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1973-1974 Session

Report of Proceedings

from 12 to 16 November 1973

Europe House, Strasbourg

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Appearing at the same time as the English edition are editions in the five other official languages of the Communities: Danish, German, French, Italian and Dutch. The English edition contains the original texts of the interventions in English and an English translation of those made in other languages. In these cases there are, after the name of the speaker, the following letters, in brackets, to indicate the language spoken : (DK) for Danish, (D) for German, (F) for French, (I) for Italian and (NL) for Dutch.

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 5.05 p.m.)

President. — The sitting is open.

1. Resumption of the session

President. — I declare resumed the session of the European Parliament adjourned on 19 October 1973.

2. Appointment of a new Member

President. — By letter of 8 November 1973, the Lord Chancellor of the British House of Lords informed me of the appointment of the Marquess of Lothian as Member of the European Parliament, to replace Lord Brecon.

This Member's credentials will be verified after the Bureau's next meeting, on the understanding that, under Rule 3(3) of the Rules of Procedure, he will provisionally take his seat with the same rights as other Members of Parliament.

I welcome the new Member.

3. Membership of committees

President. — I have received from the Liberal and Allies Group a request for the appointment of Mr Pianta to the Committee on Public Health and the Environment, to replace Mr Durieux.

Are there any objections?

The appointment is ratified.

4. Texts of Treaties forwarded by the Council

President. — I have received from the Council certified true copies of the following documents:

— Agreement between the European Economic Community and the Republic of Finland, with Final Act;

— Agreement between the Member States of the European Coal and Steel Community, and the European Coal and Steel Community, of the one part, and the Republic of Finland, of the other part, with Final Act;

— Act of Notification of the conclusion by the Community of the Trade Agreement plus the exchange of confidential letters between the European Economic Community and the Socialist Federal Republic of Yugoslavia.

The documents will be placed in Parliament's records.

5. Authorization of reports

President. — The following committees have been authorized, at their own request, to draw up to following reports:

Political Affairs Committee:

- Report on the Foreign Ministers' Second Report to the Heads of State or Government of the Member States on European political cooperation in the field of foreign policy;

Committee on Public Health and the Environment:

- Report on the Tenth Report of the Mines Safety and Health Commission and on the Fourth Report of the Steelworks Safety and Health Commission;

Committee on External Economic Relations:

- Report on the Agreements concluded between the European Communities and Finland on the introduction of a free trade system for industrial products originating in the countries party to the Agreement;

— Report on

- the communication from the Commission of the European Communities to the Council on the outcome of the negotiations with Turkey consequent to the enlargement of the Community;

- the recommendation for a regulation of the Council on the conclusion of the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent to the accession of new Member States to the European Economic Community;

- the recommendation for a decision of the Council concerning the opening of negotiations with Turkey on an Interim Agreement consequent to the accession of new Member States to the European Economic Community.

6. Documents received

President. — Since the session was adjourned, I have received the following documents:

- (a) from the Council of the European Communities, requests for an opinion on:

- the proposal from the Commission of the European Communities to the Council

for a regulation establishing a procedure of consolidation (Doc. 203/73).

This document has been referred to the Legal Affairs Committee;

- the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for certain eels falling within subheading ex 03.01 A II of the Common Customs Tariff (Doc. 204/73).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion;

- the proposals from the Commission of the European Communities to the Council for

I. a regulation on the list of priority agricultural regions and areas referred to in the Regulation (EEC) on finance from the Guidance Section of the European Agricultural Guidance and Guarantee Fund for projects falling within development programmes in priority agricultural regions;

II. a regulation on the list of regions and areas referred to in the Regulation (EEC) establishing a European Regional Development Fund (Doc. 205/73).

This document has been referred to the Committee on Regional Policy and Transport as the committee responsible and to the Committee on Agriculture, the Committee on Economic and Monetary Affairs and the Committee on Budgets for their opinions;

- the proposal for transfers of appropriations from one chapter to another within Section III - Commission - of the budget of the European Communities for the financial year 1973 (from Chapter 98 to Chapters 11, 12, 42 and 43) (Doc. 206/73).

This document has been referred to the Committee on Budgets;

- the proposal for transfers of appropriations from one chapter to another within Section III - Commission - of the budget of the European Communities for the financial year 1973 (from Chapter 98 to Chapters 26 and 30) (Doc. 207/73).

This document has been referred to the Committee on Budgets;

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- the social policy action programme submitted by the Commission of the European Communities to the Council (Doc. 216/73).

This document has been referred to the Committee on Social Affairs and Employment as the committee responsible and to the Committee on Public Health and the Environment for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 974/71 regarding the level of prices for agricultural products in Italy as a consequence of monetary developments (Doc. 217/73).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for hazelnuts, fresh or dried, shelled or not, falling within sub-heading ex 08.05 G of the Common Customs Tariff, originating in Turkey (Doc. 222/73).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion;

- the proposals from the Commission of the European Communities to the Council for three regulations opening, allocating and providing for the administration of Community tariff quotas for port wines, Madeira wines and Setubal muscatel wines falling within subheading ex 22.05 of the Common Customs Tariff, originating in Portugal (Doc. 223/73).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion;

- the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for dried grapes in immediate containers of a net capacity

of 15 kg or less, falling within sub-heading ex 08.04 B I of the Common Customs Tariff (Doc. 224/73).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Committee on Agriculture for its opinion;

- the proposals from the Commission of the European Communities to the Council for

I. a statement on problems arising in connection with cooperation agreements and

II. a decision on the introduction of a consultation procedure for cooperation agreements between Member States and third countries (Doc. 225/73).

This document has been referred to the Committee on External Economic Relations as the committee responsible and to the Political Affairs Committee for its opinion;

- the communication from the Commission of the European Communities to the Council on the development of the common transport policy (Doc. 226/73).

This document has been referred to the Committee on Regional Policy and Transport;

- the proposal for transfers of appropriations from one chapter to another within Section III - Commission - of the budget of the European Communities for the financial year 1973 (from Chapter 50 to Chapter 51 and from Chapter 98 to Chapters 90 and 32) (Doc. 232/73).

This document has been referred to the Committee on Budgets as the committee responsible and to the Committee on Social Affairs and Employment for its opinion;

(b) from the committees, the following reports:

- Report by Mr André Armengaud on behalf of the Committee on Development and Cooperation on the proposal from the Commission of the European Communities to the Council for a regulation establishing a Community guarantee system for private investments in third countries (Doc. 208/73);

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- Report by Mr André Rossi on behalf of the Committee on Budgets on the ECSC Auditor's reports for the financial years 1971 and 1972 (Doc. 209/73);
- Report by Sir Tufton Beamish on behalf of the Committee on External Economic Relations on the recommendation adopted in Istanbul on 10 September 1973 by the EEC-Turkey Joint Parliamentary Committee (Doc. 210/73);
- Report by Lord Bessborough on behalf of the Committee on Energy, Research and Technology on the need for a common policy on technology (Doc. 211/73);
- Report by Mr Alfred Klepsch on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 1496/68 of 27 September 1968 on the definition of the customs territory of the Community (Doc. 212/73);
- Report by Mr Jean-Eric Bousch on behalf of the Committee on Energy, Research and Technology on certain prerequisites for future guidelines concerning the supply and use of gas in the Community (Doc. 213/73);
- Report by Mr Augusto Premoli on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive amending for the fifth time the Council Directive of 27 June 1967 concerning the approximation of the laws, regulations and administrative provisions relating to the classification, packaging and labelling of dangerous substances (Doc. 214/73);
- Report by Mr Peter Brugger on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a second directive amending the Council Directive of 14 June 1966 on the marketing of forest reproductive material (Doc. 215/73);
- Report by Sir Tufton Beamish on behalf of the Committee on External Economic Relations on
 - the communication from the Commission of the European Communities to the Council on the outcome of the negotiations with Turkey consequent to the enlargement of the Community,
- the recommendation for a regulation of the Council on the conclusion of the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent to the accession of new Member States to the European Economic Community,
- the recommendation for a decision of the Council concerning the opening of negotiations with Turkey on an Interim Agreement consequent to the accession of new Member States to the European Economic Community (Doc. 218/73);
- Interim report by Gerhard Flämig on behalf of the Committee on Energy, Research and Technology on the progress necessary in Community research and the proposal from the Commission of the European Communities to the Council for a scientific and technological policy programme (Doc. 219/73);
- Report by Mr Tom Normanton on behalf of the Committee on Energy, Research and Technology on the Communication from the Commission of the European Communities to the Council on initial implementation of the guidelines and priorities for a Community energy policy (Doc. 220/73);
- Report by Mr Knud Bro on behalf of the Committee on Public Health and the Environment on the proposals from the Commission of the European Communities to the Council for
 - I. a directive on the approximation of Member States' legislation on common measures with regard to pressure vessels and methods of controlling them and
 - II. a directive on the approximation of Member States' legislation on seamless steel gas cylinders (Doc. 221/73);
- Report by Mr Christian de la Malène on behalf of the Committee on External Economic Relations on a proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for hazelnuts, fresh or dried, shelled or not, falling within sub-heading

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ex 08.05 G of the Common Customs Tariff, originating in Turkey (Doc. 227/73);

— Second report by Mr Fernand L. Delmotte on behalf of the Committee on Regional Policy and Transport on the proposals from the Commission of the European Communities to the Council for

I. a decision on the creation of a Committee for Regional Policy;

II. a financial regulation relating to special provisions to be applied to the European Regional Development Fund;

III. a regulation establishing a European Regional Development Fund (Doc. 228/73);

— Report by Mr Horst Gerlach on behalf of the Committee on Budgets on modifications to the estimates of revenue and expenditure of the European Parliament for the financial year 1974 (Section I of the draft general budget of the Communities) (Doc. 230/73);

— Report by Mr Rafton Pounder on behalf of the Committee on Budgets on the draft general budget of the European Communities for the financial year 1974 (Doc. 231/73);

— Report by Mr Hector Rivierez on behalf of the Committee on Development and Cooperation on the speeding up of negotiations for a trade cooperation agreement between the EEC and India (Doc. 233/73).

7. *Petitions received*

President. — I have received the following two petitions:

— a petition submitted by Mr Barel concerning the extradition of Klaus Barbie from Bolivia;

this petition has been entered as No 3/73 in the register provided for in Rule 48 of the Rules of Procedure and has been referred to the Legal Affairs Committee;

— a petition submitted by Mr Bourgeois, Mr Bouf, Mr Gregoire, Mr Leclerc, Mr Marcheguet, Mr Mathieu, Mr Porruncini, Mr These and Mr Vautrin concerning industrialization projects in the Toul region;

this petition has been entered in the register as No 4/73 and has been referred to the Committee on Regional Policy and Transport.

8. *Decision on urgent procedure*

President. — I propose that Parliament deal by urgent procedure with reports not submitted within the time-limit laid down in the ruling of 11 May 1967.

Are there any objections?

The adoption of urgent procedure is agreed.

9. *Time-limit for tabling proposed modifications to the draft budget*

President. — I would remind the House that Rule 23A(3) of the Rules of Procedure requires me to set a time-limit for the tabling of proposed modifications to the individual sections of the draft budget. This time-limit has been set at 12 noon on Wednesday, 14 November 1973.

10. *Order of business*

President. — The next item is the order of business. In accordance with the instructions given to me by the enlarged Bureau at its meeting of 19 October 1973, I have prepared a draft agenda which has been distributed. As a result of subsequent developments, however, I propose to Parliament that this draft agenda be modified.

We have been forced to plan two evening sittings. The first, tomorrow evening at 9 p.m., is to be devoted to the question of energy, while the second is to take place on Thursday. In view of the heavy workload placed upon the staff, no evening sitting is envisaged for Wednesday. I thank the staff beforehand for all the trouble they will have to go to in order to bring this part-session to a successful conclusion.

I call Mr James Hill.

Mr James Hill. — Mr President, thank you for allowing me to intervene.

I should like to point out that once again the agenda for Thursday is very heavily packed. It may once again mean that the regional policy document will not be thoroughly discussed. Could you therefore give us some idea of the timing of this debate?

President. — I can assure Mr Hill that the debate on regional policy shall not be rushed for lack of time.

I propose that Parliament adopt the following order of business:

This afternoon:

— Order of business

Tuesday, 13 November 1973

until 10.00 a.m.:

— Meetings of political groups

10.00 a.m.:

— Presentation and discussion of the report by Mr Pounder on the draft general budget of the Communities for 1974

11.00 a.m.:

— Address by Mr Brandt, Chancellor of the Federal Republic of Germany

2.30 p.m. and 9.00 p.m.:

— Question time

— Continuation of the debate on Mr Pounder's report on the draft budget for 1974

— Presentation and discussion of the report by Mr Gerlach on modifications to the estimates of revenue and expenditure of the European Parliament for 1974

— Presentation by the Commission of the European Communities of long-term financial forecasts

— Oral Questions No 115/73 and No 116/73, with debate, to the Commission and the Council respectively on the operation of the new European Social Fund

— Report by Mr Rossi on the ECSC Auditor's reports for 1971 and 1972

— Report by Mr Normanton on guidelines and priorities for a Community energy policy

— Report by Mr Bousch on the supply of gas in the Community

— Oral Question No 149/73, with debate, by Mr Flämig and others concerning petroleum supplies in the Community

The Political Affairs Committee has asked the Council to make a statement to the House concerning its energy debates during the sitting

about its discussion of energy problems during its meeting of 6 November 1973.

Further, the Committee on Economic and Monetary Affairs has tabled a motion for a resolution on the current situation in the move towards economic and monetary union.

In view of the fact that these questions are related, I propose, in agreement with the chairmen of the groups, that the following items be discussed jointly:

— Mr Normanton's report;

— Mr Bousch's report;

— Oral Question No 149/73;

— Council statement on energy problems; and

— Motion for a resolution tabled by the Committee on Economic and Monetary Affairs.

We should thus have a large-scale debate on energy problems starting tomorrow evening at 9 p.m.

Are there any objections?

That is agreed.

