoped the Commission would re-examine this point.

He understood the Commission's reasons for phasing out the denaturing premium rather more quickly than anticipated and the sharp adjustment in the fodder-soft wheat price ratio.

He drew attention to the need to switch more resources from the Guarantee to the Guidance Section of the EAGGF. Beef was a case in point. A steep price rise – as called for by COPA, the European Organisation of Farmers' Unions – would mean more beef going into intervention and greater sales resistance because of higher prices.

Mr Scott-Hopkins said farmers were today having to contend with phenomenal increases in costs. The Commission's dilemma was that a low rise would mean inadequate production levels and hence a higher imports bill. The Commission had to sustain confidence and yet remember the housewife.

He praised the Commission's proposals but said they failed to take account of the full situation. Price determinations were based on the rolling average of cost inputs in the farmer's budget over the previous four years and current market prices. Unfortunately the Commission's figures stopped short in October and the calculations were unfair and unjust to the farmer. The Commission's long-term approach was ill-suited to the present situation. The result of a 7.2 average price rise would be to lower production. He concluded, however, by saying 'until we get a reasonably sane monetary policy in Europe, we cannot succeed in getting the Common Agricultural Policy to work as we want it to'.

Mr Gibbons objected to dealing with the two reports together and he took issue with the fanciful or fatuous idea of streamlining CAP. Financial co-responsibility simply meant the producer would get less for being efficient. No other class of

worker was treated in this way. Equally he felt it wrong to talk of food surpluses in the modern world. He put it to the House that the rolling average was unrealistic and expressed the committee's disappointment that sheep meat was ignored: this was a large new source of red meat.

He questioned the 'modern farm' criterion. Most Community farms were not and those running them had low incomes. 'We're dealing with people not livestock' he said, and stressed that there should be no pressure to hasten the departure of weak farmers.

Mr de Koning argued that the wheat price increase should be relatively greater and that sugar prices needed to be higher. The guide prices for wine, fruit and vegetables should be re-examined and he asked the Commission to show understanding for the olive oil producers.

Mr Bersani found some parts of the Commission proposals acceptable but his group wanted a shift of emphasis from the Guarantee to the Guidance Section of the EAGGF.

Mr Martens mentioned the world shortage of milk powder. The proposals would affect all dairy produce but, he argued, the shops would not lose.

Mr Laban thought it scandalous that cereals should go for fodder in a world with millions below the bread line. He noted that part-time dairymen produced 30 % of dairy products. The Community, he said, should not be too dependent on world markets. Mr Mansholt had recently pointed out that the fodder grains needed to produce one of our beefsteaks was equivalent to a week's food for many people in Asia and Africa.

Mr Frehsee said the Socialists accepted the principles of the price proposals. He agreed that too great an increase in prices could be inflationary so that despite substantial rises in costs these increases should not be any greater.

Mr Baas wanted to know more about the actual share of co-responsibility farmers would have to bear. He thought it 'inconceivable' that agriculture should bear the brunt of the present crisis. He asked the Commission to look into the use made of dairy products. He said the beef and veal market needed organising. In conclusion he said Liberals were ready to cooperate with the Commission subject to definite assurances on these points.

Mr John Hill asked the Commission to recalculate its figures to take costs in the new Member States into account. He said the housewife believed price rises were due to the Common Market and stressed the importance of efficient marketing.

Mr Liogier said the European Progressive Democrats could not accept the guiding principles for reforming CAP. He did not doubt Mr Lardinois' goodwill but said his group favoured wholesale modernisation. The alternative was shortages. He agreed family farms needed to be better structured but did not want gigantic farms with a new agricultural proletariat.

Mr Cipolla said COPA had informed the Communist Group of their opinions. They agreed on one basic fact: there had been a complete change in the market situation. There was a need for protection against imports. He agreed with Mr Liogier that the underlying aim of the policy was to limit the area under cultivation. He was disappointed in the Commission's price proposals and his group would vote against both them and the Commission's memorandum on CAP.

Mr Petrus Lardinois then replied to the spokesmen for the groups. He hoped for a Council decision the week following and for a series of agreements on streamlining CAP.

He said the point at issue was a choice of methods. The producer had to be aware of risks and this was the point of the milk levy. He agreed one must not always go to the point where the customer said 'no' because the beef price, for example, was too high.

Price determination was very hard. He conceded costs had risen but argued that he had to make proposals for a Community of Nine. Italy had experienced a 12.5 % rise in costs. France was the biggest producer and Germany and the Benelux countries were all above official price levels. Community prices were linked to theirs.

The prices were also based on modern farms. Mr Gibbons took issue with this and Mr Liogier said the whole system was geared to pilot farms. This meant farm incomes were between 80 and 100 % of equivalent incomes elsewhere. One had to keep one's feet on the ground.

Mr Lardinois' main theme was that there were very many factors to take into consideration and the Council had to reach an agreement.

On specific points he said the Commission would be submitting proposals on sheep meat by 1 June; the Commission favoured a better balance between wheat and fodder cereals; sugar prices were six times the previous year's figure; the implication for the consumer of Commission proposals would in future be spelled out.

He told Mr Baas that agriculture would benefit from high world prices. An efficient CAP called for a wide range of policy tools and he hoped the Council would take a definite stand.

There followed detailed discussion of the proposals themselves. Mr Vals called for a big increase in the guide price for wines. Miss Lulling drew attention to food prices in the shops. Mr Früh argued that CAP could only be streamlined at the expense of the farmer. Mr Durand stressed the stability of Community prices because of CAP. Lord St. Oswald trusted the Commission would re-examine its price proposals. Mr Liogier drew attention to the scandalous disposal of surplus fruits.

Mr Vetrone referred to unfair competition from Spanish olive oil. Mr Aigner spoke of US cereals being sold to the USSR and then being sold back to the United States at twice the price, before leaving America. All the Commission's statistics were out of date. The price rise should be 10 0/o although, he added, 11 0/o would make him happy.

Mr Lemoine said 3 million farms were engaged in beef production. The measures proposed would not cover cost increases. The 10 0/o would have no real effect on prices.

Mr Premoli said the Commission would end up by giving the farmers more after uprisings and riots than they were refusing to give them now.

Mr Della Briotta said Italy had enough mountains already and had no need of a butter mountain.

Mr Gibbons said CAP was the whole basis of the Community and feared it was being whittled away. Mr Nielsen said price increases would be welcomed by Danish farmers.

Mr De Sanctis called for more concrete action.

Mr Lardinois replied to the various speakers as follows:

to Mr Früh: There were great difficulties about co-responsibility for such products as sugar and milk;

to Mr Durand: There had been no check on imports as a result of the recent wave of measures; Austria was the biggest supplier of live cattle;

to Lord St. Oswald: Agriculture was not responsible for inflation but all had to bear the burden;

to Mr Liogier: 'Our method has its disadvantages';

to Mr Vals: The Community was not self-sufficient in wine;

to Mr Aigner: The Member States did not always consider the Commission's wishes although a substantial saving on wheat could have been made;

to Mr Vetrone: 'I am unable to get logical arguments across. I cannot accept the failure to understand the need to stop deficiency payments in olive oil which is fetching more than the guide price';

to Miss Lulling: There was still no cause to stop exports because rebate had to be paid out;

to Mr Lemoine: Our system gives greater stability; when prices are right, the inflow is easy and protection is available when needed;

to Mr Premoli: Hard wheat had gone up to the world rate; even though we produce more than we eat we still have problems;

to Mr Gibbons: There were problems in Ireland but they were not caused by CAP but by monetary difficulties. Were agreement possible, there could be 25 o/o increases in beef prices;

to Mr De Sanctis: Mr Lardinois agreed that if CAP were abandoned, Western Europe would not have much of a future.

Discussion of amendments tabled followed. The House then rose and these amendments were voted on the following morning.

The main points in the resolution finally agreed to on food prices were:

1. The reference period for price calculations ended in November 1973 and failed to reflect increased costs occasioned by the oil crisis;
2. It was wrong for the Commission to use a four year basis for its calculations;
3. The principle of co-responsibility for surpluses was acceptable but not the proposed method for applying it;
4. The impact of beef imports on producers' incomes should be given further consideration;
5. The Commission should make proposals on sheep meat as soon as possible;
6. Excessive consumer price increases were deplorable; they reduced the producer's share in the final price, caused a decrease in consumption and further aggravated the Community's agricultural problems;
7. The price relationship between wheat and fodder grain should be more closely related to supply and demand in the EEC;
8. For soft wheat there should be a greater increase in the target price but a smaller increase in the intervention price;
9. The sugar price increase proposed was insufficient;
10. Wine guide prices should be re-examined;
11. Fruit and vegetable producers could be offered better protection.

This resolution was agreed to.

The main points of the resolution on improving the common agricultural policy finally agreed to were:

1. the broad guidelines in the Commission's memorandum were acceptable subject to reservations on their implementation;
2. co-responsibility was acceptable;

3. price proposals should tally with the Community's anti-inflationary policy;
4. CAP should not be used for social ends; efficiency should be improved through the structural and market policies;
5. price policy alone could not create balance between livestock, milk and cereal production or between farm incomes in different regions;
6. balance needed between improving farm incomes and consumer interests;
7. it was regrettable there were no proposals for a marketing organisation leading to a fund for promoting dairy produce sales;
8. the proposals for dealing with dairy product surpluses were unacceptable.

Sitting of Wednesday, 13 February 1974

2. Pineapples

Debate on the report (Doc. 358/73) drawn up for the Committee on Agriculture by Mr Albert Liogier (French, European Progressive Democrat) on the Commission's proposal (Doc. 307/73) for a regulation establishing a system of production aids for tinned pineapples, processed from fresh pineapples

Introduction

The purpose of the Commission's proposal is to help Community producers of tinned pineapples. The aid given will keep them competitive, which would not be the case if Community producers of fresh pineapples were paid a remunerative price. This involves the French Overseas Departments.