Wednesday, 14 November 1973

until 10.00 a.m.:

— Meetings of political groups

10.00 a.m.:

— Statement by Mr Lardinois, Member of the Commission, on adjustment of the common agricultural policy

— Report by Mr Scott-Hopkins on the extension of time limits for EAGGF grants

— Report by Mr De Koning on olive oil prices for 1973-74

— Report by Mr Brugger on forest reproductive material

— Report by Mr Martens on the approximation of legislation concerning preservatives

— Oral Question No 148/73, with debate, by the Committee on Public Health and the Environment on the limitation of lead content in petrol

3.00 p.m.:

— Twentieth Joint Meeting of the Members of the European Parliament and the Members of the Consultative Assembly of the Council of Europe on 'Problems associated with tariff negotiations and discussions on world trade in GATT.'

President

Thursday, 15 November 1973

until 10.00 a.m.:

- Meetings of political groups
- Meeting of the enlarged Bureau

10.00 a.m., 3.00 p.m. and 9.00 p.m.:

- Vote on the motion for a resolution contained in the report by Mr Gerlach on modifications to the estimates of revenue and expenditure of the European Parliament for 1974 and on the draft general budget of the Communities for 1974 and

on the motion for a resolution contained in the report by Mr Pounder

- Second report by Mr Delmotte on the regional development fund
- Report by Mr Flämig on scientific and technological policy
- Report by Lord Bessborough on a common policy on technology
- Joint discussion of
 - Report by Sir Tufton Beamish on the recommendation adopted in Istanbul on 10 September 1973 by the EEC-Turkey Joint Parliamentary Committee, and
 - Report by Sir Tufton Beamish on a Supplementary Protocol to the Association Agreement between the EEC and Turkey

- Report by Mr de la Malène on hazelnut imports from Turkey

The Committee on External Economic Relations asks that this report be dealt with according to the procedure for voting without debate.

- Report by Mr Rivière on EEC-Indian trade relations

The vote on the motion for a resolution on the social action programme has been removed from the agenda at the request of the Committee on Social Affairs and Employment. Consequently, Mr Girardin's report is postponed until the part-session in December.

Friday, 16 November 1973

until 9.30 a.m.:

- Meetings of political groups

9.30 a.m. to 12 noon:

- Report by Mr Klepsch on the definition of the customs territory of the Community

- Report by Mr Kollwelter on rates to be charged for the use of transport infrastructures

- Report by Mr Seefeld on social legislation relating to road transport

- Report by Mr Müller on the interior fittings of motor vehicles

I call Mr Cousté to speak on the agenda.

Mr Cousté. — (*F*) Mr President, unless I am mistaken, I have not heard when Question No 143/73, is to come up. This is a question, tabled by me, which concerns the Community's potential in the field of uranium enrichment.

On another point, regarding our meeting on Thursday, 15 November, you have said that Report No 149/73 on regional policy, drawn up by Mr Delmotte on behalf of the Committee on Regional Policy and Transport, is to be put to the vote.

It is important for us to know when this voting will take place and, as far as possible, how long it will last. In view of the number of amendments tabled and of the importance we attach to the vote, I should be grateful if you could enlighten us on these two points.

President. — With regard to the first point you have raised, Mr Cousté, namely, your Question No 143/73, you will see that it is down for Question Time.

Mr Delmotte's first and second reports on the Regional Development Fund are to be dealt with during Thursday's sitting. The voting on the amendments and the motion for a resolution is also to take place during this debate. Since this will take some time, I shall have to propose a limitation of speaking-time for this debate. I assume that the voting on this report and the amendments will begin in the afternoon.

Mr Cousté. — (*F*) Mr President, I thank you for the information you have given us.

President. — I call Mr Bertrand to speak on the agenda.

Mr Bertrand. — (*NL*) Mr President, I should like to begin by thanking you for removing the motion for a resolution by the Committee on Social Affairs and Employment from the agenda. Had you not done so, we should have had to have an exchange of views on the matter. We agree with your action but would like to point out, in connection with the December part-session, that the Council is due to discuss the

Bertrand

social action programme on 11 and 12 December. This is one reason why I would suggest that we should decide here and now to start our debate on social policy at 3 p.m. on Monday 10 December, or at the customary time of 5 p.m. if we are prepared to extend the sitting considerably. We should then be able to vote on the Tuesday morning on the resolutions tabled during this debate. The results can be forwarded to the Council, who could then take their decisions in this respect on Wednesday, 12 December.

Mr President, I should like to take this opportunity of expressing my displeasure at the fact that the Commission has had nine months in which to draw up the programme, whilst we have had only three and the Council only five weeks to examine the subject. This procedure does not lend itself to the serious examination of such important political problems in the future. I would therefore like to request that proper attention be given to such matters in the future. *(Applause)*

President. — I gladly take note of Mr Bertrand's statement. I propose to the House that the questions raised by Mr Bertrand be discussed in committee, beginning at 5 p.m. They could then be debated in plenary sitting between approximately 8 and 9 p.m. It should thus be possible to settle them on Tuesday evening.

Are there any objections?

That is agreed.

I call Mr Lückner to speak on the agenda.

Mr Lückner. — *(D)* I agree with the agenda as proposed but should like to make two comments. The first relates to the statement made by Mr Lardinois at 10 a.m. on Wednesday on the subject of agricultural policy. I am glad that the Commission is making a statement to Parliament on important projects such as the reform of agricultural policy, but I should like to take this opportunity, Mr President—and this should on no account be taken as an attack on Mr Lardinois—to ask you to remedy a situation we have often experienced in the past and officially to reach an agreement in writing with the President of the Commission on a procedure whereby such statements are made by the Commission to this Parliament first and not merely eight days after they are made to a press conference in Brussels.

(Applause)

I should consider it to be very useful for relations between the institutions if such statements could be made in the right place, by which I mean the European Parliament. I do not want to

make this into an issue, but would merely ask you to see that some procedure is laid down which safeguards Parliament's prerogatives in this matter for the future.

My second comment, Mr President, concerns your proposal that a meeting of the enlarged Bureau be called for 9 a.m. on Thursday. At 10 a.m. on Thursday we have the vote on the budget. It is very difficult for the political groups which are meeting at the same time if five or six eminent members are absent from the meeting, since no one can foresee how difficult the votes on the budget will be.

I would therefore ask you most earnestly, Mr President, to see whether the meeting of the enlarged Bureau could not be held at another time, as it coincides with the last meeting of the political groups before the vote on the 1974 budget. I do not know whether this will be possible, but I should be very grateful if something could be arranged.

President. — I shall inform Mr Ortoli in writing of Parliament's displeasure over the matters raised by Mr Lückner. I shall then raise the matter at one of our periodical meetings of Presidents of the institutions on the implementation of the decisions of the Paris summit conference and improvement of cooperation among the institutions.

As regards the second point, we have decided to hold a meeting of the Bureau tomorrow at 5 p.m. The meeting fixed for Thursday 9 a.m. is now therefore cancelled.

I call Lord Bessborough for a procedural motion.

Lord Bessborough. — I notice, in the agenda for Thursday, that Mr Flämig's report on science and my own report on technology are to be taken separately. I think that it was understood and that the chairmen of the committees agreed that these would be taken jointly if possible. I do not know whether it is the wish of the House that that should be done, but it certainly would save time in a very heavily charged day.

President. — I thank Lord Bessborough for proposing a joint debate on his own report and that of Mr Flämig.

Are there any objections?

That is agreed.

I call Mr Cousté.

Mr Cousté — *(F)* Mr President, I apologize for not explaining myself fully just now. With respect to the Rivierez report on the Com-

Cousté

munity's relations with India, which you have added to the already very full agenda for 15 November, I think there must be some mistake, because even if the Committee on Development and Cooperation has adopted such a report, there still remains a report embodying an opinion to be presented by me on behalf of the Committee on External Economic Relations.

In the circumstances it would seem to me more logical to discuss the two reports together in December, as is the custom of this House.

President. — At the request of the committee asked for an opinion, Mr Rivierez's report and Mr Cousté's opinion have been postponed until the part-session in December.

I call Mr Springorum.

Mr Springorum. — (D) Mr President, my suggestion is no longer necessary since you have agreed that Lord Bessborough's and Mr Flämig's report should be discussed together.

President. — I call Mr Houdet.

Mr Houdet. — (F) I should like to add a clarification to what Mr Lücker has just said. While we agree with his request to you that statements to Parliament should be made in good time, it is nevertheless a fact that Mr Lardinois asked the Committee on Agriculture to give him a hearing and that on Monday, 5 November—that is, on the very day of his press statement—he did appear before the Committee to explain his policy.

President. — We'll think about it.

(Laughter)

Does anyone else wish to speak on the order of business?

The draft agenda, as amended, is adopted.

11. Limitation of speaking time

President. — In accordance with precedent and pursuant to Rule 31 of the Rules of Procedure, I propose that speaking time on all items on the agenda be limited as follows:

- 10 minutes for the rapporteur and for one speaker on behalf of each group;
- 5 minutes for other speakers; and
- 3 minutes for other speakers on proposed amendments.

With regard to the energy debate, I propose, in agreement with the chairmen of the groups, to allow 20 minutes, in accordance with the Rules of Procedure, to the author of Oral Question No 149 with debate and 10 minutes to all other speakers, it being understood that each speaker may take the floor only once.

Are there any objections?

That is agreed.

12. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Tuesday, 13 November 1973, with the following agenda:

10.00 a.m.:

- Pounder Report on the general budget of the Communities for 1974

11.00 a.m.:

- Address by the Federal Chancellor Mr Brandt

2.30 p.m. and 9.00 p.m.:

- Question Time
- Pounder Report on the draft budget for 1974 (continued)
- Gerlach Report on Parliament estimates for 1974
- Presentation by the Commission of long-term financial forecasts
- Oral Questions No 115/73 and No 116/73, with debate: operation of the new European Social Fund
- Rossi Report on the ECSC Auditor's reports for 1971 and 1972
- Joint discussion of
 - Normanton Report on a Community energy policy
 - Bousch Report on gas supplies in the Community
 - Oral Question No 149/73, with debate: petroleum supplies in the Community
 - Motion for a resolution tabled by the Committee on Economic and Monetary Affairs on economic and monetary union.

The sitting is closed.

(The sitting was closed at 5.30 p.m.)

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IN THE CHAIR : MR BURGBACHER

*(Vice-President)**(The sitting was opened at 10.05 a.m.)***President.** — The sitting is open.1. *Approval of minutes***President.** — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *General budget of the European Communities for 1974***President.** — The next item is a debate on the report drawn up by Mr Pounder on behalf of the Committee on Budgets on the draft general budget of the European Communities for the financial year 1974 (Doc. 231/73).

I call Mr Pounder, who has asked to present his report.

Mr Pounder, rapporteur. — Before introducing the report on the draft general budget for 1974, I should like to express my appreciation to the President-in-Office of the Council for his attendance at today's debate, particularly in view of the current political situation in his own country. I think that I speak for the whole House in expressing that appreciation. I am also grateful to the secretariat of the Committee on Budgets for their invaluable assistance in preparing the report. It will be seen from my report that I have sought to concentrate on various specific themes rather than to comment on the whole range of matters covered in the budget. I do not see this budget—or indeed any budget—in isolation, encompassing merely a series of articles, chapters and items. Great importance should be attached to the budget as a statement of Community policy and a declaration of intent. It is in that spirit that I hope that this debate will be conducted.

I have tried in my report to relate the budget to the radical changes in inter-institutional equilibrium which are urgently required and to relate it to the programme enunciated at the Paris Summit of October 1972.

Hitherto, the budget of the Community has been overwhelmingly orientated towards support for the Community's agricultural policy. This year, however, for the first time there has been a

unique opportunity to depart from this pattern, particularly in respect of the development of the social fund and the creation of the regional development fund. If the Council of Ministers neglects to give full effect to the meaningful development of these two policies, it will not lightly be forgiven—nor will it deserve to be forgiven.

The item in the budget to which I direct especial importance concerns the regional fund. This is clearly evident in the terms of the motion for a resolution which we shall come to later. At the Summit Conference a year ago, it was agreed that the priority target in 1974 should be the establishment of a meaningful regional fund. To this end, the Commission has submitted reasonable and thoughtful proposals on the expenditure for 1974, envisaged to be about 500 million units of account. Unfortunately, even at this late stage, the Council has inserted only a token entry for this fund in the budget.

This is particularly regrettable. The Council maintains that it has not taken the necessary decisions to enable it to make a such a fund available at the moment. If this is so, it reflects badly on the Council's own decision-making process. I have no hesitation in asserting, coming as I do from one of the regions of the Community, that there is no single issue which will do more to undermine the confidence of my constituents in the EEC than foot-dragging in the implementation of the regional fund.

I turn now to the Council's presentation of the draft general budget. Frankly, I find the presentation to be sloppy. No part is more sloppy than the allocation for the guidance section of the EAGGF. In consequence of this, I submit that Parliament is thus prevented from being able to make a full and proper assessment of the financial implications of the budget. This inevitably hinders this House in its already limited role in the inter-institutional dialogue.

The Council has an obligation to give reasons on those occasions where it has differed from the preliminary draft budget of the Commission, but what do we see in the 1974 draft budget? The Council has altered no fewer than 34 of the 47 chapters of the budget. Parliament has not been informed of the real reasons for the Council's decisions, nor of the manner in which they were taken. In those observations I am excluding the guarantee section of the EAGGF. In many of these instances the explanations given by the Council are lamentably inadequate. Either the changes have been made without any comment whatsoever, or alternatively, where no changes have been made, explanations provided by the Commission have disappeared or else been drastically reduced. In the report several

Pounder

examples of this reprehensible practice have been itemized.

Inevitably, therefore, Parliament will find it difficult to adjudicate in those instances where the Council and the Commission have disagreed. Such a situation makes it impossible for Parliament to make a realistic assessment. We will therefore be unable properly to fulfil our responsibilities. In consequence of the Council's reduction in the appropriations for the social fund and the entry of a mere token figure for the regional fund, the Community faces yet another year in which the intervention in agricultural markets is the predominant feature of the budget. This I regret.

I shall not refer further to the regional fund, but as regards the social fund the failure to agree to the Commission's requests will mean distortions, for either the criteria for granting funds will have to be altered or requests will actually have to be refused. The appropriations asked for have been reduced by some 35 per cent. Although the draft budget amounts to a sum slightly in excess of 5,000 million units of account, this figure is extremely deceptive because we are examining this budget in the full knowledge that several supplementary budgets will have to be produced later, four if not five supplementary budgets: one for public works contracts of up to 20 million units of account; one for the social fund if the Commission is to realize the criteria set down for the fund; one for the regional fund of perhaps 500 million units of account; and one has already been submitted by the Commission for the guidance section of the EAGGF amounting to 75 million units of account. These four well-nigh certain supplementary budgets take no account of possible changes in the guarantee section of the EAGGF.

With great respect, I do not see how we can possibly give an assessment of the financial management of the funds of the Community when we have four, if not five, supplementary budgets ahead of us, amounting to about 1,000 million units of account.

I fear, as does the Committee on Budgets, that the Council has not taken account of the change in the whole character of the budget which will inevitably arise when the Community is exclusively financed from its own resources. Then the consequence of a plethora of supplementary budgets will create grave problems in raising the necessary additional revenue. This year it was envisaged that about 85 per cent of the budget would be financed from the Community's own resources. In fact, less than 60 per cent will be so financed—and we are only 12 months

away from the target date of own resources financing.

Although there is much more that I should like to say, and probably should say, if time permitted, my watch shows nine minutes and I have only one minute left. I will therefore conclude with these observations. The tone of my speech has been critical, but I make no apology for that, nor does the Committee on Budgets, whose views I hope I have faithfully presented. But I can assure the President-in-Office that the criticisms which I have expressed, and which I suspect other speakers who follow me will express, are not offered in any spirit of niggardly carping.

I therefore trust that the President-in-Office will communicate to his Council colleagues the deep anxieties expressed here today—because I think this is the view which will come out of the debate—that Parliament expects its views to be taken very seriously both at the time of the adoption of this year's budget and in the preparation of next year's budget.

With those words, I commend the report on the draft budget for 1974 to this House.

(Applause)

President. — I call Mr Nørgaard.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — *(DK)* Ladies and gentlemen, I should first like to thank Mr Pounder for so kindly welcoming my presence. Secondly, I hope you will excuse my hoarse voice—it sounds perhaps rather as though the election campaign in Denmark has been going on for a long time. However, I have ensured that the Danish text of my speech has been distributed to the interpreters, so even if my voice fails me, the speech will still get through to the honourable Members.

Last week in Copenhagen the European Parliament's Committee on Budgets met to discuss the EEC budget for the 1974 financial year. As President of the Council I was invited to take part in that committee meeting, and I am very pleased today to be able to continue the fruitful discussion on the budget which was begun in Copenhagen.

When I look at the proposed modifications to the EEC budget for the 1974 financial year which were approved by Parliament's Committee on Budgets, I note as President of the Council that Parliament is evidently a long way towards unanimity with the Council on the current draft budget. The points we are not completely agreed on are set out in the proposed modifications, and

Nørgaard

I would like to stress that both these proposals and the motion for a resolution under consideration represent very thorough and responsible work.

There may be differences of opinion about the expediency of certain of the proposed amendments, but one can only respect the thorough and painstaking work by the Committee on Budgets which has gone into the report and the proposals.

Given the numerous items to be found in the draft budget, it must be said that in its proposed modifications Parliament has concentrated on some of the most important. I should therefore like to say straight away that once Parliament has taken a vote on the report and the proposed modifications, I look forward to seeing this matter handled as thoroughly in the Council and its bodies as it has been here. It would hardly be suitable for me to give a detailed commentary here on each individual proposal, but the proposed modifications as far as I can see fall into certain main groups, and so I shall make a few remarks on each of these.

The first group includes proposed modifications Nos 2, 4, 7, 13, 15, 16 and 21. The proposals concern expenses for meetings, research, courses and various activities for the benefit of Community citizens. Seen in comparison with the draft budget as a whole the amounts dealt with in these proposed modifications are very modest as all together they come to approximately 1/7% of the entire budget. These are small items, but if Parliament decides in favour of the proposed modifications I can assure you that we shall also deal with them very thoroughly in the Council.

The second group comprises proposed modifications Nos 8 and 19 on the European Schools. It is rather a matter of using the budget to emphasize the problems arising from the lack of dialogue between the the European School's Council and Parliament's Committee on Cultural Affairs and Youth. And so today I shall only say about this proposed modification that I shall see that the matter is taken up so that the European School's Council is made aware of the criticism expressed in these two proposed modifications. I hope that this fulfils the aim of the two proposed modifications.

The third group comprises proposed modifications Nos 17 and 27 on the scientific and technological sector and industrial development. These proposed modifications concern funds for establishments not covered by Council decisions. It was not by chance that the Council did not allocate funds for these items. This was after renewed discussions, since it was thought to be foolish to prejudice forthcoming major decisions

by adopting budgetary appropriations before the decisions had been taken. Hence several items, including these under consideration, dropped out of the budget to avoid anticipating the necessary decisions. Thus, the European Regional Fund had to drop out, and my interpretation of the Council's decision was that the matter which was decided at the Paris Summit in October last year would have been ill-served if at that time a sum had been earmarked in the budget for the enlargement of the fund since future discussions on the fund would have been prejudiced.

The fourth group comprises proposed modifications Nos 6, 22, 23 and 24 and possibly No 5. These proposals concern the whole agricultural sector. Let me say of these proposals that the draft budget adopted by the Council on 21 September this year was, where agriculture was concerned, based on an estimate submitted by the Commission. Figures for these appropriations in the budget must necessarily be nothing more than estimates, and the Council found no grounds to doubt that the Commission's estimates were reasonable and realistic.

If, however, there have been developments since September making these estimates out of date, the Council will of course deal with such proposals in full after requesting new estimates from the Commission. On the other hand, though, I would like to draw attention to the fact that the stricter one is with appropriations under the guarantee section of the EAGGF, the greater the risk that unforeseen eventualities during the year will result in a supplementary budget, and since the rapporteur has just said that Parliament is critical of supplementary budgets, I feel that Parliament must take this element into consideration.

As to the control of funds in the context of the EAGGF, I would simply state that the Council, like Parliament, attaches the utmost importance to thorough and effective control. The Council has therefore decided to consider a number of proposals making it possible in future for the Commission to improve its evaluation of the estimated expenditure under the guarantee section of the EAGGF. We have just begun to deal with these proposals and so I cannot give more detailed information today.

The fifth group includes proposed modification No 25 on the distribution between joint and individual projects under the guidance section of the EAGGF, with regard to which I shall only mention that the 325,000,000 u.a. allocated under the guidance section for 1974, are chiefly to be used for joint projects. The increase in appropriations necessary for joint projects cannot yet be definitively fixed, since it depends

Nørgaard

on the decisions to be taken by the Council on these joint projects. However, should the amounts be in excess of the appropriations in chapters 81-85 of the budget, these appropriations can be met first from Article 870 and secondly from item 8003.

In the sixth group we find proposed modifications Nos 9 and 10 on increased appropriations for aid to the Sahel countries. These proposed modifications involve a considerable amount, all together 25,000,000 u.a., and their contents are completely new. Naturally, I cannot commit the Council on new proposals which they have not yet reached agreement on, but since the proposals must be approved here, the Council will examine in depth, and although for very good reasons I cannot tell you the outcome in advance, I can give an assurance that it is just as important for the Council as it is for Parliament to find ways of helping disaster-stricken countries.

The seventh group comprises proposed modifications Nos 11 and 12 on the European Social Fund. I shall not go into this point now as we shall come back to it later in the debate.

Mr President, ladies and gentlemen, as I said in my introduction I am very pleased to be present at this debate and allow me once again to assure Mr Pounder that the Council will deal thoroughly with the result of past discussions and today's debate. Should you require further information of me later in the debate, I remain at your disposal.

(Applause)

President. — Thank you, Mr Nørgaard.

I call Mr Aigner on behalf of the Christian-Democratic Group.

Mr Aigner. — *(D)* Mr President, ladies and gentlemen, I should first like to make a correction. Mr Pounder's report was drawn up on behalf of the Committee on Budgets and not the Legal Affairs Committee as stated. I should be grateful if this could be corrected.

I would first like on behalf of my group to thank Mr Pounder for his remarkable work and to combine this thanks with congratulations to our friends from the United Kingdom for the way they have familiarized themselves so thoroughly and rapidly with the difficult subject of the budget. Mr Pounder has not only made an excellent summary of years of discussion but pointed out the difficult situation in which we find ourselves today where we are practically financing ourselves. This will be the last budget not completely financed from the Community's

own resources and there are therefore certain risks. This has all been excellently set out.

I should also like to thank the President of the Council both for being with us today and for the in-depth discussions in which he took part in Copenhagen.

Unfortunately I must combine my thanks to him with criticism of the Council as an institution. Mr Nørgaard, there is certainly goodwill and a readiness to enter into a dialogue of equal partners with the Parliament but we have not yet reached this dialogue of decision. This is merely a hearing, after which the permanent representatives decide on the form the budget will take and the items it will contain. This is not a satisfactory situation and it is my belief that we must put this criticism in first place, particularly when discussing the budget.

Now to the actual 1974 budget. Not to put it too strongly I would say that one feels the lack of an overall concept. One misses in the development of European policy a political conception which should be reflected in the budget. It is merely a continuation of what has been done before and is more a work of accountants than of political architects.

In a time such as this when Europe should be active in every field, we do not see any beginnings. Where, for example are the funds for a common energy policy? Where are the funds for common research and a common industrial policy? All we have is a token entry! And you, as President of the Council will be very well aware that we shall never reach the second stage of economic and monetary union if we do not finally start acting jointly in the field of regional policy. And a token entry is of no use whatsoever.

I would agree with the rapporteur, Mr Pounder, when he says that even in the case of the central point of the budget, namely the agricultural sector, the trend is unsatisfactory. I am thinking of the Guidance Section of the EAGGF. What has happened to our common agricultural policy? How does it show in the draft budget? My group therefore shares in the disappointment that makes itself felt in Mr Pounder's report. If we were asked to give this budget a mark, we could scarcely go above 'poor'.

Mr President, my group is also disappointed in the procedure used. It is difficult for us to approve funds and to say how they should be used if we do not have equal rights with the Council in the legislative process. The inactivity of the Council has therefore put us in a very difficult situation. If we were now to use the funds—and we already have 38 proposed modifications—where the Council and Commis-

Aigner

sion have lagged behind their own statements of policy—we would need at least an additional thousand million units of account for modifications. But here, Mr President, is our dilemma. If we now use this thousand million units of account when we are ourselves fighting for full rights in connection with the budget, the general public will gain the impression that Parliament is nothing more than a rubber stamp run wild. The public at large does not judge us on the basis of the hundreds of discussions we have had on political matters and on the need to set a European course in this or that field.

The Council is behindhand in everything. This is why we are asking that we should finally get together with the Council openly in a decisive dialogue. Mr President, if we really wish to mobilize public opinion for the great gamble of Europe we need public discussion and then a budget such as this one will not be able to be dealt with within these four walls without the public being aware of what is happening. The public must know who sits at home and talks in terms of Europe but is unwilling to get out and do anything about it. But this is only possible if you leave your own four walls. And this is why we are asking for a decisive dialogue with Parliament as equal partners and this is why we are so disappointed that the Commission has not fully adopted our proposals as we want to force a public discussion with the Council. I only hope that the last word has not been said about this Parliament's reaction.

Mr President, my group will vote in favour of the resolution contained in Mr Pounder's report but hopes that the dialogue with the Council will result in modifications to a great many items of this budget.

Whenever we have been discussing the budget we have touched upon the subject of the Audit Office. The Commission has told us that it will be commencing work in this direction and I hope that in the 1974 budget we will get the funds necessary to establish a European Audit Office and will achieve a greater degree of Community control even in the Member States.

Mr President, on behalf of my group I would state that both the method and the lack of political planning behind this budget are disappointing but would hope that we shall succeed in making modifications here and there through our further discussions with the Council. We shall vote in favour of Mr Pounder's report.

(Applause)

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — *(F)* Mr President, ladies and gentlemen, I too would like to start by thanking Mr Nørgaard, the President-in-Office of the Council, for the important contribution he has made to our work.

This is the first time that we have experienced Council participation at the highest level in the form of the President himself, and at all stages of budget proceedings. We are extremely grateful to you, Mr Nørgaard, particularly since having been with us in Copenhagen you are taking part in this debate at a time when events of great national importance are occurring in your own country. This is an exceptional circumstance and we are equally grateful on this count.

I should also like to thank Mr Pounder, as rapporteur. Like all his British colleagues, he has only been here since this year and has had the particularly difficult task of making a report on the interim budget between the period now ending and that which will begin in 1975 and be financed from the Community's own resources.

This was not an easy task. Fortunately for us, he is an experienced parliamentarian and his excellent written report, the part he has played in our discussions, and his comments of a few moments ago have provided a useful starting point for our work, which now cannot fail to be fruitful.

I should like to raise a few points in connection with the 1974 budget. This budget is particularly important and must be seen as such, since it is a budget in preparation for the 1975 one. This will be particularly obvious when we come to study the modifications proposed to Parliament's budget. But this should also apply to the Commission's budget, and particularly to the most important section relating to working expense.

We hoped that this budget would reflect a wide diversity of activity. What in fact is the Community to date?

It is an agricultural policy within a customs area and 90% of the budget relates to the agricultural policy. We had hoped that before the final stage we would see a certain amount of diversification in this budget, with more scope for social policy and with reasonable, and therefore substantial, allocations under the heading of regional policy and allocations permitting a genuine energy policy—which is a field in which problems are at present particularly acute—and for industrial policy.

Spénale

The Commission tried to make proposals aimed at this kind of diversification, but the Council generally deleted them or reduced them considerably on the basis of a well-known argument which we know to be partly true, and which maintains that allocations should not be included in respect of policies whose implementation has not yet been precisely defined.