The debate

Mr Petrus Lardinois spoke in the debate on behalf of the Commission.

A resolution approving the Commission proposals was agreed to.

Sitting of Thursday, 14 February 1974

3. Agriculture in Denmark

Debate on the report (Doc. 253/73) drawn up for the Committee on Agriculture by Mr Heinz Frehsee (German, Socialist) on the Commission's proposal (Doc. 330/73) for a directive to delay the implementation of Council Directive No 72/160/EEC, concerning measures to encourage the cessation of farming and the reallocation of utilized agricultural area for the purposes of structural improvement, of 17 April 1972, for the Kingdom of Denmark

Introduction

Denmark has found it hard to apply a Council Directive (No 72/160/EEC) on measures to encourage the cessation of farming and the reallocation of utilized agricultural land for the purposes of structural improvement. The difficulties are temporary. The Commission therefore proposes the Danish Government be authorized to defer the application of this directive.

The debate

Mr Heinz Frehsee (German, Socialist) presented his report.

Mr Petrus Lardinois replied on behalf of the Commission.

A resolution opposing the Commission proposals was agreed to.

Sitting of Thursday, 14 February 1974

4. Italian agriculture

Debate on the report (Doc. 365/73) drawn up for the Committee on Agriculture by Mr Charles Héger (Belgian, Christian Democrat) on the Commission's proposal (Doc. 339/73) for a regulation on certain measures to be taken in agriculture for Italy as a result of the fixing, with effect from 28 January 1974, of a new representative rate for the Italian lira

Introduction

The Commission's proposal is the normal sequel to setting a new representative rate for the lira as of 28 January 1974. Beef and veal are the main products affected.

The debate

The following spoke in the debate: Mr Nicola Cipolla (Italian) for the Communists and Allies and Mr Friedrich Burgbacher (German, Christian Democrat).

Mr Petrus Lardinois replied to the debate on behalf of the Commission.

A resolution approving the Commission proposals was agreed to.

Sitting of Thursday, 14 February 1974

5. Enological processes

Debate on the report (Doc. 364/73) drawn up for the Committee on Agriculture by Mr Francis Vals (French, Socialist) on the Commission's proposal (Doc. 91/73) for new provisions concerning enological processes

Introduction

This proposal is among those designed to improve the common market in wine. The aim is freer circulation of Community and third country wines through the adoption of common rules, especially on the composition and treatment of wines. The actual enological processes involved include refermentation, aeration, heat treatment, refrigeration centrifuging, using carbon dioxide or nitrogen, using sulphur dioxide, potassium disulphate and calcium sulphate and various clarification processes.

The resolution in the report was agreed to without debate.

Sitting of Wednesday, 13 February 1974

6. Liqueur wine and grape musts

Debate on the report (Doc. 363/73) drawn up for the Committee on Agriculture by Mr Francis Vals (French, Socialist) on the Commission's proposal (Doc. 327/73) for a regulation amending Regulation (EEC) No 816/70 as regards the definition of liqueur wine and of certain grape musts

The resolution in the report was agreed to without debate.

Sitting of Wednesday, 13 February 1974

7. Financing food aid

Debate on the report (Doc. 369/73) drawn up for the Committee on Budgets by Miss Colette Flesch (Luxembourg, Liberal) on the Commission's proposal for a regulation concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid (Doc. 329/73)

The House approved the Commission's proposal for a regulation concerning Community financing of expenditure incurred in respect of the supply of agricultural products as food aid.

Sitting of Thursday, 14 February 1974

III. Social Policy

1. Statement by Dr. Patrick Hillery, Vice-President of the European Commission, on the social situation in the Community in 1973

Dr. Hillery began by referring to challenges and prospects in the present energy crisis. This challenge he said, could only be met by joint action. As to the chances of meeting it, Dr. Hillery pointed out that 'no Member State would be as well equipped to deal with today's social problems on its own as it is as a member of the Community'.

There had been a greater improvement in employment and living standards in the Community than in many other countries. Job prospects, indeed, were now better though there was still a threat of unemployment. Full employment had to be the basis of a common strategy in the social field. 'This will require Governments using budgetary measures to inject money into those regions and sectors which are most threatened. And there will need to be a permanent policy of contingency planning for the labour market in each of the Member States.

There is a clear need for precise information on job availability in the Community and the skills required.

The social partners also have an important role to play. Work sharing, with the curtailment of overtime and the introduction of shorter working hours are worthy of serious consideration.

In this way the employment drop which according to latest calculations may be about 0.7 o/o in the short-term, would result in a substantially lower figure in terms of the number of persons losing their jobs.'

Dr. Hillery said the Commission was now analysing the inflationary effect of increased prices and the extent of changes in the relative price of fuels. It would only be when this work was completed that employment prospects could be assessed in the longer term.

'But already it is clear that output – and consequently employment – will go down in certain sectors of industry while there will be expansion in others. One of the objects of our examination is to identify both categories and to assess the implications for job changes. This is obviously important in the assessment of future needs in training and re-training. The role which the Social Fund could play in assisting this training will also have to be considered.

The most vulnerable group in the face of the unemployment threat are the migrant workers, of whom three-quarters come from outside the Community. Most of them are doing our most menial work and living in deplorable social conditions. Our Community will be judged on how we treat these workers in the present situation. Do we regard them just as a means of ensuring our economic prosperity by filling jobs which our own citizens refuse to do? Are they to be disposed of, irresponsibly, when they become no longer useful? If this were to be our attitude, would we ourselves be deserving of any sympathy in the hard competitive world of supply and demand? '

Dr. Hillery announced four proposals that the Commission would be submitting by 1 April. These would involve:

1. A first action programme for migrant workers;
2. The setting up of a European Vocational Training Centre;
3. The protection of workers acquired rights in the case of changes of ownership of companies and particularly in the case of mergers;
4. The protection of workers against abusive practices of temporary employment agencies.

Dr. Hillery stressed the importance of the Council Resolution on the Social Action Programme. This, he said, called for the submission of proposals on nine other priorities by the end of the year relating to the following objectives:

1. Improved consultations between Member States on their employment policies and better cooperation between national employment services;
2. The establishment of a comprehensive programme for migrant workers;
3. The implementation of a common vocational training policy;

4. Equality between men and women in access to employment, working conditions, training and promotion;
5. Coordination of policies of social protection in the Member States;
6. Improved standards of health and safety at work;
7. Pilot schemes to combat poverty;
8. The progressive involvement of workers or their representatives in the life of firms;
9. The increased participation of management and labour in the economic and social decisions of the Community.

Dr. Hillery concluded, 'If we are to restore confidence in our Community and reach the degree of solidarity that we desire and need we must show greater concern for people and translate this concern into action.

In the face of present difficulties we cannot afford to delay any longer giving the social partners the degree of participation which they are entitled to from a social point of view, which is so necessary if we are to produce sensible policies having the support of the people of the Community and which the Paris Summit has demanded.'

Sitting of Tuesday, 12 February 1974

2. Social Fund

Debate on the report (Doc. 354/73) drawn up for the Committee on Social Affairs and Employment by Mr Egbert Wieldraaijer (Dutch, Socialist) on the Commission's proposals (Doc. 268/73) to the Council for:

- I. a decision on action by the European Social Fund to assist the social and occupational integration of handicapped persons
- II. a decision concerning action by the European Social Fund to assist workers moving from one Community country to another
- III. a regulation on further types of aid for workers moving from one Community country to another.

Introduction

1. There are several million handicapped persons in the Community. Non-rehabilitated handicapped persons do not contribute to production, they are below average consumers, they pay no taxes and account for a large part of the social budget. Integrating them into active life reduces these disadvantages and is a great contribution to the labour force. It also helps to make them more independent and responsible.

Rehabilitation is economically worthwhile. But results are possible only if enough staff is engaged in this field to take advantage of recent progress.

Hence the Commission's proposals for action by the European Social Fund to promote the social, occupational and medical integration of handicapped persons.

2. There were some 6,200,000 migrant workers in the Community at the beginning of 1973, not including migrants within Member States.

Migration from less developed regions is a handicap to the very parts of the Community whose need for manpower is greatest. Migration is also a problem to the host country.

Community policy must therefore be directed at

- (a) improving conditions of migrants and their integration in new working environments by providing suitable facilities;
 - (b) making optimal use of the labour force, balancing the needs of the central areas with the development priorities of the underdeveloped areas. This implies mobilising capital to promote investment there.
3. This further aid would cover
 - (a) children's education. It is estimated that two million children are involved and this matter is important because migrant workers tend to settle in the host country;
 - (b) help for accommodation. Housing is an acute problem for migrants because of rents, their own low incomes, the scarcity of housing and local prejudice.

This could be a permanent source of discrimination. The problem is the best form of aid. It is proposed that expenditure reimbursable from the Social Fund should

not exceed the cost of accommodation of a six month period dating from arrival in the host country.

The motion

The motion in Mr Wieldraaijer's report made the following points:

1. The fund needs to be bigger to achieve real results;
2. A supplementary budget is needed for 1974 if the present 98.8m u.a. should prove insufficient in practice;
3. It is regrettable that handicapped persons should be dealt with as an economic rather than a primarily social problem;
4. The Commission should look into the difficulties of handicapped persons in finding employment at the end of their readaptation period;
5. Asks the Commission to consider income supplements for a limited period to cover, say, 30 o/o of the salary burden;
6. Requests the Commission to report back after six years;
7. Approves the two proposals on migrant workers but considers they will be inadequate unless a comprehensive approach is adopted;
8. Considers the Regional Fund must become operative, investments in labour-exporting third countries should be coordinated and Member States policies on immigration from third countries should be coordinated too;
9. Asks the Commission to look into the dirty, unhealthy or tough jobs usually reserved for foreign workers and either promote mechanisation or induce local labour to do these jobs by giving suitable incentives;
10. Does not think measures to help migrants will boost migration but considers that priority should be given to ensuring decent living and working conditions for the many millions of workers already in the Community.

The debat

The following spoke in the debate: Mr Wieldraaijer, rapporteur, Mr Luigi Girardin (Italian) for the Christian Democrats, Mr Hervé Laudrin (French) for the European Progressive Democrats, Mr Marcel Lemoine (French) for the Communists and Allies, Sir John Peel (British), Mr Giovanni Bersani (Italian) and Lord O'Hagan (British).

Dr. Patrick Hillery replied to the debate on behalf of the Commission.

Introducing his report, Mr Wieldraaijer said that as new areas were brought within the scope of social policy, fresh funds should be made available. He asked for a supplementary budget. He appreciated the difficulty of estimating costs but it was hard for Parliament to deliver an opinion without having some idea of the money involved.

Turning to details, he asked if employers engaging handicapped workers could not receive Community backing. The proposals for migrant workers were inadequate, he added. It was unfortunate to see the Council checking so carefully on money to be spent for this purpose. He moved acceptance of the Commission's proposals.

Mr Girardin agreed with Mr Wieldraaijer. The Social Fund had to have enough money to achieve its aims, especially in helping the handicapped. He was disappointed by reports that the Council of Ministers of Labour would not be meeting until June to take a decision.

On the time taken to take decisions Mr Laudrin pointed out that it had not been until 1970 that the Council discussed the problems of the handicapped. What was deplorable was that these problems still had such a low priority. A Commission representative had said there were 12 million handicapped people in the Community. He doubted the accuracy of the figure and trusted the House would be given further details. Even so the programme proposed would only cover 1000 or 1500 handicapped people. This illustrated the inadequacy of the measures proposed.

Mr Lemoine, on the other hand, turned to the problems of migrant workers, of whom there were 10 million in the Community. The French Employers' Association (Patronat Français) had shown migrants brought more wealth to France than they took out. Mr Lemoine suggested this was probably true of the

rest of the Community too. Yet their wages, housing and job security were deplorable, not to mention such problems as schooling. They should, on the contrary, enjoy equality in working conditions and their right to live and work should be recognised. He called for an improvement in social policies in the Nine to eliminate racialism and the xenophobia all too common in the Community.

Sir John Peel agreed on the benefits brought to the Community by migrant workers. He noted that three-quarters of them came from outside the Nine Member States. He understood the anxiety of those who wished to benefit migrant workers from third countries. This stemmed from humanitarian principles to prevent their becoming second-class citizens. This was right and proper.

Priority should be given to migrant workers who were Community nationals but this did not mean the Community should not do its utmost to help the third world and so reduce their labour outflow.

Mr Bersani thought the public was ill-informed about migrant workers. Dr. Hillery had rightly drawn attention to the scale of the human, social and political problems involved. He welcomed the schooling proposals. He agreed with Mr Laudrin on the scant attention migrants had received. The proposals were a first step but he hoped the Commission would go much further.

Lord O'Hagan spoke about migrant housing. There could be no question of segregated housing: it would be brutally inhumane. He pointed out how the situation was constantly changing. There were, for example, now 80,000 foreign workers in Italy. He too looked to the Commission for a more substantial programme.

Replying to the debate, Dr. Hillery reminded the House that the Commission was preparing further proposals. Referring to numbers he said it was estimated that there were between 12 million and 15 million people handicapped in one way or another and who were having difficulty in taking up employment. There was every indication the numbers were growing. The problem was not being solved. It was getting worse.

The Fund would be used for job training and rehabilitation. Dr. Hillery shared Parliament's concern about obtaining more money. 'Members may be quite sure that in our budget proposals to the Council we shall be stressing this point again', he said.

Experience had shown that an investment of 5000-6000 u.a. was needed for each handicapped person. Half of this would be chargeable to the Social Fund. In 1973 30m u.a. had been involved. If the Fund could contribute this much annually towards rehabilitating 14,000 handicapped persons, it would help enormously to get the best rehabilitation systems widely adopted.

Turning to migrants, Dr. Hillery said the Commission envisaged assistance at every phase in migration. He was sensitive to the adverse effect of migration on the regions left. He pointed out to Sir John Peel that the aid envisaged was for Community nationals.

An attempt would be made to help migrants integrate through aid for information, linguistic training, housing and schooling. 'Member States must be encouraged to organise teaching programmes adapted to the special needs of migrant children' he concluded.

The resolution was then moved and agreed to.

Sitting of Tuesday, 12 February 1974

3. Handicapped persons

Debate on the report (Doc. 353/73) drawn up for the Committee on Social Affairs and Employment by Mr Charles Durand (French, Liberal) on the Commission's statement on a Community action programme 'employment of handicapped persons in an open market economy'

Introduction

A joint drive to tackle this problem is both a priority, a practical possibility and economic good sense. The Community has the necessary resources, particularly through the Social Fund, to help handicapped persons.

The cost/savings ratio of rehabilitation is 1:9 and the cost/contribution to GNP ratio is 1:32.

The action programme will cover a period of years, phased as follows:

1. 1973 Governments to propose pilot centres for rehabilitation. Meeting of those running these centres. Pinpointing of weak spots and organisation of study and research to tackle them.
2. 1974 Instruction programme. Seminars where pilot centre staffs can do preparatory work. Preparation of teaching material. Instruction, at pilot centres, for persons to carry out this work, study and research. First meeting on scientific and technical cooperation. Launching of research into likely areas.
3. 1975 and 1976 Instruction programmes and studies to be carried out.
4. 1977 Assessment of work done by those running centres.

The motion in Mr Durand's report

1. approves the action programme but
2. considers it is only a first stage to be followed by one for those requiring special working conditions;
3. asks the Commission to consider income supplements for nearly handicapped persons;
4. regrets that organisations of handicapped persons were not consulted and feels their support for the programme is essential;
5. regrets that the cost has not been spelled out and fears this may delay a Council decision on the programme;
6. asks that details of costs be added.

The debat

The following spoke in the debate: Mr Charles Durand (French), rapporteur, Mr Kurt Härzschel (German) for the Christian Democrats, Mr Egbert Wieldraaijer (Dutch) for the Socialists.

Dr. Patrick Hillery replied to the debate on behalf of the Commission.

Mr Durand pointed out that it was for the Social Fund, under Article 4 of its constitution, to supply the funds needed to help the handicapped. Only 1000 to 1500 people were likely to be helped by the Commission. Those concerned ought to be brought in on this, for their practical ideas. 1979 would be the completion date now instead of 1978 because the Council had still to adopt the programme.

Mr Härzschel drew attention to the human and social aspects of employing the handicapped. He spoke of reasonable division of work.

Mr Wieldraaijer said this was no simple matter. There were millions of handicapped people; indeed he was surprised no accurate figure of the total was available.

Dr. Hillery said this statement did not represent the Commission's assessment of all the action needed. The aim was to rehabilitate the largest number possible by either getting them ready to resume old jobs or to take better ones. The only way to relieve pressure on sheltered workshops was to bring some of those there out into the open economy jobs. Hence the Commission's choice of area. The economic argument was submitted to lend strength to the social argument. The aim was to raise the general level to that of the most modern sheltered workshops. A meeting was held in Luxembourg at which members of organisations who helped the handicapped were present. 'I am not aware of any European organisation representing the handicapped', he said. But the Commission believed in working with national organisations.

As regards cost, Dr. Hillery said, 'I can't accept the idea that if we don't estimate accurately we can't have a scheme'. The initiative he said, rested with the Member States.

Sitting of Tuesday, 12 February 1974

IV. Economic Situation

Commission's statement on the economic situation in the Community

Mr Ralf Dahrendorf, Commissioner responsible, said it was no easy matter describing the economic situation in 1973. The oil crisis had changed the economic context and this had serious implications for 1974.

The real gross Community product rose by 5.7 0/o in 1973, the highest rate of growth since 1969. The rises in the Member States were 7 0/o in Ireland and Luxembourg, 6 0/o in France, Belgium and the United Kingdom, 5.5 0/o in Germany and Italy and 5 0/o in Denmark. The figure for the Netherlands was 4 0/o.

Employment rose but there was no balance between supply and demand. This adversely affected first-job seekers and regional unemployment.

1973 was the sixth successive year of accelerating inflation. Consumer prices rose by 8.5 0/o (ranging from 6 0/o in Luxembourg to 11 0/o in Ireland). Mr Dahrendorf analysed the causes of this.

The trend of the Community's external balance was now much more unfavourable; this was and would be aggravated by the oil crisis. In 1974 it would produce a deterioration of 17,500 million dollars in the Community's trade and services account with non-member countries.

It was very hazardous to forecast the economic trend for the Community in 1974 'but there can be no doubt that we shall be faced with major economic and financial difficulties'.

There was a great risk of a return to protectionism. He warned of the high social cost and dangers of such a backward step.

The Council, he said, should issue a statement expressing the intention of the Member States to refrain from any currency devaluation designed to secure competitive advantage and from any measures that restrict trade. The Commission would also like the Member States to consult each other effectively and on a continuous basis on their exchange rate policies and the measures having a direct bearing thereon.