Parliament should not be entirely unfavourable to this attitude, since if allocations are included in the budget before any decision has been reached as to how they will be used, the negotiating power which we wish to preserve intact until such time as new expenditure is specified is liable to be weakened. We might, in fact, be met with the answer that since the allocations have already been passed, they are no longer a subject for discussion. We therefore tend to share your opinion, but at the same time I would draw your attention to another point.

It seems to us that if the allocations for policies which we all wish to implement, which the Summit laid down and which all the political groups and a great number of delegations to the Council are asking for, are not included in the budget but appear in a provisional chapter for non-allocated expenditure, operations should not be too difficult in 1974. When a decision is taken all that will have to be done will be to calculate the proportions, to apply the scales and inform the Member States how much they have to pay.

However, this rather lax procedure will not be possible after 1 January 1975. If, when we come to discuss the budget, we have not included under the appropriate items the approximate amount which will be needed by the budget for the coming financial year, we will not be able to meet the new expenditure, even if decisions are reached in the course of the year and even if we all agree that these policies are necessary, vital and urgent. In fact, from 1975 onwards we cannot alter the rate of VAT payable to the Communities, and when the Member States are preparing their national budgets, they must know how much income from VAT will remain available to them. If during a financial year we wished to alter the rates of the Community levy on VAT we would cause impossible disturbances in the national budgets.

It seems to us advisable that in this 1974 budget, which in some ways prefaces the 1975 one, we should include in chapter 98 the sums which might prove necessary in order to implement the policies which we have been asking for for so long.

This is why, Mr Nørgaard, the Parliament, or at least hitherto the Committee on Budgets, has suggested including in the budget a certain number of allocations which the Council deleted. We are not trying to take the side of the Commission against the Council, or to defend a minority viewpoint, but think simply that from 1975 onwards this is how things will be done and that it is best to start acquiring new habits early on.

I would add that the 1974 budget will most certainly be of great importance when we come to drawing up the budget for 1975. As a result, it is advisable that the moneys required already if we are to diversify our activity and change the profile of the Community, should already be included in the budget and should be used as a basis for estimating requirements under the 1975 budget, which has already given us a great deal of trouble.

And since I have started to talk in terms of the future, I should like to go beyond the subject of today's debate and raise a question connected with the budgetary powers of Parliament. Mr Nørgaard, you have on your table a proposal from the Commission in which Parliament has already expressed its very great disappointment. We still have to discuss the way in which we shall express our disappointment to the Commission. But we have asked the Council not to take any decision on so important a matter without having reached some agreement with us. The senior official who was sitting where you are now on the day when we discussed budgetary powers, came to tell me after the sitting that he could give me the Council's assurance that when it studied this matter it would take into account not only the proposals made by the Commission but also what had been said in parliamentary debates and was contained in Parliament's resolution.

This is a first cause for satisfaction, but we cannot consider this as genuine agreement, by which I mean contacts and discussion with someone direct. I would appreciate it very much if, while we are studying the 1974 budget which is the last in this period, you would tell us what the Council is planning to do on this matter. We must not forget that hitherto the powers of this Parliament, which according to the constitutional principles of parliamentary democracy should also have been defined by Parliament itself, have never been submitted to us or discussed with us.

The other institutions hold their discussions behind closed doors and tell us afterwards what has been decided. We believe that we have reached a time when this practice can no longer

Spénale

be tolerated and that we should take part in a discussion on the powers of our own institution. I would be grateful if you could give us your agreement on this point.

Ladies and gentlemen, subject to the remarks which I have just made, the Committee on Budgets is in agreement with the comments of its rapporteur and would ask you to approve his report and his proposals.

(Applause)

President. — I call Miss Lulling, draftsman of the opinion of the Committee on Agriculture.

Miss Lulling. — *(F)* Mr President, of the opinions which have been given to us by three parliamentary committees, that of the Committee on Agriculture is the longest. This is not because we talk more than the others, but because expenditure on the common agricultural policy still accounts for 70% of the total Community budget. It is also, if you will permit me to make the comment, a regrettable sign of our backwardness with regard to other Community policies. There are many within the Community who wonder whether these thousand millions of units of account are being used to best advantage to further the aims of Article 39 of the Treaty of Rome.

Another reason which led us to make an in-depth analysis of the EAGGF budget is that we were all very impressed last year by the amount of the supplementary EAGGF budget which Parliament discussed last September and which amounted to one third of the allocations originally passed.

The publicity which was given to this supplementary budget did nothing to help the cause of the common agricultural policy. This is another reason for the length of the document prepared by the Committee on Agriculture.

I would emphasize that the Committee on Agriculture is perfectly aware of the difficulties caused by the inclusion of EAGGF expenditure in a strict budgetary framework. Indeed, the amount of expenditure on the common agricultural policy is not determined by this policy alone, but by weather conditions, price trends on the world market, and by the international monetary situation. Of these three, factors, two at least, namely weather conditions and world price trends, are beyond our control. But since we are responsible for our own decisions, we should again regret the absence of any decision on fixing agricultural prices for the marketing year covered by the budget, which makes the committee's task an extremely difficult one. It is already not easy to assess accurately the

various items of expenditure within the context of common market organizations since this expenditure—for example, in what concerns rebates, interventions in the market and storage costs—is determined by the amount of production, weather conditions and the world market situation.

But if common prices have not yet been fixed, it is even more difficult to estimate exactly the sums which we shall need. This year there is an additional element of uncertainty to be taken into account, namely what is now referred to as the 'adaptation' of the common agricultural policy. All these factors of uncertainty make it very difficult to produce an accurate budgetary estimate.

In view of the amount involved in allocations for the common agricultural policy, the Committee on Agriculture also felt it important to make a point which may be all the better understood by Parliament because we are at the moment all very concerned with the problem of energy supplies.

In our opinion, a study of the cost of the common agricultural policy should not deteriorate into an introspective analysis which takes no account of outside problems. Our concern to achieve equilibrium in the market for various products should not lead us to decide unilaterally to stop production of goods which could only be re-started should it prove necessary, at considerable financial cost.

Mr President, I should like to make another comment on the subject of guidance expenditure in connection with the common agricultural policy. It is regrettable that governments should not be able to issue the necessary laws and regulations which would make possible a reasonable use of available Community allocations. We continue to hope that the fact that we are developing a structural policy will make possible an improvement in structures and will contribute indirectly to a more efficiently oriented production and an improved market equilibrium.

The Commission on Agriculture has proposed three modifications intended to reduce certain expenditure by the guarantee section of EAGGF. We shall be returning to this point during the discussion on amendments and proposed modifications. We share the opinion of those who do not believe that a very inflated budget is necessarily a good one. This is why we have not hesitated, in order to produce an accurate budget, to suggest modifications, but there is another reason. At present the Council is continually making recommendations as to the rate of increase of national budgets. Because we are very well aware that certain allocations

Lulling

will not be used, they will either have to be reduced or be allotted to other items where there is an insufficient allocation, as in the case of the European Social Fund. But we shall be talking about this matter this afternoon, when we come to discuss the oral question on the operation of the European Social Fund.

(*Applause*)

President. — The debate on the report by Mr Pounder will continue this afternoon, after Question Time; the vote on the motion for a resolution will also take place this afternoon.

IN THE CHAIR: MR BERKHOUWER

President

3. *Address by Mr Willy Brandt*

President. — I welcome the Chancellor of the Federal Republic of Germany to our sitting. Today is a great occasion for us, because the Head of Government of one of our Member States sees this Parliament as a platform from which to make a declaration of European faith. We are familiar with the Federal Chancellor's deeply-rooted Europeanism.

In view of the forthcoming summit conference of the Heads of States or Government, the presence of the Federal Chancellor in our Parliament is particularly significant.

The Federal Chancellor, who has been awarded the Nobel Peace Prize for his active policy of *détente* towards Eastern Europe, has never hesitated to anchor the Federal Republic firmly inside the European Communities, and to let it play a prominent and active role in the Communities.

Personally, on behalf of Parliament, I should like to promise the Federal Chancellor support for this policy, especially since he is now to make such an important speech for the European Parliament, as a convinced democrat, with the aim of furthering the vital democratic development of the Communities.

As a tangible sign of our gratitude for this, I should now like to announce that after the sitting the Federal Chancellor will be awarded the gold medal of the European Parliament.

It now only remains for me to ask the Federal Chancellor to approach the rostrum.

I call the Federal Chancellor.

(*Applause*)

Mr Brandt, Chancellor of the Federal Republic of Germany. — (D) Mr President, ladies and gentlemen, may I first thank you for the welcome you have given me and also for the honour which the European Parliament has announced its intention of conferring on me.

A German Chancellor addressing the European Parliament on French soil—that is not an everyday constellation but an event which has its significance and which I am glad and very grateful to try and do justice to.

I regard this as an important stage which indicates to us how far Europe has progressed along the road to unification since the Second World War, and I should like to take this opportunity to discuss our views on the continued course of European unification before this knowledgeable Assembly. Yet, you more than anyone else have a right to hear from the Chancellor of the Federal Republic of Germany about his Government's and people's attitude in the crisis of recent weeks.

The tragedy in the Middle East, which is so close to us not only geographically but also culturally and historically, require of me, I feel, to speak as a German and as a European.

The conflict in the Middle East has put the difficult undertaking of *détente* to the test. Certainly, the United States and the Soviet Union bear a special responsibility. But the conflict is also a challenge to Europe. What goes on in this agonized neighbouring region affects us directly. Europe must therefore, if it can, contribute towards solving that problem. And this it can only do in the closest of cooperation.

Last week for the first time ever the nine States of the Community set out their position in more detail in a joint paper drawn up by their diplomats. The fact that a certain measure of uniformity now lends weight to the European voice is ultimately also in the interest of the States directly involved in the conflict.

A choir of contradictory European voices is of no help to anybody. But political unity has its price. It demands the discarding of accents which some of the Member States would want to set more strongly than others; this seems to be unavoidable. People will have to get used to this, with us and elsewhere.

Let us see last Tuesday's Resolution as an attempt to make a beginning and break a vicious circle by reasonable arguments. From here we can go on seeking ways and procedures for translating the resolution adopted by the Security Council into practical solutions.

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With regard to German-Israel relations, nobody will be surprised if I say here too that they have a special character. This characteristic remains untouched. For us there can be no neutrality of the heart and the conscience. The Middle East conflict concerns us perhaps more than others; it appeals to our bitter responsibility. But it is for that very reason that we make ours the demand for equitable and durable peace in that region.

If we were allowed indifference we would have less cause to feel so deeply involved. The fact that we cannot be indifferent is also to the benefit of the Arab world, as I would strongly emphasize. For only a lasting peace settlement will make that region, now full of hostility, a viable area whose States will jointly contribute to the welfare of all.

The European Community could constructively participate in such regional cooperation, and I think we should be agreed about our readiness to do so.

This presupposes that the States of Europe and the States of the Middle East try to speak with each other. I have no doubt that the European Community will be prepared to do so; even now it maintains contractual relations with most of the States concerned.

However, threats and blackmail would only disturb constructive developments. This is not the way to make friends—the following suggestion I make to the European Community deserves perhaps careful consideration.

Could the Community, by strengthening the instruments already provided for in the individual treaties, not improve the conditions for restoring peace in that region? I am having in mind food aid, support for the settlement of refugees, and the many and varied possibilities for cooperation which already exist and which we shall continue to seek.

For the benefit of the people in the Middle East the essential point is first to establish peace and then to stabilize it. Europe could help with both tasks.

Let me now speak on European unification and say something I would not have said in this way ten years ago: we can, and we will, create Europe!

(Applause)

We have had to put up with delays and setbacks. This has called for criticism, partly justified. Also from you, the members of the European Parliament. I understand that, and my Government endeavours to follow your advice as much as possible.

Yet it is true when I say that we have without doubt made progress, thanks not least to the impulses provided by the two summit conferences at The Hague and Paris.

We can, if only we want to, now set out on a new phase of the European journey. I am certain that European union will come, which is why I time and again appeal to our partners throughout the world to regard this as a fact and in this way to anticipate Europe's future, to take it for granted as of now, so to speak.

The move towards European union is indispensable. It alone will offer our people the scope their political, economic, social and cultural energies require. The unification of Europe is not merely a question of the quality of our existence. It is a question of survival between the giants and in the rugged world of the young and the old nationalisms.

Only in a Europe that has found its personality can we secure our national identities. The classical nation State belongs to yesterday. While—and maybe for long years to come—we may have to move in narrow fields, our future no longer lies in the isolation of the nation State.

Naturally, European union will not be the outcome of a revolution, of a sudden leap from the nation State to supra-nationality, nor from an uprooting of boundary posts or from a constitution brilliantly put on paper overnight.

Instead, we have been speaking of the European evolution—the constant, energetic developments in all those spheres already incorporated in the process of integration, and in the other spheres that are not officially considered 'integrated'. The sum of these measures will one day—probably sooner than some people think—swing the pendulum from quantity to the new quality.

We should shorten the time-limits we have set ourselves—be it for economic and monetary union, be it for what I have termed the social union, be it for political union. According to the Paris summit decision, the European union is to become a reality, within this very decade!

It is of decisive importance that on the road to European union we should have a proper sense of proportion. The proposal of the French President that the heads of Government of the Community should meet at regular intervals to discuss the internal and external problems connected with the growing union intensively and without the burden of a 'machinery' certainly is in keeping with that sense of proportion.

This proposal concurs very opportunely, by the way, with the intentions of my Government and with the suggestions of the British Prime

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Minister. I take this initiative to mean that this body can develop into a kind of regular presidential conference and become an accepted notion of, indeed, a decisive step towards Political union.

Every step forward must be commensurate with the situation and with the necessities; it must equip the Community or the organs of political cooperation with the new powers needed for the fulfilment of the tasks which all agree must be fulfilled at the given time.

It is not so much a question of language than of concrete results. It is a matter of increasing the efficiency both within the Community and European Political Cooperation. The two must now work effectively together.

After twenty years of efforts to achieve European integration we should all by now have learned that the functional rather than the constitutional method is more likely to get us home. I do not mind if one calls this pragmatism. The goal is clear. It is, as I have put it from time to time, a sensibly organized European Government which in the fields of common policies will be able to take the necessary decisions and will be subject to parliamentary control.

(Applause)

The European States will transfer to that government those sovereign rights which in the future can only be effectively exercised together; the remaining rights will stay with the Member States.

In this way we shall both preserve the national identity of our peoples which is the source of their strength, and add the European identity from which fresh energies will ensue.

Such a European Government will be in charge of the economic and monetary community, the social community, perhaps also the educational community, definitely the community of foreign affairs, and—certainly with a cogent logic one day—the community of a security administered under European sovereignty.

One these spheres have become the responsibility of a European Government, a basic law also will obviously be required which will have to be approved by our citizens.

Up to now we have given them little opportunity to feel themselves to be what they have largely been for some time: citizens of Europe. We know from opinion polls that many of them, like us, regard European unity as the aim of political efforts. But we may have too rarely linked the European consciousness with their everyday lives. This I have pointed out time and again in recent years, if you permit me to say so.

It will be of vital importance for the Community to grow beyond economic cooperation and political organization to become the socially progressive region in the world. European integration must serve the people directly.

I do not mean simply a vague concept of life. Our citizens should physically feel that Europe improves their working and living conditions, that it has an effect on their everyday life. Europe must at long last remove the barriers in the form of frontier checkpoints or aliens law for the many hundreds of thousands who within the Community travel from one country to the other or avail themselves of the right of establishment.

One should not accept the fact that whilst barriers are being reduced the number of customs officers is being increased instead of diminished, *(Applause)* that customs regulations are becoming longer instead of shorter, more complicated instead of simpler.

(Applause)

If we give our national bureaucracies a European dimension then we shall be making a mistake.

(Applause)

It certainly is not the will of our people that we create a Europe in which we wander about like citizen K. in Kafkas's 'Schloss'.

This is where the political will should at long last carry the day over the many national administrative egoisms which may be justified individually but all in all can no longer be tolerated. What we want is a Europe of daily reason and of common sense and we must be prepared to state this and where necessary to act.

Mr President, my Government hopes that at the end of this year a new and clear step forward will be taken along the road to a European Government. This is what is required of us if we are to respect the decisions of the Paris Conference of October 1972.

The dramatic development on the international scene of recent weeks have demonstrated the inability of the European States to serve as a factor of peace and stabilization in the world as long as they are unable to act as one. People from other continents have felt perhaps more than we that in a world whose destiny cannot, and should not, be determined by two super powers alone, the influence of a united Europe has become indispensable.

In this 'year of Europe' the relationship between the Community and the United States should be defined, and after that, the relationship with

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Canada and Japan. At the same time the COMECON is seeking contact. A majority of African countries want association agreements, and considerable hopes are attached to European unification also in other parts of the world.

Special importance accrues to the definition of the relationship between uniting Europe and the United States of America. This will be a long-term process which will not come to an end before European union has been completed. We are linked by similar ideals. Our security interests are firmly interlocked through the Atlantic Alliance. America has always come out strongly in favour of European unification. Each of our nations will bring the experience of friendship into the Atlantic dialogue.

On the other hand, Europe has become self-confident and independent enough to regard itself as an equal partner in this relationship and it is as such that it must be accepted. Partnership cannot mean subordination. Partnership proves its value in the balance of interests, in their will jointly to settle their common problems, to fulfil their joint responsibilities by sensible agreement and in reliable mutual respect.

This, ladies and gentlemen, must become apparent in the declaration which is to lay a new foundation for the relations between the United States and the European Community. In this way we shall be meeting the requirement of the constructive dialogue as expressed in the resolutions of the Paris Conference and which my Government for one has been advocating. A consolidation of the Atlantic Alliance, which needs to be firmly anchored particularly during the phase of *détente*, will strengthen the common basis.

The practical importance of the Community for cooperation and communication with the East European States and the Soviet Union becomes evident already in the Geneva session of the Conference on Security and Cooperation in Europe. There and elsewhere our negotiating partners will notice in the daily work that the Community is not encapsulating itself as a 'bloc'.

All-European cooperation is not impaired by West European union. And West European unification must not be held up by all-European cooperation. That is not merely a realization of my Government, it is the attitude of the Community.

Challenges arising from new tasks for the Community can, as a rule, but promote the process of inner consolidation. European political cooperation will be having to stand a test in ever wider fields. The dynamism that is beginning to

develop there calls for more intensive and broader consultations. The range of subjects has to be constantly widened. Bilateral negotiations and plans of individual Governments in their relations with other world powers and the Third World should also be reviewed together with partner States.

The economic and monetary union of today is the prerequisite of European union of tomorrow. This is where progress must be fastest.

Having gone so much astray in the past years we must now at long last achieve a better harmonization of our cyclical policies, for this is the most important preliminary to common economic policy. A policy of stability cannot be effective or successful in isolation. Either we all submit to the fate of progressive inflation or we resolve to adopt a joint policy of resistance to the erosion of our currencies—and thus of the achievements of our citizens for which they have worked hard enough.

My government realizes that we shall not be able to achieve the transition to the second stage as proposed under the original programme by January 1974. The new stage should, I feel, come as close as possible to the content of the original second stage. It will not be enough just to make up the leeway. New decisions are needed, especially for the coordination of economic policy and monetary policy which places more precise obligation on us, and to bind Member States more closely to the economic guide-lines.

At the same time we should further develop the monetary mechanisms created by the Community. The regrettable fact that we are not yet all together in the so-called 'snake' should perhaps not keep us from taking limited decisions at the end of the year on currency support for all Members of the Community.

Economic and monetary union will only prove successful—this we all know—if the Community launches a joint effort patiently to even out the structural differences between Member States, and especially between individual regions of Member States. But the criteria for the promotion of regional projects must be so strict as to ensure that assistance is provided only where it will really serve the rehabilitation of the regions concerned.

Moreover, the Federal Government still regards the common agricultural policy as an important element of European unification and it will pursue any further development in this field in accordance with the agreed principles. In actual fact, for reasons I will not go into now, a larger measure of integration has been achieved with

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agricultural policy than with any other Community policy. We now have to catch up in the other spheres more rapidly than hitherto.

Taking agriculture itself, we must progressively stabilize markets to establish a better balance between supply and demand. Surpluses difficult to sell on world markets are poor evidence of a purposeful and successful European integration. *(Applause)*

The Community must also participate in the development of a World Food Programme for it clearly shares responsibility for providing food for the developing countries.

The latest developments have drastically shown how very much we are dependent on mineral oil. Up to now we thought that the Community could afford the luxury of holding different views on the basis and instruments of a common energy policy. Today we know that a common line, precisely in this field, is literally vital. The threatening energy crisis shows that we are all in the same boat. I urgently appeal to the competent institutions of the Community to do everything within their means to mobilize co-operation. Not later than at the Conference of Heads of Government in Copenhagen must we clarify the state of European solidarity.

Before this Assembly, too, ladies and gentlemen, I would suggest that the financial behaviour in the Community be improved. As long as our citizens—sometimes wrongly—believe that the management of finances is more lax in the Community than in Member States they are unlikely to understand or approve of our allocating more funds to Brussels. As an instrument of control we need an unassailable machinery.

To name only a few salient points: more transparency, more responsibility for the competent commission Member, a European audit office and, last but not least, wider powers of control for the European Parliament.

(Applause)

This indicates the path we should follow.

Here I would urge speedy and effective decisions. I do know that the European Commission shares this concern, and I should like to thank them for their effort to make new, 'watertight', arrangements in this respect.

Our Community must also prove itself as a social union, although I do not want now to go into details of how this should be done. In the early years the time was perhaps not yet ripe for greater emphasis on social objectives reading beyond national boundaries. For too long we have allowed social policy to be a mere appendix to competition. In the Community one seemed

to regard social policy mainly as a problem of subsidies. Now we cannot and must not wait any longer. In Paris last year we gave the signal for building social union, and I wish to stick to it.

The European Union we want requires democratic legitimation, an economic basis and its own social policy aims. And there are several reasons for treating social integration as an element in itself: social progress must have the same rating as economic growth because in Europe too production and consumption can no longer be regarded as an end in themselves. They must directly serve the well-being of our European citizens. Only thus can Europe overcome the danger of technocracy.

I see these as being our clear objectives:

- to develop an active Community labour market policy;
- to overcome the problems of employment for certain categories by improving vocational education;
- to plan a social policy for migrant workers and coordinate it with third countries;
- to make a joint effort to ensure humane working conditions governed by common standards;
- to adjust social benefits in each Member States regularly and dynamically to its growing economic strength;
- to allow for participation and codetermination of workers in enterprises and establishments.

The Federal Government gives a high priority rating to the improvement of the Community's institutional basis. Here, too, the major decisions will no doubt only be taken in connection with the preparations for European Union. All the same, the institutions must be developed and improved in advance, keeping pace with substantive progress.

I referred earlier to President Pompidou's proposal for regular meetings of Heads of State or of Government. These meetings could generate decisive impulses—without giving the responsible institutions an excuse for inactivity. The Heads of State or of Government should at each meeting take stock and state as exactly as possible the extent of progress towards European unification in all fields, both in the Community and in political cooperation.

This Assembly brings together the representatives of the Member States of the European Community in accordance with the provisions of the Treaties of Rome and Paris. Having seats in their national parliaments, they have a clear

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democratic legitimation. Moreover, the treaties call for constituting a parliament by general direct elections; that is the aim. But we have no right to relapse into a state of paralysis as long as we have not reached that goal.

Nothing must keep us from progressively adding to the responsibilities of the European Parliament. Its powers must be widened. Parliament needs to have a say in decisions, especially those which, in conformity with the treaties, provide for the substantive extension of the Community's competences without the participation of national Parliaments.

A mediation committee of the kind you have suggested and which exists in Bonn between the Bundestag and the Bundesrat is well suited to preparing budgetary decisions by both the Council and Parliament.

(Applause)

I would also recall the suggestion I made that the political weight of this Assembly should be strengthened by arrangements which would allow leading national parliamentarians to participate in this Assembly's debates, at least at certain times. Parliamentary life contains much routine, but it also requires flexibility. Being an institution does not imply a right to rigidity.

I have noted with gratitude that this Assembly has long become the parliamentary forum for the political unification of Europe. I recall the annual debate on progress towards political union and the colloquia on questions resulting from European political cooperation. I would encourage your every initiative in this field.

You have many possibilities for stimulating of your own accord the construction of Europe and the development of a European policy. The link between Europe and Africa would have been inconceivable without the joint conference of the European Parliament and the parliaments of the African States and of Madagascar in 1961.

The European Parliament has a part to play in fulfilling what is surely the most important agreement between the Heads of State or of Government: preparing the comprehensive report on the transformation of the totality of the relations of the Member States into a European Union, which is our declared, our unshakeable aim. We want to achieve that goal before 1980.

We are now at the end of 1973, and that means that time is pressing. You know this as well as I do, which is why I ask you to concentrate your efforts on this Report. Allow me to outline the main elements of a European *ad hoc* programme which brooks no delay:

1 — By the end of this year we still need to see clear progress towards economic and

monetary union, towards a common regional policy, towards a common social policy, and towards the further development of the common agricultural policy.

2 — We need to improve the Community's financial behaviour. Every penny for Europe must be spent to advantage.

(Applause)

3 — We need a decision which will give the European Parliament a say in Community matters.

4 — By the end of this year we still need progress towards the solidarity of the Community in Europe's responsibility for peace and stability in the Mediterranean, in the definition of our relationship with the United States of America, in the co-operation with the Soviet Union and the East European States.

5 — We need more frequent meetings of Heads of Government as suggested by the French President, as I see it in the form of a kind of regular presidential conference which gives decisive political stimulus and thus forces all the responsible organizations and bodies to push forward their cooperation.

6 — As soon as possible we need clear and realistic proposals mapping out the way to European Union, respecting fully what exists and what has been achieved in spite of many obstacles in the past 20 years.

In conclusion, Mr President, let me state quite simply: From what I can see, the Federal Republic of Germany has chosen European Union as its permanent home. In it we seek our future.

This Assembly therefore will always be assured of the support of the Federal Government whenever it presses ahead towards European Union.

(Sustained applause)

President. — On behalf of this House, I sincerely thank the Federal Chancellor for his impressive address. You may be assured that your thoughts will be guidelines for us in our European work. It is our wish and hope that you will continue in this vein at the forthcoming conference of Heads of State and Government, in the interests of strengthening European cooperation and making our Community more democratic.

Once more, Mr Chancellor, our sincere thanks.

The proceedings will now be suspended until 2.30 p.m.

The House will rise.

(The sitting was suspended at 11.55 a.m. and resumed at 2.30 p.m.)

IN THE CHAIR: MR BERKHOUWER

President

President. — The sitting is resumed.

4. Question Time

President. — The next item is Question Time.

I call Mr Seefeld on a point of order.

Mr Seefeld. — (D) Mr President, Before we begin Question Time I should like to say a few words to you and to the Assembly. The last Question Time at this Parliament ended at the correct time without all the questions having been answered by the Commission. This is possible and correct. What is, however, neither possible nor correct is, I feel, and I should like to say so before Question Time begins officially on behalf of the Socialist Group—that the questions which were not answered orally have still not been answered in writing a month later. Some Members did not want to postpone their questions to this sitting. They thought them important and hoped for a quick answer. The Commission had the answers here at the time and was prepared to answer. The questions could have been called for.

Mr President, I would ask you what you think of this failure to answer the questions in the text within four weeks.

I would also ask you on behalf of my group to make sure that the rules on Question Time are amended so that in future questions which can no longer be answered during Question Time can, if the questioners wish, be answered in writing during the week of the same part-session. Present arrangements are unsatisfactory. And my friends and I hope that by the next part-session you will be able to propose a new procedure to the House.