Consultations should be supplemented by the following steps:

- (i) The Community's credit mechanism, adjusted in accordance with the Commission's proposals concerned the increase in the quotas for short-term monetary support, must be brought into operation immediately;
- (ii) The Council should invite the appropriate Community bodies to work out without delay ways and means whereby funds available on the international capital markets can be mobilized in orderly fashion in a European action framework;
- (iii) The Council should invite the Monetary Committee and the Committee of Governors of Central Banks to prepare immediately an opinion on amendment of the rules governing the price at which gold may be transferred between monetary authorities within the Community and at international level.

Sitting of Thursday, 14 February 1974

V. Energy policy

The Commission's energy proposals

Debate on the report (Doc. 357/73) drawn up for the Committee on Energy, Research and Technology by Mr Hans Lautenschlager (German, Socialist) on energy policy measures to be taken further to the Copenhagen Summit, with particular reference to the Commission's proposals for legislative action by the Council

Introduction

The European Parliament has repeatedly warned the Community against being too dependent on outside energy sources, a point that has now been well taken. In the Summit statement on energy policy, the Heads of State or Government agreed the Community must act at once. The first aim was to get a clear picture of the situation: the effects of the situation on production, employment, prices and balances of payments, as well as on monetary reserves.

The Commission was therefore asked to submit proposals to this end. This was to be by 31 January 1974 and the Council was to take a decision by 28 February 1974.

The Commission's proposals were for:

Council decisions on:

1. intra-Community trade in crude oil and petroleum products;
2. exports of petroleum to third countries;
3. a reduction of petroleum consumption;

a Council recommendation on:

1. voluntary measures for reducing energy consumption;

Council regulations on:

1. notifying the Commission of petroleum product imports;
2. supervising petroleum product prices.

The legal basis for these six proposals: Articles 103(4) and 145. (Article 5 could also be used.) But there was no provision for consulting the European Parliament, even on a voluntary basis. It was suggested this would slow down the decision-making process.

Parliament felt duty bound to adopt a position on its own authority. Its Committee on Energy, Research and Technology felt the proposals were justified while not necessarily agreeing with the Commission on all points.

The crisis began with the cutback in American production in 1971. This produced shortages in the USA and this scarcity spread to Europe. In October 1973, the oil boycott by the Arab States added to the difficulties.

But in 1973 world crude oil production still rose by 8 % to 2830m tons. The Arab States produced nearly 38 % of this, although their output was lower in November and December.

The annual growth rate in energy consumption was still 6.5 %. The situation therefore remained critical.

In money terms, the producer countries would earn 50-100,000m dollars more as a result of their price increases. By 1980, their income could be 650,000m dollars.

If these estimates were correct it would mean that all the world's currency supplies would go to the oil-producing countries. It also meant that in 10-15 years these countries would be able to buy all the stocks sold on the world exchanges (1,300m dollars).

These estimates might be exaggerated but the industrialised states would probably have to pay one-quarter to one-third of their export revenue on petroleum imports.

The committee considered, therefore, that there should be no time limit on the Commission's proposed measures. Legally, references to time limits were immaterial but for this legislation to be discontinued, Parliament would have to be consulted.

The debate

The following spoke in the debate: Mr Luigi Noè (Italian) for the Christian Democrats, Mr Helveg Petersen (Danish) for the Liberals and Allies, Lord Bessborough (British) for the European Conservatives and Mr Gérard Bordu (French) for the Communists and Allies.

Mr George Thomson replied for the Commission on behalf of his colleague Mr Henri Simonet.

A resolution summing up the committee's views was agreed to.

Sitting of Thursday, 14 February 1974

VI. External Relations

1. Agreements with third countries

Debate on the Report (Doc. 399/73) drawn up for the Committee on External Economic Relations by Mr Hans Edgar Jahn (German, Christian Democrat) on the Commission's proposals (Doc. 225/73) for

- I. a Communication on problems arising from cooperation agreements
- II. a decision establishing a consultation procedure for cooperation agreements between Member States and third countries

Introduction

Responsibility for commercial policy was legally transferred to the Community on 1 January 1973 but the scope of this policy is still limited. The purpose and scale of cooperation agreements with third countries, for example, needs defining. Hence the Commission's proposals for consultations between Member States on this issue. New agreements, furthermore, are to contain a 'review' clause.

The procedure proposed is designed to:

- (i) facilitate mutual information and discussion,
- (ii) provide a check as to compliance with the common commercial policy,
- (iii) harmonize import arrangements,
- (iv) standardize terms and duration of export credits.

The motion in Mr Jahn's report:

1. Welcomed cooperation with state-trading countries;
2. Wanted more cooperation with third countries, particularly where this will help meet energy needs;

3. Drew attention to the effects of these agreements on competition, employment;
4. Warned that bilateral agreements could jeopardise the common commercial policy;
5. Considered the consultations proposed to be a first step;
6. Called for guidelines for a common policy on cooperation;
7. Urged the Council to take a decision on the Commission's proposals soon.

The debate

The following spoke in the debate: Mr Hans Edgar Jahn (German, Christian Democrat) rapporteur; Mr Giovanni Boano (Italian) for the Christian Democrats; Mr Erwin Lange (German) for the Socialists, Mr Jan Baas (Dutch) for the Liberal and Allies; Mr Christian de la Malène (French) for the European Progressive Democrats; Mr Renato Sandri (Italian) for the Communists and Allies; Mr Egon Alfred Klepsch (German), Lord St. Oswald (British, Conservative) and Mr Giovanni Giraudò (Italian, Christian Democrat) as Chairman of the Political Affairs Committee.

Mr Ralf Dahrendorf replied to the debate on behalf of the Commission.

Introducing his report, Mr Jahn warned the House that not working together could have serious consequences. It could, for example, expose individual Member States to competition they could not withstand. Parliament should come out in support of a motion urging the Council to act forthwith.

Mr Giovanni Boano noted the emphasis in the report on state-trading countries. He called on the Commission to be bold and imaginative in broadening the scope of the traditional association pattern.

Mr Erwin Lange agreed with the motion but had reservations about the intrinsic worth of the proposals. It simply endorsed the intergovernmental approach. This was all it was. Parliament's agreement to this first step should not be interpreted as assent to a non-Community arrangement.

Mr Jan Baas said that cooperation had to be spelled out in practical terms. It called for discipline and responsibility. He wanted the rules of the game to be defined. If one Member State consulted its partners and others did not, what would happen? He asked Mr Dahrendorf his views on cooperation with the Comecon countries.

Mr Christian de la Malène pointed out how the concept of cooperation agreements had changed. This did not mean new agreements should not be brought within the Community framework. They should. But the new policy was midway between the foreign policies of the Nine and Community policy as such. This new area called for definition and harmonization.

Mr Renato Sandri asked when cooperation between East and West had begun. It had begun with détente. This was the political framework. The agreements in turn helped détente.

Mr Sandri was critical of the Council for the time taken in formulating a common policy for the Mediterranean. The Communists supported the motion because it meant the Community was opening up to the world at large.

Mr Klepsch was concerned about what he saw as a narrow interpretation of the Rome Treaty. He was very concerned about Member States competing with each other over export credits instead of cooperating.

Lord St. Oswald, who was deputizing for Sir Tufton Beamish, drew attention to conditions in Central and East Europe: there was no inflation and there were no strikes. But no one in the Nine could contemplate using methods current there.

Speaking for the Political Affairs Committee, Mr Giovanni Giraudo welcomed the report.

In reply, Commissioner Ralf Dahrendorf said it was an important debate. He noted the criticism that the Community was only taking a first step. But the step had to be taken. The approach chosen would give an opportunity – at intergovernmental level – for the exchange of practical ideas on real commitments. But there were procedural problems. He hoped the debate and the motion would weigh with the Council and that the common policy would eventually embrace research and not be limited to the state-trading countries but be extended, for example, to the energy-producing countries too.

The resolution was agreed to.

Sitting of Monday, 11 February 1974

2. Private investments in third countries

Debate on the Report (Doc. 208/73) drawn up for the Committee on Development and Cooperation by Mr André Armengaud (French, Liberal) on the Commission's proposal (Doc. 290/73) for a regulation establishing a Community guarantee system for private investments in third countries

Introduction

The Community has a responsibility towards the developing countries, to help them make the most of their resources and to promote their industrialization wherever possible. The Community has to ensure that investments made in developing countries are in their interests and, at the same time, are profitable to the investor. This involves a guarantee against non-commercial risks, especially political ones.

In practical terms, the Commission's proposal will complement the laws of the Member States and hence reduce the difference between them.

It will encourage joint investment by Europeans from different Member States.

Europe will be able to rely on the companies it helps for its supplies of raw materials.

The political risks covered are:

- (i) war
- (ii) expropriation
- (iii) non-payment, non-transfer and inconvertibility
- (iv) exchange conditions.

The regulation proposed is somewhat complex. It is to be hoped this will not deter investors. But it does meet a wish expressed both by Parliament and the Parliamentary Conference of the EEC – AASM Association.

The motion

1. Approves the setting-up of a Community guarantee system;

2. Welcomes the setting-up of a European Private Investment Guarantee Office;
3. Calls on the Commission to make one or two amendments. These include replacing 'political risks' by 'non-commercial risks' and including, in the list, 'the risk of the activities of the undertaking being discontinued as a result of the introduction of legislation or regulations preventing further operation of the said undertaking'.

The debate

The following spoke in the debate: Mr André Armengaud (French), rapporteur; Mr Giovanni Boano (Italian) for the Christian Democrats; Mr Arie van der Hek (Dutch) for the Socialists; Lord Reay (British) for the European Conservatives; Mr Georges Spénale (French); Mr Heinrich Aigner (German) and Mr Giovanni Bersanni (Italian).