President. — Thank you, Mr Seefeld. In that spirit, I would ask the representatives of the Council and the Commission to answer questions as briefly as possible.

However, I call Mr Ortoli, to say something about written answers to questions which cannot be answered in Question Time.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, Mr Seefeld is very right to raise this problem. We have come face to face with a new situation and we shall be replying within a week to any questions put to us.

We have a written procedure for adoption and translation which results in a considerable waste of time, and as a result we have decided to change things in the future. We shall no longer be using the conventional procedure and shall be replying immediately to questions put to us, within a week, as requested by Mr Seefeld. Of course, answers will be published in the *Official Journal* immediately we have given an answer.

President. — Thank you, Mr Ortoli.

First, I shall call the questions to the Council of the European Communities.

I call Oral Question No 119/73 by Mr Noè on Community production of aero-engines:

What measures does the Council intend to take to help put Community manufacturers of aero-engines in a position to compete with rivals in third countries in the design of models that in respect of noise and air pollution are less of a threat to the environment and which alone will be acceptable in the future?

I call Mr Nørgaard to answer the question.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, I should first like to draw attention to the fact that on 19 July 1973 the Council received a communication from the Commission on industrial and technical measures to be introduced by the Community in the aircraft sector. This programme includes certain long-term objectives and measures and also deals with measures of immediate significance in favour of Community aircraft industries. The communication concerned is being considered in the Council at this moment.

Moreover, on 1 August 1973 the Commission submitted a proposal for a political action programme in the scientific and technological sector, aiming towards the development of a common policy in this area, as was laid down in the declaration of the October 1972 Summit. The Council intends to take a decision on this proposal before 1 January 1974 as agreed at the Paris Summit.

Within the framework of this action programme the Commission has submitted a proposal for a research programme for aero-fuels with a view to reducing noise and exhaust pollution.

During the Council's deliberations of this draft programme the Commission announced that it intended to review the proposals in the light of developments which have recently taken place in this sector.

President. — I call Mr Noè to put a short supplementary question.

Mr Noè. — (I) I am satisfied with the good intentions expressed. I would recommend, however, that these intentions be translated into action very speedily, as studies are already being carried out in America on aero-engines with financial backing to the tune of roughly a million dollars for each type of engine, and we run the risk of not being able to sell our Community engines any longer unless they can be made more silent.

President. — I call Mr Normanton.

Mr Normanton. — May I say to the Commission how grateful the Conservative Group is to hear of its proposals in this field?

President. — A question, please.

Mr Normanton. — Are these proposals to be in the form of Community financing projects? Are they to be selectively allocated by country or are they to be allocated by specialist industrial enterprises such as, in this field, SNECMA in France, Fiat in Italy and Rolls-Royce in the United Kingdom?

President. — Is this a question to the Council or to the Commission?

Mr Normanton. — To the Commission, Mr President.

President. — I did say that we would take the questions to the Council first. The first question was to the Council, so any subsequent question has also to be to the Council.

Mr Normanton. — Then may I put it to the Council, please?

President. — I call Mr Nørgaard to answer the question.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, I would prefer the Commission to answer this question, as it comes under its terms of reference.

President. — The Commission will answer for the Council.

I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, I should be delighted to reply on behalf of the

Council, but quite frankly, I am not quite sure what my answer should be.

(Laughter)

We have made a certain number of proposals, as Mr Nørgaard has already pointed out, and these proposals are now being studied by the Council. As far as the Commission is concerned, since I have no documentary material available, I prefer to leave the task of giving a fuller answer to the question to Mr Spinelli.

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) I wish to make it clear that the Commission has proposed measures to be taken with the cooperation of the principal European manufacturers of aero-engines; moreover, the Community must also give these measures financial backing.

President. — I call Oral Question No 135/73 by Lord O'Hagan on the social policy of the Community.

What steps is the Council taking to ensure that the EEC soon has a genuine social policy?

I call Mr Nørgaard to answer the question.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) The conference of Heads of State or Government on 19 and 20 October 1972 requested the Community Institutions to adopt an action programme in the social sector before 1 January 1973 comprising provisions and precise measures.

The Commission submitted to the Council its proposal on this action programme on 25 October 1973.

The Council immediately consulted the European Parliament and the Economic and Social Committee on these proposals and will discuss them in the light of the opinions submitted.

President. — I call upon Lord O'Hagan to put a short supplementary question.

Lord O'Hagan. — Can the President-in-Office of the Council assure the Parliament that signs which we have so far had of the Council's lack of interest in social matters will now be reversed, especially since we heard this morning Mr Brandt's impressive statement that he wanted clear progress towards a common social policy by the end of the year?

President. — I call Mr Nørgaard.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) I cannot confirm that any lack of interest has been shown by the Council in this point made in the declaration of the Summit. On the contrary, there has been a great deal of work in the Council on this matter; there have been meetings between the Social Affairs Ministers. There have been a number of postponements because of problems with hearings, but it has been the definite opinion of the Council that it would be possible to implement the Summit's decision to initiate a programme before the end of this year, and I am still convinced that an action programme will be submitted before this year is out.

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Will the Council of Ministers recognize that the harmonization of levels of social security benefits is an essential aspect of economic and monetary union? Does the Council recognize that harmonization of contributions by employers and employees for social security purposes is also an aspect of tax harmonization? Finally, does the Council recognize that the need for a valid European social contract is really essential to achieve truly free movement of labour?

President. — I call Mr Nørgaard.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, some of the points raised have been given full attention. There are still disagreements about others.

As President of the Council I shall not be able to agree that the harmonization of contributions by employers and employees is absolutely essential. There are differences of opinion on this in the Council.

My own country's opinions are different from those in countries where employers make considerable contributions. In Denmark, for example, it is thought preferable for social benefits to be financed principally by taxation. We do not feel that this has any influence on the minimum programme for social benefits, and this is what we have to establish. One should attempt to achieve some minimum standards applicable in all countries.

This could be financed in either way according to preferences in each particular country. We do not think that there is any significance in choosing one or other means of financing such a programme. Viewpoints within the Community are very different.

What has been agreed is to adopt a social action programme with a number of fixed minimum benefits for employees and others. I am convinced that this will be adopted before the end of this calendar year.

President. — I call Oral Question No 144/73 by Mr Bordu on the release of political prisoners in South Africa:

In view of the apartheid system established by South Africa's racist regime, does the Council not feel it should join in the world-wide campaign for the immediate release of political prisoners held under racist laws and does it not feel it should support the call made on 11 October 1973 by more than thirty democratic organizations in France for the establishment of international commissions of inquiry?

I call Mr Nørgaard to answer the question.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, the question raised by the honourable Member does not fall within the Council's area of competence and therefore the Council cannot take a stand on the matter.

President. — I call Mr Bordu to put a short supplementary question.

Mr Bordu. — (F) Mr President, I asked the Council this question because it has already been asked by the United Nations Special Committee on Apartheid.

President. — I called you to put a short supplementary question, not to make a statement.

Mr Bordu. — (F) I have to speak before I can ask a question, Mr President.

President. — Your question, please!

Mr Bordu. — (F) Mr President, I am asking the Council representative how Parliament cannot be concerned about a question which also derives from UN decisions?

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) I have nothing to add.

President. — I call Oral Question No 145/73 by Mr Dewulf on global development aid policy:

In the light of the Summit undertaking to produce surveys and decisions in 1973, and having regard to the initial findings of the working party on 'Development Cooperation' and the association policies now being formulated, how does the Council propose to bring into force the agreements

President

already reached and to continue its consideration of outstanding questions, and according to what priorities will it do this?

I call Mr Nørgaard to answer the question.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, on 5 November 1973, the Council held an extraordinary meeting on development cooperation.

I think I can confirm that broad agreement has already been reached in the Council on six resolutions concerning:

- the harmonization and coordination of the cooperation policy of the Member States;
 - basic products;
 - general preferences;
 - the encouragement of exports from developing countries;
 - technical aid for regional integration between developing countries;
 - the problem of developing countries' debts;
- however there cannot be a definitive decision before negotiations on all matters concerning development policy have been concluded.

The Council intends to hold its next meeting on questions of development cooperation as soon as possible and probably before the end of 1973. The Council will on that occasion undertake a thorough examination of financial problems and particularly the extent of state development aid and the possibility of placing Community funds at the disposal of non-associated countries.

President. — I call Mr Dewulf to put a short supplementary question.

Mr Dewulf. — (NL) Mr President, in Flanders we say that 'the mills of God grind slowly'. I am aware that the mills of the Council also grind slowly. Yet with all due respect for the progress already made by the Council in the field of development cooperation, I should like to put an additional question. I seem to remember that it was stated at the Paris Summit Conference that the Community institutions should decide on a global approach to development policy in the course of 1973.

How does the Council intend to involve the European Parliament in the decision-making process as far as development cooperation is concerned?

President. — I call Mr Nørgaard.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) I fully understand that Parliament is deeply interested

in this matter and I am prepared to suggest that the Council allows its President to keep the responsible Parliamentary Committee informed of developments in this matter.

President. — I call Mr Jahn.

Mr Jahn — (D) Mr President, is the Council prepared to take steps to achieve some form of harmonization in the vertical and multilateral measures taken to support projects by the Member States and the Community?

President. — I call Mr Nørgaard.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, we are not of the opinion that harmonization of this sort is necessarily a good thing, but where it is practical and where it is in the developing countries' interests we shall naturally make every effort to achieve a concerted effort. In Danish, harmonization can be taken to mean something far more extensive than it really needs to be. However, a concerted effort between two or more countries is something which interests the Council, since this is more expedient from the developing countries' point of view. This is what we really want to attempt.

President. — All the questions to the Council of the European Communities have been called and have been answered.

We shall now take the questions to the Commission of the European Communities.

I call Oral Question No 122/73 by Mr Bro on measures to protect the privacy of citizens of the Community in connection with the compilation of data-banks.

Since Mr Bro is not present, his question will be answered in writing¹.

I call Oral Question No 123/73 by Mr Johnston on the reply procedure for written questions:

When does the Commission expect to have completed its current study of the possibility of improving the existing procedure for replying to written questions?

I call Mr Scarascia Mugnozza to answer the question.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, the Commission has adopted provisions of an organizational nature designed

¹ See Annex, p. 104.

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to speed up the preparation of these replies. The new instructions will be applied in the case of all questions received by the Commission after 1 October 1973. While fully aware of the difficulty of doing so, the Commission proposes to provide its replies within a month at the latest.

President. — I call Mr Johnston to put a short supplementary question.

Mr Johnston. — Noting again as I put my supplementary question the point of order raised by Mr Seefeld and the reply by Mr Ortoli, may I ask the Commission whether they regard the answering of written questions within a short period of time as a significant democratic check on how Community policies are evolved?

In making his study, is the Commissioner able to give any figures as to the relationship between the numbers of expert staff which the Commission must require if they are to produce answers more quickly, and in particular what sort of figures would refer, for example, to a period of three weeks, which I personally consider to be more acceptable, if not necessary?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, we shall try to reduce as far as possible the time needed to give a reply.

As of now we are saying one month, but it is to be hoped that this time can be cut even further at a later stage, always provided, of course, that we have sufficient staff available.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, would the Commission agree with me that if Parliament, while not prepared to restrict its rights with regard to questions, were nonetheless to make certain concessions in the interests of efficiency, the Commission would also be prepared to give answers within a week as happens in the case of normal practice in the national parliaments?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, if I have understood rightly, the honourable Member is referring to Rule 45 of the Rules of Procedure. We would be well-disposed to what he suggests, but I am afraid that a period of one week would be too short. We could, however, study the problem.

President. — I call Lord O'Hagan.

Lord O'Hagan. — Is the Commissioner aware that the delay in replying to written questions sometimes means that the questions themselves are quite out of date and therefore irrelevant by the time the reply is received? Is he also...

President. — One question only.

Lord O'Hagan. — ...for example...

President. — No! One question only!

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I agree entirely, but that depends on the number of questions addressed to the Commission.

President. — I call Mr Dewulf.

Mr Dewulf — (NL) Mr President, would it not be desirable in the interests of the Commission and the European Parliament to work out an arrangement whereby any question put by a parliamentarian and not answered within a period of, say, three to four weeks, would be entered in the *Official Journal* together with the reasons for its not having been answered?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I believe that this regulation already exists; it is just a matter of applying it, if Parliament considers that it should be applied.

President. — I call Oral Question No 126/73 by Mr Brewis on the 1974 International Conference on the Law of the Sea.

What progress is being made in the development of a Community policy to be followed at the International Conference on the Law of the Sea in 1974, and when will their proposals in that connection be forwarded by the Commission to the Council and to the Parliament?

I call Mr Scarascia Mugnozza to answer the question.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, in coordinating Community preparations for this Conference, the discussion has centred mainly on regulations governing fisheries; and the Commission would remind

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the members of this Parliament of the written reply given by it to a question on this matter, a written question in fact. This was on 27 July 1973.

It is not unlikely that other aspects of the problem may be discussed at the Conference; and in view of the coordination of all the preparatory work, it is not unlikely that the Commission may be submitting new proposals to the Council. In this event, Parliament will be consulted pursuant to the provisions of the Treaty.

President. — I call Mr Brewis to put short supplementary question.

Mr Brewis. — Is the Vice-President of the Commission not aware that time is getting extremely short? Does the Commission intend to take up any position on the exploitation of minerals on the seabed and, if so, what will that position be?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, as I have already stated, no clearly defined position on this particular problem has as yet been worked out; the time is not yet ripe to deal with other problems.

President. — I call Mr Johnston.

Mr Johnston. — As the Commission will be in the difficult position of putting proposals to this international conference before the Community's fishing policy is revised, as was agreed at the beginning of this year, could Mr Scarascia Mugnozza say what consultations will be undertaken with individual countries and over what period?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, we believe that there is still time to spare. At any rate, the Commission's services are already working on these matters, and when the right moment comes, we will have an opportunity of submitting our decisions and consulting Parliament on them.

President. — I call Mr Seefeld.