Mr Claude Cheysson, Commissioner, replied to the debate.

Introducing his report, Mr Armengaud outlined the situation obtaining now and explained the technical aspects of the proposals. He referred to countries with political regimes unfriendly to private ownership and underlined that the guarantee would apply there too.

Mr Boano drew attention to the scope of the proposed measures. These had to be set against the background of the Community's commercial relations with the world at large.

Mr van der Hek said these guarantees were the Community's contribution to development. He referred to the meetings at Lima, Santiago, Chile and Algiers. At these three meetings agreements had been reached between the unaligned states. At this juncture the oil crisis called for closer attention to the problems of the developing countries. He asked for the term 'political risk' to be retained.

Lord Reay had doubts about all such schemes as this. A fear of political instability should not deprive countries concerned of development aid. But this fear had the same long term effect. It did not help opponents of expropriation if they could not argue this would discourage foreign investment.

Mr Armengaud had given the impression of Europe lagging behind. But the matter was not as simple as that. There should be some distance between

government and business interests. He took issue with the confused motivation of the Commission's proposals. He was sceptical as to whether the scheme should cover exchange rate risks.

Mr George Spénale said Parliament had long been concerned with this matter. On 22 November 1965 Parliament delivered an opinion on a range of measures to promote the industrialization of developing countries. Eight and a half years later the Commission had made its proposals. He agreed with the motion generally and with the amendments proposed.

Mr Spénale added that it was much cheaper to set up manufacturers in Europe.

In reply Mr Cheysson pointed out that the term 'political risks' had wide currency. The Commission, he said, was looking at the situation realistically. The extent of the risk of foreign capital being appropriated depended on the Community's relations with the state concerned. The real point was to stimulate international initiatives in this field. No one Member State, after all, could cover a joint Anglo-Franco-German venture on its own.

The resolution was agreed to.

Sitting of Wednesday, 13 February 1974

3. Customs duties on products from Malta

Debate on the Report (Doc. 361/73) drawn up for the Committee on External Economic Relations by Mr Martin Bangemann (German, Liberal) on the Commission's proposal for a regulation on the total or partial suspension of Common Customs duties on certain products falling within Chapters 1 to 24 of the Common Customs Tariff and originating in Malta (Doc. 328/73)

The House approved the Commission's proposal for a regulation on the total or partial suspension of Common Customs duties on certain products falling within Chapters 1 to 24 of the Common Customs Tariff and originating in Malta.

Sitting of Thursday, 14 February 1974

4. Agreements with Finland

Debate on the Report (Doc. 356/73) drawn up for the Committee on External Economic Relations by Lord Lothian (British, European Conservative) on the agreements between the European Community and the Republic of Finland

Introduction

These complete the free trade agreements signed with EFTA Members and Associates. There will now be an industrial free trade area covering 16 west European countries by July 1977. The other relevant dates are:

22 July 1972: Agreements with Austria, Iceland, Sweden and Switzerland.

14 May 1973: Agreement with Norway.

Opinion polls in Finland show the same majority support for these agreements as for Finland's outline agreement with Comecon.

The debate

Mr Helveg Petersen (Danish, Liberal) spoke in the debate.

Mr Ralf Dahrendorf replied to the debate on behalf of the Commission.

A resolution welcoming the signature of the agreements concluded by the Community was agreed to.

Sitting of Thursday, 14 February 1974

VII. Industrial Policy

1. Merger control – vote

The report on the Commission's proposal for a regulation on the control of mergers submitted by Mr Artzinger was discussed in detail in January. Opinions were submitted by the committees concerned and by spokesmen for the political groups. There was then a procedural difficulty: the Legal Affairs Committee, consulted on this matter, had been unable to deliver its opinion before the committee responsible (Economic and Monetary Affairs) actually adopted the report, a situation aggravated by the number of amendments tabled (31). After some discussion and a keen vote, the matter was referred back to the committee responsible. The House was now called upon to vote on the motion and on the amendments to it still outstanding after the reference back to committee.

None of the sixteen amendments, however, was accepted. All were either rejected or withdrawn.

Parliament's motion

1. Expressed its satisfaction at the Commission's compliance with the European Parliament's request to submit to the Council a proposal for a regulation on the control of concentrations between undertakings and took the view that this proposal was rightly based on Articles 87 and 235 of the EEC Treaty;
2. Considered it necessary, if the regulation were to be properly enforced, for the Commission to have full knowledge of market conditions at all times, thus enabling it to state its views on planned concentrations generally within a much shorter period than specified in the proposed regulation;
3. Was of the opinion that the emphasis in preventive control of mergers should be placed on the maintenance of an adequate number of economic decision-making centres.

Parliament's opinion also called for various changes in the regulation proposed. It moved that the competitive situation in the world market should be taken

into account in any assessment of a merger's effect on competition. Similarly it moved that the balanced distribution of industry and employment in the Community should also be grounds for waiving the ban on mergers that virtually cut out competition.

The resolution was agreed to.

Sitting of Tuesday, 12 February 1974

2. Industrial policy

Debate on the Report (Doc. 277/73) drawn up for the Committee on Economic and Monetary Affairs by Mr Pierre-Bernard Cousté (French, European Progressive Democrat) on the Community's industrial policy

Introduction

There is no Treaty basis for an industrial policy. It was expected to evolve spontaneously. It has not done so. Markets have remained compartmentalized in neat national segments. Hence the need now for a Community policy for industry dovetailing with other common policies.

Its main aims are

- (1) to boost productivity
- (2) to keep up a high level of employment
- (3) to make Community business more competitive
- (4) to give workers a better life
- (5) to improve the environment.

Achieving these aims is, the Commission thinks, largely a matter for private initiative backed as necessary by local, national and Community measures.

Community measures would focus on:

1. a five year programme for removing technical barriers to trade, especially in pharmaceuticals. Member States would recognise each other's authorizations to put pharmaceutical products on the market and each other's qualifications for pharmacologists. The Commission will report annually on progress made;
2. Opening public contracts to tenders from non-nationals. Details of contracts awarded will be published and there will be a debate in Parliament on this subject;

3. transnational mergers; here industrial policy needs to dovetail with competition policy. On the one hand, it is desirable for firms to get the benefit of economies of scale and, on the other, there must be no unfair advantage taken of dominant positions which could undermine competition. To remove barriers to trade, the Commission's company law measures include
 - (i) harmonizing of company law
 - (ii) setting up a European company to allow for international mergers and for joint holding companies and subsidiaries
 - (iii) conventions on patents, trade marks and bankruptcy;
4. promoting cooperation between firms by setting up a 'business cooperation centre' and by encouraging cooperation between those financing industry;
5. giving priority to
 - (i) training and refresher course for managerial staffs,
 - (ii) the problem of finance,
 - (iii) supplying information to help firms get started,
 - (iv) cooperation in sub-contracting;
6. sectors with special problems, such as advanced technology;
7. dovetailing industrial policy with other Community aims.

In the Commission's programme reference is made to multinational companies. It is pointed out that

- (i) they help spread technical and organizational skills faster;
- (ii) they make for a more even spread of incomes;
- (iii) they help international economic integration.

Finally, it is to be noted that the Council has taken no action on the series of Commission proposals to remove fiscal barriers, some of which go back to 1969.

The motion in Mr Cousté's report

1. Saw industrial policy as essential for economic and monetary union;
2. Stressed that firms must be able to take advantage of European or international scale markets;
3. Considered mergers must not undermine competition;
4. Called for more practical proposals;

5. Noted that nuclear energy, information, aeronautics and shipbuilding were covered;
6. Called for greater emphasis on small and medium-sized firms;
7. Considered some thought should be given to environmental policy here;
8. Believed the Commission could have done more to create a new psychological climate through its information policy and so help open up public markets;
9. Welcomed the steps to ensure cooperation between financial institutions, especially in connection with smaller and medium-sized firms;
10. Considered it essential to introduce a joint policy in technology;
11. Believed industrial policy should also be directed at helping the developing countries to diversify.

The debate

The following spoke in the debate: Mr Pierre-Bernard Cousté (French), rapporteur; Mr Erwin Lange (German) for the Socialists; Mr André Armengaud (French) for the Liberals and Allies; Lord Reay (British) for the European Conservatives and Mr Francescopaolo d'Angelosante (Italian) for the Communists and Allies.

Mr Altiero Spinelli (Italian) replied to the debate on behalf of the Commission.

Referring to the opening of public markets Mr Cousté said this had to be reciprocal; all Nine Member States should open their markets completely. He laid stress on conquering the European market, in competition, for example, with Japanese interests. But industrial policy had to go hand in hand with social progress and here regional policy was highly relevant. This was one way to a European identity made to the measure of the individual.

Mr Erwin Lange recognized the inter-relationship with other policies; he reminded the house that the European company proposals were still awaiting a decision. But no practical policy measures had followed. Would it be possible for

the Commission to draw up some general regulation to cover removing all obstacles to trade? He urged the Commission to be imaginative.

Mr André Armengaud drew attention to the relative weakness of European industry compared with the United States. He took issue with the vague wording of the motion. How was Europe's know-how to be pooled?

Lord Reay said all stood to gain from a common competitive market. There were still many obstacles before Europe's single market really opened up. He mentioned small firms. They had a creative role and offered scope for imagination and energy for the individual who rejected bureaucracy. Yet they were now very vulnerable.

Mr Francescopaolo D'Angelosante found the motion very vague. The Commission recognized that multinationals were not necessarily an unmitigated blessing. He was concerned about the degree of control that would obtain once this policy went through. The Communists opposed the motion.

In reply Commissioner Altiero Spinelli said the Commission had pointed out from the beginning that industrial policy would not be confined to the measures already announced. He shared Mr D'Angelosante's concern about multinationals. If this complex of proposals met with the Council's approval this would create a common base for Europe's industry. He drew the House's attention to the whole problem of procedure. He did not think the time was right for submitting further proposals to the Council. They were being prepared but they were liable to be in limbo for no one knew how long if put forward now.

Sitting of Monday, 11 February 1974

3. Information about research

Debate on the Report (Doc. 355/73) drawn up for the Committee on Energy, Research and Technology by Mr Kristen Helveg Petersen (Danish, Liberal) on the Commission's proposal (Doc. 237/73) concerning information about research programmes

Introduction

The ECSC and Euratom have long had arrangements for disseminating information. But eight Council decisions of 14 May and 18 June 1973 launched

research programmes outside the scope of the ECSC and Euratom Treaties. Hence the Commission's proposals to fill this gap. They follow the lines laid down by Euratom.

The research programmes, incidentally, cover protecting the environment, standards and reference substances and new technology.

The motion in Mr Petersen's report made these points:

1. Results of Community-financed research should be made generally available;
2. European industry should be the first to benefit from research with industrial applications;
3. The Commission's proposal strikes a reasonable balance between the two requirements.

The debate

The following spoke in the debate: Mr Helveg Petersen (Danish), rapporteur; Mr Pierre Giraud (French) for the Socialists.

Mr Ralf Dahrendorf spoke on behalf of the Commission.

Introducing his report, Mr Petersen said many firms would be glad to learn more about research programmes.

Mr Giraud made two points: (i) the subsidiaries of multinationals could not be regarded as other than European and (ii) there should be reasonable reciprocity in the exchange of information between the Community and the world at large.

In reply, Mr Dahrendorf said the Commission was trying to adopt a more flexible approach. The results of research, he added, had been successful. He subscribed to the principles of sharing information while bearing in mind the special interests of the Community.

Sitting of Monday, 11 February 1974

4. Roadworthiness tests for motor vehicles

Debate on the Report (Doc. 343/73) drawn up for the Committee on Regional Policy and Transport by Mr Michael Herbert (Irish, European Progressive Democrat) on the Commission's proposal (Doc. 161/72-II) for approximating the laws of the Member States on roadworthiness tests for motor vehicles and trailers

Introduction

Road traffic conditions throughout the Community leave much to be desired. Standards of traffic flow and safety are generally poor. On the basis of current national estimates, the growing cost to the public of road accidents may be reckoned at 4,000 million units of account for the Community as a whole, equivalent at current prices to 1.15 % of the Community GNP. If to the human element involved (50,000 killed and 1,200,000 injured every year on the roads) we add material damage and the cost to the community, the figures are doubled, to 8,000m u.a. and approximately 2.5 % of the Community GNP.

With the growth in intra-Community trade by road and the rapid expansion of tourism these costs are likely to increase alarmingly. A simple linear extrapolation of current trends, without allowance for this future growth, produces a figure for 1980 of nearly 75,000 killed and two million injured on the roads of the Community.

Safety on the roads depends not only on the manufacture of motor vehicles equipped with essential safety devices but also on careful supervision to ensure that, when in use, vehicles are kept in good working order and are fitted with statutory equipment. Experience shows that the deterioration of vehicles due to the conditions of their use, to their age, or – and this is often so – to negligent maintenance, reduces their safety on the roads and frequently causes accidents or makes the consequences of these more serious. Statistics compiled by the vehicle inspection authority of one Member State show that in 1970 for instance only 42 % of vehicles inspected were free of faults and 29 % of them had serious faults.

This is why all the Member States have now introduced compulsory regular tests for motor vehicles and their trailers. But present national regulations differ widely, especially as regards the categories of vehicles to undergo compulsory

tests, and the frequency and extent of tests; in addition the regulations are not adjusting fast enough to evolving traffic conditions. In some Member States, for instance, private cars do not have to pass compulsory tests, whereas in other States they are tested every two years, or every year after the fourth year of registration. Or, to quote another example, motor coaches are tested every three months in one Member State, but only every twelve in another.

The application throughout the Community of standard regulations adapted to the requirements of modern traffic conditions would make an important contribution towards safety on the roads. The Commission's proposed directive would bring progress towards this objective.

A resolution approving the proposed directive, subject to certain reservations, was agreed to.

Sitting of Thursday, 14 February 1974

5. Radio interference

Debate on the Report (Doc. 336/73) drawn up for the Legal Affairs Committee by Mr Jan B. Broeksz (Dutch, Socialist) on the Commission's proposal (Doc. 69/73) for a directive approximating the laws of the Member States regarding radio interference caused by sound and vision TV receivers

Introduction

Radio interference can be caused by a variety of electrical appliances. Some of these have already been dealt with. The present proposal is in line with the standards laid down by the Special International Committee on Radio Interference.

A resolution approving the Commission's proposal, subject to certain reservations, was agreed to without debate.

Sitting of Thursday, 14 February 1974

6. Electricity meters

Debate on the Report (Doc. 335/73) drawn up for the Legal Affairs Committee by Mr François Duval (French, European Progressive Democrat) on the Commission's proposal (Doc. 8/73) for a directive approximating the laws of the Member States on electricity meters

Introduction

The Commission's proposal forms part of a programme for removing barriers to trade. The motion before the House deplores the fact that time limits here have not been respected because the Council is so slow taking decisions.

A resolution approving the Commission's proposal, subject to certain reservations, was agreed to without debate.

Sitting of Thursday, 14 February 1974

VIII. Question Time

Questions to the Council of the European Communities

European Fund for Monetary Cooperation

Question No. 198/73 by Mr Pierre-Bernard Cousté (French, European Progressive Democrat)

'Would the Council indicate the exact scope of the decisions taken on 17 December last regarding the European Fund for Monetary Cooperation and particularly specify whether allocations from the Fund will be restricted to Member States which keep their currencies within the Community "snake"?'

In reply Dr Hans Apel, President-in-Office of the Council of the European Communities, said:

'At its meeting on 17 December 1973, the Council recorded its agreement in principle to the text of a Resolution to the effect that the Council would, pending its decision on the Commission's proposal concerning the European Monetary Cooperation Fund, invite the Board of Governors of that Fund to make arrangements for short-term monetary aid. It should however be pointed out that this Resolution has not yet been finally adopted.

In addition, no provision was made for the credit facilities available under the short-term monetary aid arrangements to be restricted to those Member States which keep their currencies within the Community "snake".'

Sitting of Wednesday, 13 February 1974

Working methods of the Council

Question No. 202/73 by Lord Charles O'Hagan (British, Independent)

'What steps is the Council taking to improve its working methods?'

In reply Dr Hans Apel said:

'At its meeting in Brussels on 4 and 5 February 1974, the Council adopted a second set of practical measures aimed at improving its decision-making procedures and the coherence of Community action.

This second set of measures concerns the Council's working methods and you will find their substance described in the note which I have had distributed to the European Parliament.

In addition, as a follow-up to the statements on the present situation in the Community made at the opening of the meeting on 4 and 5 February by Mr Van Elslande, Belgian Minister for Foreign Affairs, and Mr Ortoli, President of the Commission, the Council agreed to continue studying other measures to improve its decision-making procedures and the coherence of Community action, in conjunction with its work concerned with the present situation in the Community.'

Sitting of Wednesday, 13 February 1974

Budgetary and legislative powers of the European Parliament

Question No. 203/73 by Mr Schelto Patijn (Dutch, Socialist)

'What decisions did the Council take at its meeting of 4 and 5 February 1974 in respect of the budgetary and legislative powers of the European Parliament?'

In reply Dr Hans Apel said:

'The Council held an extensive discussion on the main problems relating to the strengthening of the budgetary powers of the European Parliament.

Thanks to this discussion it was possible substantially to reconcile points of view on most of the problems.

The Council intends to pursue the matter further at its meeting on 4 and 5 March 1974 in order to work out joint guidelines which will then be communicated to the European Parliament.'

Sitting of Wednesday, 13 February 1974

Questions to the Commission of the European Communities

Establishment of joint undertakings to safeguard Europe's supply of raw materials

Question No. 180/73 by Mr André Armengaud (French, Liberal)

'In the Commission's opinion, is the time not ripe for the establishment of joint undertakings to safeguard the supply to Europe on a Community basis of essential raw materials, particularly crude oil, or does the Commission consider, on the contrary, that despite the present grave crisis individual national interest will prevail over the general interest and, if so, what steps does it propose to take?'

In reply Mr Altiero Spinelli, Member of the Commission of the European Communities, said he was convinced that setting up European companies would be very useful in securing raw material supplies, particularly oil. However, the Council had not accepted two Commission proposals on these lines submitted in 1971. One was for European hydrocarbons companies and the other for European companies in other sectors. All the Council had done was to accept a regulation on giving support to Community projects in the hydrocarbons sector.

Mr Spinelli said national reactions would go only when the Community had real legislative power.

Sitting of Wednesday, 13 February 1974

Increase in budget appropriations for research

Question No. 181/73 by Mr Luigi Noè (Italian, Christian Democrat)

'In view of the present grave energy crisis does the Commission intend to increase the budget appropriations for research into the thermo-chemical decomposition of water and to take immediate steps to cooperate in research at present being carried out in the Member States and third countries into the liquefaction of coal?'

In reply Mr Ralf Dahrendorf, Member of the Commission of the European Communities, said the ECSC was at present financing research in this field.

Lord Bessborough (British, European Conservative) asked if the Commission would help national research establishments and not confine its aid to the Joint Research Centre.

Mr Dahrendorf said that most of the Community's work consisted of coordination.