Mr Seefeld. — (D) I should like to ask the Commission whether it also intends to include

aspects involving the law of the sea since these also seem to me to be important.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) I think that that does not come within the scope of this Conference. At any rate, the Commission also intends to study this problem.

President. — I call Oral Question No 132/73 by Mr Premoli on the concerted control of the activities of multinational companies:

Can the Commission specify what policy it intends to propose to prevent multinational companies becoming a source of fiscal and monetary disruption, whether in particular it intends to accord favourable treatment to multinationals of Community origin and whether a common position has been worked out for the Geneva meeting of the group of twenty prominent figures chosen by the United Nations Economic and Social Council?

I call Mr Spinelli to answer the question.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, last week the Commission approved and forwarded to the Council and the European Parliament a communication and a draft resolution on multinational companies. The guidelines and the measures proposed by us are designed to guard the Community from the harmful effects which this latter-day phenomenon of the multinational company brings in its wake.

The specific measures which, in the Commission's view, should help to solve the major problems are related particularly to fiscal difficulties, the ensuring of supplies, the balance of payments and monetary stability, the protection of the workers, the preservation of competition, recruitment of workers, the protection of developing countries and the improvement of information services and communications.

As far as the particular problem of more favourable treatment for companies of Community origin is concerned, I want to make it quite clear that the Commission has no intention of proposing directives and regulations of a discriminatory nature. However, I know from its industrial policy programme that it intends to continue its campaign to eliminate all obstacles preventing the integration across national borders of the industrial structures of Member States. In reply to the question that has been asked, the Commission does intend to repeat the Geneva experience with a group of 20 people chosen by the United Nations

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Economic and Social Council to discuss the general outlines of its policy on multinational companies, with particular reference to fiscal problems and the rules of competition.

President. — I call Mr Premoli to put a short supplementary question.

Mr Premoli. — (I) Mr President, Commissioner Spinelli's reply is not quite what I expected.

Commissioner Spinelli says and writes that the multinational companies of third countries, since they are clearly the most powerful of all, will be the ones to feel most keenly the effects of Community control; but I ask myself how we can succeed in bringing this Community control to bear on these giants, in view of the oneness of the present position. I do not see precisely how we can succeed in curbing their overwhelming competitive strength.

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) I think that this question can best be answered when our proposals are being discussed, as they contain measures designed to deal with this problem. It is rather difficult at this stage to give a complete answer in a few words.

President. — I call Sir Derek Walker-Smith.

Sir Derek Walker-Smith. — Does Commissioner Spinelli accept, on behalf of the Commission, that multinational companies, including those which involve the introduction into the Community of American or other non-European capital, have an important part to play in securing economic growth and the prosperity of the citizens of the Member States? Would the Commission therefore continue to oppose any suggestions for applying unduly restrictive, parochial or doctrinaire policies?

President. — I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, as I have already said, the Commission is not opposed to the development of multinational companies, the positive importance of which it clearly recognizes. However, the Commission is aware that alongside this positive element there are other striking features which are not so positive and must be kept under control. Thus the measures proposed by the Commission relate only to these negative elements.

President. — I call Oral Question No 133/73 by Mr Fellermaier on the Belgian decree on languages to be used in labour relations in Flanders:

Is the Commission aware that under a Belgian government regulation only the Dutch language is to be used for communications within undertakings in the Flemish-speaking parts of the country and that the use of another language is a punishable offence, and does it not take the view that this governmental regulation constitutes a violation of Article 49 of the EEC Treaty, which guarantees freedom of movement for all workers in the Community?

I call Mr Dewulf on a point of order.

Mr Dewulf. — (NL) Mr President, I would ask Mr Fellermaier to put his question during the next part session. With his usual courage and enthusiasm he has asked a question which is technically—not politically—irrelevant. In my opinion the question should be formulated more accurately. It is not correct to say that under a Belgian government decree only the Dutch language may be used in labour relations within undertakings in the Flemish-speaking parts of the country. Maybe he would like to study the relevant file more closely.

Mr Vals. — (F) Mr President, I should like to speak.

President. — I call Mr Vals.

Mr Vals. — (F) Mr President, would you please ask Mr Dewulf to withdraw what he has just said about Mr Fellermaier?

Mr Fellermaier's courage is at least as great as that of Mr Dewulf, and I do not understand why Mr Dewulf has spoken in such terms in the absence of Mr Fellermaier, who is attending a meeting in his capacity of chairman.

President. — Mr Seefeld is deputizing for Mr Fellermaier for this question.

I call Dr Hillery to answer the question.

Dr Hillery, Vice-President of the Commission of the European Communities. — Mr President, the Commission is acquainted with the text of the decree of 19 July 1973 which 'governs the use of languages in working relations between employers and workers as well as in company acts and documents laid down by law and by regulation', which was published in the Belgian Official Journal on 6 September 1973.

Before adopting a position on Mr Fellermaier's question, the Commission thought it should wait

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for the interpretation which would be given to this decree by the national authorities. This is awaited. But in any case the Commission will ensure that Community regulations are properly applied.

President. — I call Mr Seefeld to put a short supplementary question on behalf of Mr Fellermaier.

Mr Seefeld. — (D) Dr Hillery, do you share my view that linguistic barriers in our Community should be removed and no new ones created?

President. — I call Dr Hillery.

Dr Hillery, Vice-President of the Commission of the European Communities. — I think it is a good principle not to get involved in questions which are not altogether necessary. The question which arises relates to the free movement of workers, and our recommendation is being studied by a working group in Belgium. We have not sufficient information about the implementation of the recommendation to know its effect on a Community level.

President. — I call Mr Thiry.

Mr Thiry. — (F) Regarding Mr Fellermaier's request, does the Commission not think that in the case of the decree criticized by Mr Fellermaier, and thus when we are concerned with legal provisions of a linguistic group which is autonomous in this sphere, that the safeguards provided by Title III of the Treaty against any discrimination on the grounds of nationality should also apply in cases of discrimination on the grounds of language?

President. — I call Dr Hillery.

Dr Hillery, Vice-President of the Commission of the European Communities. — In this instance I have been asked a clear question about the position of the Commission. I have stated that when the Commission had adequate information on the position taken by the national authorities it would be in a position to answer. I can see no purpose being served in getting involved in questions which pass judgement on something on which, as I have already stated, the Commission does not wish to take a stand.

President. — I call Mr Outers.

Mr Outers. — (F) The question I wish to ask is the following. In view of the declaration made

by the Minister for Employment and Labour during a debate in the Senate that the French Republic had had to revise its law on works committees under...

President. — Mr Outers, please limit yourself to one short question.

Mr Outers. — (F) ...Regulation No 1612 of the European Community, since it required candidates for works committees in France to have a knowledge of the French language...

President. — Mr Outers, your question!

Mr Outers. — (F) ...could the Commission inform me whether the reasons for which Regulation No 1612 was adopted do not apply in this case?

President. — I call Dr Hillery.

Dr Hillery, Vice-President of the Commission of the European Communities. — May I repeat that when the Commission is fully acquainted with the facts of the position and the procedures to be adopted for the implementation, if implementation is decided upon, the Commission will be able to answer Parliament. Until that time, no useful purpose would be served by answering on a hypothetical basis.

President. — I call Mr Dewulf.

Mr Dewulf. — (F) I should like to ask a supplementary question in French so that Mr Vals does not think I am being discourteous.

I should like to ask the competent Commissioner whether he does not think that the very wording of the question gives rise to a certain confusion which does not accord with the actual position?

President. — I call Dr Hillery.

Dr Hillery, Vice-President of the Commission of the European Communities. — Since it seemed that it was an independent body which produced the proposal, it was not the government's responsibility, although it does have a force of its own even if it is not adopted by the government.

Mr Dewulf. — (F) There we are!

President. — We should now take Oral Question No. 143/73 by Mr Cousté. Since the author of the question is not present, he will receive a written answer.¹

¹ See Annex, p. 104.

President

I call Oral Question No 146/73 by Mr Gibbons on EEC levies on exports of Irish cattle:

Is the Commission aware that the imposition of 16% levies by the EEC on exports of Irish cattle to the continent results in a distortion of trade while at the same time, Third Countries (e.g. Yugoslavia) are permitted to export without the payment of duties, and is corrective action contemplated?

I call Mr Scarascia Mugnozza to answer the question.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I should like first of all to clear up a misunderstanding which is evident, I feel, in this question. The levies referred to are not of the order of 16%, as the honourable Member has stated, but, as things stand at present, are at a maximum of about 12.8%. That is the position with regard to the customs duties. With regard to imports from Yugoslavia on the other hand, the levy amounts effectively to 16%; there is a sizeable difference between these two figures.

I must also point out that, according to the regulations in force, the total levies applicable to products from new Member States may not exceed in any case the levies imposed on products from third countries.

At any rate, as matters stand at present and bearing in mind the increase in beef prices, we have in practice a levy which runs at a figure of around 12.5%, taken as a whole.

Finally I should like to remind you that the Commission has submitted to the Council a proposal for a regulation stipulating that the compensatory amounts paid to the three new Member States may not exceed the levy imposed on third countries.

President. — I call Mr Gibbons to put a short supplementary question.

Mr Gibbons. — Could I ask the Commissioner whether it is not true that, while the levies on live cattle are, as he says, 12.8%, the levies on slaughtered meat are in fact 16%; and whether there is not an unfair discrimination against Irish exports to the Continent *vis-à-vis* imports from Yugoslavia into Italy?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) What you say about slaughtered meat is actually true, but it is precisely for this very

reason that the Commission has made the provision I have already mentioned to you, namely, that the amounts paid in compensation to new Member States may not exceed the levies on third countries.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Would not the Commissioner agree that, in the present position of shortage of beef throughout Europe, all barriers to intra-Community trade in beef, and indeed to beef coming in from outside the Community, should be removed as quickly as possible while the shortage still exists?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Yes, as far as possible.

President. — I call Mr Gibbons.

Mr Gibbons. — Might I add to the question by Mr Scott-Hopkins that the Community farmers must have some preference in this matter and that they are guaranteed this preference by the Treaty of Rome?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I can guarantee that this Community preference is by now assured.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, does the transitional arrangement provide for the possibility of discontinuing compensatory payments while the arrangement is still operating?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) There is a Treaty of Accession which makes provision for that very matter you are inquiring about.

President. — I call Oral Question No 147/73 by Mr Scott-Hopkins on the review of the Common Agricultural Policy:

When will the Commission be in a position to announce the results of the review of the Common Agricultural Policy which it has undertaken?

I call Mr Scarascia Mugnozza to answer the question.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I should like to inform Parliament that at its meeting of 31 October the Commission approved a memorandum on the adjustment of the common agricultural policy. My colleague, Mr Lardinois, who has already submitted these proposals to the European Parliament's Committee on Agriculture, will be making a statement on the matter tomorrow in this chamber.

President. — I call Mr Scott-Hopkins to put a short supplementary question.

Mr Scott-Hopkins. — It is regrettable that Commissioner Lardinois cannot be here.

Can the Commissioner say whether he expects from the plan put forward that milk production will be reduced throughout the Community; if so, to what level, and at what level will the first part of the levy on milk producers be set?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, the Commission has discussed this problem at some length. We feel that the line taken by Mr Lardinois and approved by the Commission can lead to a reduction in butter surpluses.

However, I think that my colleague, Mr Lardinois, will be able to give us more precise information on this matter tomorrow.

President. — I call Mr Brewis.

Mr Brewis. — Can the Vice-President give me an assurance that there will be no levy on liquid milk for human consumption delivered to creameries and other establishments?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, there will be a discussion on this matter tomorrow and therefore I do not think that it would be right for me to give an incomplete answer in an area which is so complex and wide-ranging.

President. — I call Oral Question No 150/73 by Mr Terrenoire on protective measures for Europe's textile industry:

What measures does the Commission intend proposing, in the form of safeguard clauses for

instance, to protect Europe's textile sector against goods imported at dumping prices from Asia and Eastern Europe in particular?

I call Sir Christopher Soames to answer the question.

Sir Christopher Soames, Vice-President of the European Communities. — The Community has a number of possibilities to enable it to adopt appropriate measures in circumstances such as those raised by the member.

Firstly, there is the anti-dumping regulation which permits the Community to levy anti-dumping or countervailing duties. In addition to this, the conditions of Regulations 1025 and 109 set out the Community trade policy régime applicable to imports from third countries, and these make it possible to modify the Community's present import régime by such measures as the introduction of quantitative restrictions when there is grave prejudice or the threat of such prejudice to Community producers.

In the specific field of cotton textiles and for as long as the long-term agreement concluded in the GATT in 1962 remains applicable, the provisions of this agreement so far as safeguard clauses are concerned allow the adoption of adequate protective measures.

This agreement expires at the end of the year and, as members are aware, a new multilateral multi-fibre textile agreement covering cotton, wool and artificial and synthetic fibres is now under negotiation in Geneva, and the Commission is participating on behalf of the Community in these negotiations.

The object of this new agreement is to permit the balanced development of world trade in textiles by progressive liberalization of imports in such a way as to avoid any threat of disorganizing the markets of the importing countries.

Obviously, the objective of liberalization will be more easily attained if an effective safeguard clause can be agreed. The Commission attaches importance to this and also to negotiating other provisions in the agreement whose objective will be to minimize the danger of conditions developing which will necessitate recourse to such a safeguard clause.

President. — I call Mr Terrenoire to put a short supplementary question.

Mr Terrenoire. — (F) Mr President, please forgive me for speaking in an impromptu manner; I did not know that this question was on the agenda...

President. — Please limit your remarks to the supplementary question which you wish to put.

Mr Terrenoire. — (F) Mr President, I did not know that my question was on the agenda, that is why...

President. — You maintained it; it is now up to you to speak to it.

Mr Terrenoire. — (F) I should like to ask the following supplementary question. Does the Commission not consider that it should devote especial attention to imports into the Community of products from third countries which considerably disturb the market and aggravate the employment situation in the textile industry in all Member States of the Community?