Mr Noè asked if the Commission would be attending the first great symposium on the production and use of hydrogen as a fuel to be held in Miami in March so that it could subsequently develop a programme on the same scale as those of Japan and the United States.

Mr Dahrendorf said the Community had been cooperating with Japan and the United States for some months now. The symposium would be attended.

In contrast to Lord Bessborough, Mr Memmel asked whether it would not be preferable to concentrate funds on Community work.

Mr Dahrendorf did not think common work could only be tackled in Community institutes. The Community as a whole should define its whole programme and then make the best possible use of facilities available. Ultimately the two approaches would be dovetailed together.

Mr Spénale complained about the time the Council took to answer questions. In November the Council had answered a question he had put in August. The reply was that the Council was considering the matter and would reply later. He was still waiting.

He added that 'Question Time' was a misnomer. It should be called 'Answer Time' to induce the responsible institutions to give real replies.

Sitting of Wednesday, 13 February 1974

Trade relations between the Community and Iran

Question No. 182/73 by Mr Giovanni Boano (Italian, Christian Democrat)

'What proposals does the Commission intend to draw up with a view to a reappraisal of trade relations between the Community and Iran, having regard to the persistent energy crisis and the attitude adopted by Iran in this connection?'

Replying on behalf of Sir Christopher Soames, Mr Ralf Dahrendorf said:

'The Iranian Government formally approached the Community in November and proposed that a new and wide agreement be negotiated to replace the existing very limited commercial agreement which was negotiated in 1963. The Commission welcomed this approach and arranged for exploratory conversations to take place on the future relationship between Iran and the Community. These talks began last month, and the Commission will formulate its proposals to the Council in their light.

Such proposals will, of course, take into account Iran's important role as an energy supplier and also the more general proposals for improving relations with the energy-producing countries which the Commission had sent to the Council on 23 January.

Sitting of Wednesday, 13 February 1974

Application of the EEC-Greece Association Agreement

Question No. 188/73 by Mr Egidio Ariosto (Italian, Socialist)

'Does the Commission consider it compatible with the Association Agreement that a delegation of the Socialist International, including several parliamentarians from Member States of the Community, should be held up for more than twelve hours at Athens airport and subsequently expelled from the Country, and what steps does the Commission intend to take to put an end to such actions by the Greek régime?'

Replying on behalf of Sir Christopher Soames, Mr Ralf Dahrendorf said:

'There are no provisions in the Community's Association with Greece which cover incidents such as that referred to in the Honourable Member's question.

Greatly, therefore though I personally deprecate the events to which he refers, the Commission does not envisage taking any action in this case. The Commission has before now defined to the House the Commission's attitude to Greece. It is an attitude that has not varied and which we see no reason to vary.

We shall continue to carry out the administration of current business to which we are bound under the Association Agreement. We cannot in law do less, and we do not under present circumstances wish to do more.'

Sitting of Wednesday, 13 February 1974

Trade with Japan

Question No. 201/73 by Mr John Brewis (British, European Conservative)

'The Commission is asked what improvements have been made recently in access for Community products into the Japanese market?'

In reply, Mr Ralf Dahrendorf said the Japanese Government had made it quite clear to the Commission that Japan not only wished to increase exports to Europe but agreed on the need for Europe to increase its exports to Japan.

There had been a further reduction in import restrictions for 31 tariff positions in 1973. Reductions were planned for 1974 and 1975 and would involve computers, for example. There had been unilateral duty reductions for a number of products. There had been a fifth easing of restrictions on direct foreign investment, an improvement in import finance and import procedures had not been streamlined.

As a result of these measures, Community exports to Japan rose by 54 o/o between January and September 1973 compared with the corresponding period in 1972. This was, however, not enough to correct the Community's adverse balance of trade. In 1972 this was 1,200m dollars and by September 1973 was already in the region of 1,000m dollars.

Sitting of Wednesday, 13 February 1974

Scientific research in the energy and raw material sectors

Question No. 189/73 by Mr Horst Gerlach (German, Socialist)

'What policy ways and means are available to the Community to meet the challenge to research and science to remove the threat to the continued

economic and social development of the Community posed by the energy shortage and difficulties in the raw materials sector, considering that the importance of both basic research and research in the economic and technological sectors in warding off such threats has still not been fully recognized? ’

In reply Mr Ralf Dahrendorf outlined what the Commission was doing and could do in energy research. This had always been one of the European Community’s main concerns and substantial funds were allocated to it. Annual expenditure on nuclear research was around 37m u.a. and coal research attracted substantial funds.

On 14 January, the Council had adopted a joint programme for science and technology. This would involve a high-level committee to coordinate national research and organize a systematic exchange of information. Its first meeting would be on 18 February.

The Commission had now set up two working parties to advise on proposals for submission to the Council.

In May there would be a Council meeting on research questions. It would consider (i) streamlining the research programme and (ii) the Commission’s energy research proposals.

Lastly, he said the Community had long been cooperating with the United States and other industrialized countries. This focussed on the exchange of information and sensible joint planning in research.

Although the news coming in from Washington about the energy conference was not very satisfactory, the working party dealing with energy research there had further improved this cooperation.

Sitting of Wednesday, 13 February 1974

Trade relations between the Community and Afghanistan

Question No. 199/73 by Mr Hans Edgar Jahn (German, Christian Democrat)

‘What is the Commission’s standpoint with regard to the wish expressed in government circles in Afghanistan for the conclusion of a preferential trade agreement between their country and the Community as soon as possible? ’

In reply, Mr Ralf Dahrendorf said that Afghanistan had made no request for a preferential agreement and the Commission did not intend to conclude one.

Sitting of Wednesday, 13 February 1974

IX. Oral Questions with Debate

1. Approximation of legislation to improve free flow of goods and services

Oral question with debate No. 186/73 by Mr Peter Kirk, Mr James Scott-Hopkins, Mr Knud Thomsen and Mr John Brewis (European Conservatives)

‘To what extent does the Commission feel that approximation of legislation should be used to improve the free flow of goods and services within a single internal market?’

Speaking to the question, Mr Peter Kirk expressed concern at the way the principle of harmonization was being applied. Was the Commission harmonizing for the sake of it? He quoted examples which seemed unlikely to enhance the prestige of the Community and asked if the Commission could put forward a broad set of general principles to increase the flow of goods between Member States.

In reply Mr Finn Olav Gundelach said the Commission had no intention of harmonizing for the sake of it. But there were many obstacles to trade and the Commission had to act in the best interests of the Community, especially where the lack of harmonization stood in the way of Rome Treaty objectives.

Sitting of Tuesday, 12 February 1974

2. Safety glass for use in motor vehicles

Oral question with debate No. 175/73 by Mr Horst Seefeld (German, Socialist) and Mr Alessandro Bermani (Italian, Socialist)

‘In connection with the proposal for a directive concerning safety glass for use in motor vehicles on which the European Parliament delivered a favourable opinion on 7 May 1973, the Commission is asked:

1. When can the Council be expected to adopt the proposal?
2. Is it true that differences of view exist among the Member States?
3. Which Member States are opposing the introduction of this proposal?
4. What grounds do these States advance against the adoption of the directive?
5. What does the Commission intend to do to ensure that its proposal is adopted?'

The debate

The following spoke in the debate: Mr Horst Seefeld (German), rapporteur, and Mr Alessandro Bermani (Italian) for the Socialists.

Mr Finn Olav Gundelach replied to the debate on behalf of the Commission. He said the Council resolution on industrial policy of December 1973 called for a decision on safety glass by 1974.

The Commission's view was that laminated or high resistant glass should be used. But Germany and the United Kingdom now seemed opposed to this idea. The arguments against it were (i) costs: the laminated windscreen cost about 10 more than one made of tempered glass and (ii) the lack of evidence that laminated glass was safer. The Commission found these arguments unconvincing. Laminated glass, for example, did not split when hit by stones and it reduced all risks including that of concussion. His evidence includes case histories of eye damage and blindness. The Commission would do its utmost to convince the Council that further enquiries would not help. If the choice were safety, the Community must choose laminated glass, even if it were more expensive to the consumer.

He added that the Council always had reason enough for deferring matters.

Sitting of Tuesday, 12 February 1974

3. The WEU Assembly's recommendation on the state of European security and relations with the United States

Oral question with debate No. 169/73 by Mr Giorgio Amendola (Italian, Communist), Mr Gustave Ansart (French, Communist), Mr Gerard Bordu (French, Communist), Mrs Leonilde Iotti (Italian, Communist) and Mr Renato Sandri (Italian, Communist)

'Is there not, in the Council's opinion a contradiction likely to have serious consequences between recommendation No.243 adopted by the WEU Assembly on 21 November 1973 and the negotiations on cooperation and security entered into by the European countries, and does it not consider that this recommendation might jeopardize the progress of international détente? '

The debate

The following spoke in the debate: Mr Egon Klepsch (German) for the Christian Democrats; Lord Gladwyn (British) for the Liberals and Allies; Mr Gérard Bordu (French) for the Communists and Allies; Sir John Peel (British), Mr Peter Corterier (German), Mr George Spénale (French), Mr Friedrich Burgbacher (German), Mr Alfred Bertrand (Belgian).

Dr Hans Apel, President-in-Office of the Council, said:

'It is not for the Council to state a position on the subject referred to by the Honourable Members, which does not fall within its competence.'

As the list of speakers shows, the matter did not rest there. Mr Klepsch conceded this was not a Community matter; he trusted, however, that he spoke for the whole House, including the Communists, in deploring the fact. His group looked forward to defence and foreign affairs being brought within the scope of the Community as it progressed to political union.

The issues at stake in Geneva and Vienna were the balance of power and a guarantee of security. His group feared the scales might be tipped in favour of the Soviet Union. The Christian Democrats wanted mutual balanced force reductions. They would welcome greater freedom of movement, a truer measure of fundamental human rights and a feeling that Western democracy was secure. They saw no conflict between efforts to get adequate guarantees and a policy of détente. Mr Klepsch trusted members of the Council would soon be empowered to address the House on this subject.

Lord Gladwyn failed to see why the Communists should imagine the WEU resolution could prejudice détente. The causes of tension were the Soviet Union's intention to do its best to turn the democracies of the West into satellites and the vast accumulation of arms on the very borders of the free world, particularly in the German Democratic Republic and Poland. It was for the Soviet Union to remove tension by changing its attitude and setting up a more humane régime.

Mr Bordu said he and his fellow Communists wished to draw attention to the consequences of WEU recommendation No. 243. It was triggering off the cold war again at a time when the world was changing. Progress had been made with the Ostpolitik and the new relations between the USA and the USSR were highly positive. They had promoted détente. But the Communist Group had no illusions about imperialism. It was being obliged to eschew its aggressive intentions because of the will of the Socialist States to negotiate and because of pressure from the international worker and Communist movement.

The recommendation did not even leave Europe free to move but trained nuclear arms against the Socialist States who were threatening no one. It was they who were taking the initiative in working for détente.

Sir John Peel pointed out that the recommendation was concerned with the establishment of a European nuclear committee to have the same relationship with British and French forces as the NATO Nuclear Planning Committee now had with the United States nuclear forces.

He pointed out that 'the NATO consultations would probably act as an additional political check on the process of escalation, which should surely be regarded by Communists, as well as the rest of us, as desirable in view of the terrible consequences that escalation to nuclear warfare might have'.

The aim of the proposals in the WEU recommendation was to increase security in Europe. The Soviet Union did not believe in negotiating from weakness. 'The fact that it is constantly increasing its military strength makes it essential that in negotiations for détente the West, too, should speak from strength,' Sir John concluded.

Sitting of Wednesday, 13 February 1974

4. Community regional policy

Oral question with debate No. 194/73 by Mr James Hill (British, Conservative)

1. Why were the decisions on regional policy measures and more specifically on the creation of a Regional Development Fund not taken by the Council before the end of 1973 and why have they been repeatedly postponed?
2. Does the Council not feel that in this area it has failed to respect the obligations placed on it by the Paris Summit Conference and subsequently confirmed by the Copenhagen Summit?
3. Does the Council not think that this delay is seriously jeopardizing the transition to the second stage of economic and monetary union?
4. Will the Council indicate the precise deadlines which it proposes to set for the adoption of all the decisions on regional policy?
5. Does the Council intend to endorse the Commission's proposals concerning the amount of the Fund (a sum of 2.25 thousand million units of account was unanimously considered to be an absolute minimum by the European Parliament)?

The debate

The following spoke in the debate: Mr Fernard Delmotte (Belgian), Mr Pierre Giraud (French) for the Socialists; Lord Mansfield (British) for the European Conservatives; Mr Brian Lenihan (Irish) for the European Progressive Democrats; Mr Fazio Fabbrini (Italian) for the Communist and Allies; Mr Karl Mitterdorfer (Italian), Mr Erwin Lange (German), Mr Willem Scholten (Dutch) and Mr Marcel Thiry (Belgian).

Mr Delmotte, speaking for James Hill, took the Council to task for failing to decide on regional policy and for its excuse of lack of time. 2,250m u.a. was the minimum acceptable amount for the regional fund.

Dr Apel, President-in-Office of the Council, said: 'Before replying to your Oral Question No. 194/73, I should like to pay tribute, on behalf of the Council, to

the extensive and difficult work carried out both within your Committee on Regional Policy and within the plenary sessions of the European Parliament.'

He pointed out that it had been more difficult than expected to reach agreement. The Council was trying to get an agreement. There had been a rapprochement and the Commission had been asked to comment. He hoped for an agreement on the basis of this document.

Mr Pierre Giraud pointed out that an overall approach was needed. It was not merely a matter of subsidizing poor people. Aid should be confined to Ireland, Scotland and the Mezzogiorno. Community aid should not be used to make good gaps in national aid but to introduce a new concept of regional planning.

Lord Mansfield wanted to convey to the Council the importance of regional policy. Scotland's hope for the future lay in the fund, which was of great importance in the United Kingdom. 'The Paris Summit,' he said, 'held out great hopes for us in Scotland.' It would be tragic and unnecessary to stifle hopes by delays except where they were genuinely needed. If there were much more evidence of private European selfishness overcoming a public display resolution for the future position of Europe would be come well nigh untenable. He appealed to the Council to see regional policy as a cornerstone of the new Europe.

Mr Brian Lenihan said decisions were needed now. The policy had to be got off the ground. There was a disillusion about energy but here there was a mandate from the Paris Summit. Was the Council going to fail to decide on a policy framed by the Commission and backed by Parliament? 'We should,' he said, 'stick to the original Commission proposal.' Any alternative would make some areas mendicant areas. It was totally wrong to say certain States needed handouts from central funds. Regional policy was part of social and agricultural policy, part of a total European attitude. There had been great discredit to the Community.

Mr Fazio Fabbrini spoke simply to record that nothing had been done. Dr Apel's tanking Parliament for its work was, he said, a bit of a formality.

In reply Dr Apel made it clear he was speaking in his own name. The Council meeting on regional policy had been deferred but this did not mean delaying discussion unnecessarily. The Commission was looking into what could be done.

This situation, he said, raised the question of greater legislative powers for the European Parliament which would enable it to exert greater pressure on the Council of Ministers.

He took Lord Mansfield's point but disagreed with Mr Lenihan. No one could say that 52 o/o of Community territory consisted of developing areas. Aid should be concentrated where it was really needed. It had to be carefully considered whether the Commission's proposals had a reasonable basis.

Sitting of Wednesday, 13 February 1974

5. Recent monetary events and their repercussions

Oral question with debate No. 195/73 by Mr Christian de la Malène
(French, European Progressive Democrat)

'In the light of recent changes in the exchange rates as between currencies of the Member States of the Community,

- in view of the increase in international monetary disorder and the growing uncertainty with regard to the setting up of a reformed international monetary system.
- in view of the possible effects of unpredictable movements of large sums of idle capital,

what conclusions has the Commission of the European Communities drawn, and does it intend to formulate new policies in the field of international economic relations, with particular reference to the trade negotiations in GATT? '

The debate

The following spoke in the debate: Mr Erwin Lange (German) for the Socialists and Mr Gérard Bordu (French) for the Communists and Allies.

Speaking to his question Mr de la Malène recapitulated recent monetary events. He said the Bretton Woods Agreement had ushered in an era of sustained growth and prosperity. GATT and the Dillon Round, the Kennedy Round and the Nixon Round had given an unprecedented boost to world trade.

But in 1965 things began to deteriorate. The United States had gone in for monetary inflation releasing vast amounts of floating capital. The effect of this

on Europe's subsequent currency chaos was well known. Next, raw materials were not revalued. Indeed they had borne part of the costs of American and international inflation. Then exchange rates and currencies had become political factors. The United States had offset its huge military expenditure in Vietnam by taking unfair advantage of the position of the dollar.

In August 1971 this changed. The dollar ceased to be convertible. The machinery began to break down and floating currencies became general.

It was not true that the result was a realistic rise in currency values. Even worse, they were new barriers to trade. The walls were going up again.

What was to become of world trade and the negotiations launched in Tokyo? 'What is to become of our policies towards the developing countries, our global Mediterranean policies, our generalized preferences and all our other forms of cooperation?'

He wanted to know the Commission's position on all these points.

In reply Mr Ralf Dahrendorf, Commissioner, said the original question was whether the Commission intended to formulate new policies to deal with the situation. The Commission agreed with his analysis. The GATT negotiations were a challenge to the Community to appraise its attitudes. He added that once the outcome of the Washington Conference were known, it would be easier to answer this question. The Commission, he said, had drawn some conclusions. At its meeting on 23 January the Council had heard the Commission's proposals for immediate action to secure the integrity of the Community and the operation of the Common Market. The Council ought to decide to put them into effect. It might also decide now on a common commercial policy. He said that GATT provided a further guarantee against any relapse into protectionism.

It would be wrong to ignore current changes: the Commission was reviewing the whole raw materials supply situation. Finally he said the Commission would take account of monetary developments in its position on the multilateral negotiations. It saw no reason at present to change its approach to GATT.

Sitting of Wednesday, 13 February 1974

X. Mr Scarascia Mugnozza's Statement on Action Taken on the Advice of the European Parliament

Mr Scarascia Mugnozza, Vice-President of the European Commission, said his present statement related to the January sittings. The Commission would submit proposals on rules for quotation in stock exchanges by the end of the year. An attempt was also being made to streamline banking law and insurance. Parliament would be kept informed of progress made. Finally the Commission would be amending its proposals to the Council on duty-free goods in the light of Parliament's advice.

Sitting of Tuesday, 12 February 1974

XI. Alexander Solzhenitsyn

After a short debate, Parliament agreed to the following resolution tabled by Sir Tufton Beamish, Lord Bessborough, Mr John Hill, Sir John Peel and Lord St. Oswald for the European Conservatives.

The European Parliament

1. Is dismayed at the news of the arrest and deportation of Alexander Solzhenitsyn;
2. Considers this action a violation of human rights and an obstacle to the prospect of honourable detente between East and West;
3. Instructs its President to forward this resolution to the Council and Commission of the European Communities and to the governments of the Member States.

Sitting of Thursday, 14 February 1974