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — What I think the Member has in mind is something the Commission shares fully with him. He will appreciate that the Community has two interests and responsibilities here which to some extent run counter to each other. One is our internal interests in our own textile industries. The other is the image of the Community towards the outside world, particularly towards developing countries. These interests have to be balanced. We must do this in a proper manner. We must take both interests into account when arriving at such a balance.

President. — I call Mr Normanton.

Mr Normanton. — Mr President, I thank the Commissioner for his assurances, but would he be prepared to add to them the assurance that he has the administrative machinery at the Community's command to enable him, when it is considered necessary, to introduce quantitative restrictions or controls? If he has that machinery, does he consider that the Community or the Commission will have the political will to introduce such measures, willingness which has not been conspicuous in many Member States?

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — When it comes to anti-dumping, to which I think the Member is referring, there has been up to now only one request of this character. This was satisfactorily resolved, so I do not think there is cause for pessimism here.

President. — I call Mr Jahn.

Mr Jahn. — (D) Do you not think that in the interests of the consumer we should use as few safeguard clauses as possible and keep such barriers as low as possible because of the associated States?

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — When I referred to both internal and external interests, in replying to the first supplementary question, I naturally included, in our internal interests, the interests of consumers.

President. — I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, am I right in thinking that the new system of generalized preferences constitutes a compromise between the attitude of the original six Member States and that of the three new Member States, which joined the Community on 1 January 1973?

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — Yes, that is so, but the textile arrangements which we have at present flow from an agreement which was made in Geneva in 1952 and which runs out at the end of the year. It was on the basis of that multilateral agreement that we were able to make our bilateral agreements. What we must have is a new multilateral agreement the world over on which we can base the bilateral agreements which the Community makes with other countries, including third countries, from now on.

President. — I call Oral Question No 151/73 by Mr Jahn on common commercial policy and economic and technical cooperation:

In the view of the Commission, where does the boundary lie between common commercial policy and economic and technical cooperation?

I call Sir Christopher Soames to answer the question.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — The Commission does not see any advantage in trying to delineate on a theoretical or academic basis a boundary line between common commercial policy and economic and technical cooperation. It seems to the Commission that much time would be lost to the Community over

Soames

attempts to draw such a line, and in any case neither nature nor politics ever draws such a line without smudging it. It seems to the Commission that the best hope for further progress is to approach this matter in a pragmatic way. It is this which underlies the Commission's recent proposal to the Council to set up a procedure of prior consultation with respect both to the cooperation agreements themselves and to the decisions taken by the mixed committees which are set up under these agreements.

President. — I call Mr Jahn to put a short supplementary question.

Mr Jahn. — (D) Do you agree that it would assist efforts towards integration and ease the path to political union if bilateral cooperation agreements as a means of regulating foreign trade were to be brought within the decision-making scope of the Commission in Brussels?

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — This is true of part of the cooperation agreement but not of all the cooperation agreement. Undoubtedly, cooperation agreements of a bilateral character between Member States and, particularly, countries of Eastern Europe serve a valuable purpose. What we have to ensure — and it is my hope and that of my colleagues that this view will be shared by the Council of Ministers — is that these cooperation agreements are not drawn up or implemented in such a fashion as to militate against our arriving, as a Community, at a common commercial policy towards East European countries.

President. — Mr Scott-Hopkins, did you wish to speak?

Mr Scott-Hopkins. — I should like to ask a question, but I stress that it is not a hostile question. We had a situation today in which one of the Commissioners, for reasons which I am not questioning at all, was not able to be present. In any event, he is making a statement tomorrow on an important matter. I refer to Commissioner Lardinois. I am not questioning his absence. The point is, however, that the question about the common agricultural policy had to be answered by another Commissioner who obviously had not the full details of the subject at his hand.

Is it possible for you, Mr President, and perhaps the representatives of the Commission in the enlarged Bureau, to find a method of avoiding

this kind of procedure? A statement is being made tomorrow which completely pre-empts a question on the order paper for today. This question had been down for at least eight days. In fact, it was a waste of time asking supplementary questions today—and I say that with no discourtesy to the Commissioner who answered.

This situation is difficult to resolve, but I ask you to take it as one of the points which need consideration in order that we may avoid such a situation in the future.

President. — I shall raise this point at the forthcoming meeting of the Presidents of the institutions. I would ask Mr Scott-Hopkins to put this question to Mr Lardinois tomorrow.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I am not criticizing Commissioner Lardinois for not being here—I do not know what the reason is—nor the answer that we have received today. In the circumstances, it was inevitable. It is just the procedure which in my view needs reviewing.

President. — I am grateful to Mr Scott-Hopkins for that remark.

Question Time is closed.

IN THE CHAIR: MR BERKHOUWER

President

5. *Change in agenda*

President. — I propose that we now have the debate on Oral Questions No 115/73 and No 116/73.

Are there any objections?

That is agreed.

6. *Oral Questions No 115/73 and No 116/73 with debate: operation of the new European Social Fund*

President. — The next item is a joint debate on Oral Questions No 115/73 and No 116/73 by the Committee on Social Affairs and Employment to the Commission of the European Communities and the Council of the European Communities.

The questions are worded as follows:

President

— Oral Question No 115/73, to the Commission of the European Communities: operation of the new European Social Fund:

1. With respect to the measures taken by the Social Fund to meet situations referred to in Article 4 of the Council Decision of 1 February 1971¹:

(a) What amounts, to be charged to the 1973 budget, have been spent to date?

(b) What budgetary consequences does the Commission expect from the application of Council Decisions No 72/428/EEC (on assistance for persons leaving agriculture to pursue non-agricultural activities) and No 72/429/EEC on intervention in favour of persons occupied in the textile industry)²

— for 1973?

— for the three following years?

(c) On 4 August 1972 the Commission forwarded to the Council a proposal for a regulation³ amending Regulation (EEC) No 2397/71 on aid which may qualify for assistance from the ESF, and intended to complete the list of aids provided for by two new types of aid:

— the one to cover expenditure incurred in maintaining for a period of six months the income of persons who, having left agriculture to take up other occupations, may expect to secure employment as soon as they have acquired their new qualifications;

— the other to cover expenditure incurred in promoting the activity of departments providing socio-economic information in rural and semi-rural areas to persons engaged in the textiles and clothing sector on their occupations and on opportunities for advanced vocational training and re-training.⁴

On 5 June 1973 the Commission informed Parliament of its intention, in the light of the tasks of the new Social Fund to amend its proposal.

Can the Commission state:

— whether this intention to amend its proposal is based exclusively or mainly on budgetary considerations?

— in what manner it intends to amend its proposal?

— whether this amendment will still be submitted during the course of this year or not until next year?

2. With respect to the measures taken by the Social Fund to meet situations referred to in Article 5 of the Council Decision of 1 February 1971:

(a) What amounts, to be charged to the 1973 budget, have been spent to date?

(b) Given that the Council granted only part of the supplementary funds asked for by the Commission, how does the latter intend to grant the applications submitted by the Member States?

3. Can the Commission state the exact number of officials it has available at the present time to administer the Social Fund, and can it state in respect of each of these officials their grades and the date since which they have been employed in the service of the Social Fund? Does the Commission consider this number of officials to be sufficient to ensure the smooth operation of the Social Fund?

— Oral Question No 116/73, to the Council of the European Communities: operation of the new European Social Fund:

1. Can the Council indicate whether the sum of 120 million u.a., proposed by the Commission in its preliminary draft supplementary budget No 4 for the financial year 1973, corresponds to the amount of assistance requested by the Member States from the Social Fund under Article 5 of the Decision of 1 February 1971¹?

2. If so, what criteria did the Council apply in reducing to 45 million u.a. this sum of 120 million u.a., which corresponded to the first priorities established by the Committee of the ESF, a body in which the Member States are represented on the same basis as labour and management?

3. To ensure that their total amount does not exceed the 45 million u.a. granted for 1973, does the Council intend to exert pressure on the Member States to withdraw or reduce their applications for assistance from the Social Fund, even though these requests are in accordance with the provisions of Article 5 of the Decision of 1 February 1971?

¹ OJ No L 28, 4 February 1971, p. 15.

² OJ No L 291, 28 December 1972, p. 158 and p. 160.

³ COM (72) 812 final.

⁴ See report by Miss Lulling (Doc. 170/72).

¹ OJ No L 28, 4 February 1971, p. 15.

President

4. In its preliminary draft budget for 1974, the Commission requested 410 million u.a. for the new Fund; on what grounds has the Council reduced this amount to 267 million u.a. in the draft budget it has drawn up and how does it intend to ensure that applications from Member States do not exceed this amount? Should circumstances demand, is it prepared to subsequently grant a supplementary budget?
5. Does the Council consider that its attitude, which consists in the systematic reduction to a significantly smaller amount of credits proposed by the Commission for the Social Fund, accords with the spirit of the Paris Summit, at which the Heads of State or Government invited the Community institutions after consulting labour and management, to draw up, between now and 1 January 1974, a programme of action providing for concrete measures and the corresponding resources *particularly in the framework of the Social Fund?* In other words, does the Council intend to adopt a social programme directly related to real and urgent social needs or does it, on the contrary, propose from the start to restrict its scope and effectiveness on the basis of considerations which are exclusively or mainly financial and budgetary in nature?

I would remind the House that pursuant to Rule 47(3) of the Rules of Procedure the questioner is allowed twenty minutes to speak to the question, and that after the institution concerned has answered Members may speak for not more than ten minutes and only once. Finally the questioner may, at his request, briefly comment on the answer given.

I call Miss Lulling to speak to the two oral questions. I would ask her to keep to her speaking time of twenty minutes.

Miss Lulling. — (F) Mr President, ladies and gentlemen, the questions put by the Committee on Social Affairs and Employment to the Commission and Council of the European Communities concerning the operation of the new European Social Fund have been formulated so clearly and explicitly that I can dispense with lengthy explanations and will therefore restrict the speaking time allotted to me to a few observations.

The Committee on Social Affairs and Employment felt it was necessary to put these questions concerning the European Social Fund to the Council and Commission of the European Communities particularly in the light of the Council decisions not to grant for the projects listed

under Article 5 the funds considered necessary for 1973 by the Commission, and to reduce from 410 to 267 million u.a. the funds requested for 1974.

As far as appropriations for the current year are concerned, Mr Cheysson had reassured us last September in Luxembourg by stating that the Commission had by no means abandoned its intention of obtaining an additional budget of 120 million u.a. for the appropriations of the European Social Fund under Article 5 of the decision of 1 February 1971. But instead of the additional 120 million u.a. requested for 1973, the Council granted only 45 million u.a.

In view of the serious consequences of this reduction in funds for the European Social Fund, which consequences I outlined on 18 September in Luxembourg, in view again of the fact that it is during this financial year that the Commission must make its choice and lay down priorities which it can base neither on texts nor on an opinion of the European Parliament, and finally, in view of the fact that Parliament is thus not consulted on the manner in which the Commission intends to spend these insufficient funds, we felt that the Commission should inform us accordingly today and that the Council should explain its position. In fact we intend to preserve at least the meagre influence at our disposal.

I should like to outline briefly the situation with which we are faced as a result of the Council's cut in appropriations.

To begin with, the Commission is obliged to lay down selection and distribution criteria in respect of the applications made by Member States. It is a strange situation. For once, the Council does not appear to be particularly concerned about its prerogatives. The Council which in the past has always insisted on having the final say on technical details for which in fact the Commission should be responsible: for instance, the height in millimetres of type letters on the labels of certain foodstuffs; the internal temperature of chickens intended for processing, or even as a very recent example the dimensions of labels in relation to the capacity of the package; this same Council now compels the Commission as a result of the cuts which it has made in appropriations, to make the difficult and delicate choice between the projects put forward.

As I have already explained in Luxembourg, the odds, in view of the lack of funds, on the priorities decided by the Commission corresponding to the individual problems of each state are more reminiscent of a lottery than rational forecasts! If a Member State is lucky it will

Lulling

win in the lottery priorities which the Commission will have to decide as a result of the insufficiency of funds.

The situation is made even more difficult by the fact that the richest of the Member States present their applications more rapidly than others, for very large amounts, with the result that they profit from a sort of fair return.

Thirdly, the poorer Member States, on the other hand, submit applications relating above all to regional schemes in the hope that in view of the lack of funds in the European Social Fund the priority criteria will act in their favour. Certain Member States are placed in the embarrassing position of having to choose between the desire of seeing their requests met and the fear of having to contribute more towards the European Social Fund.

Behind the scenes, it even happens that pressure is exerted on certain Member States to persuade them to withdraw certain requests, thus preventing the Commission from stressing their importance in order to request an increase in the funds allotted to the European Social Fund!

Finally, the problem has also an important legal side; can the Commission refuse, on the grounds of insufficient funds, to grant legally unimpeachable requests, submitted on the basis of regulations adopted by the Council? We might well ask ourselves whether all these requests should not be automatically granted as in the case of the EAGGF. This represents yet another illustration of the difficult political choice which the Commission must make as a result of the inadequate funds at its disposal.

What I have just said relates to points 1 to 3 of my question to the Council and point 2 of my question to the Commission of the Communities. I spoke of these first in order to underline the importance which I attach to the answers concerning the consequences of these cuts in appropriations for 1973. Moreover, we shall no doubt certainly experience the same thing again in 1974, unless behind the scenes consultations take place in Member States, which would however only lead us back to the regrettable 'fair return' policy which is characteristic of the time when the old European Social Fund, instead of being an instrument of employment policy of the Member States, was nothing more than a compensation fund.

As regards the actions of the Social Fund under Article 4 of the Council decision of 1 February 1971, the position is the opposite. For the two sectors already opened, agriculture and textiles, there are unused appropriations left over amounting to 40 million francs. It is regrettable

that the Member States do not seem to be capable of submitting any projects on this basis.

These questions were drawn up some time ago; in the meantime we have learnt that the Commission intends to propose opening two new sectors for actions under the heading of Article 4: migrant workers and handicapped persons. I should like to take this opportunity to point out that the Commission seems to have forgotten one category: women over 35 wishing to take up a profession for the first time or after an interruption which has rendered their qualifications inadequate to the demand.

I urge the Commission to reconsider its proposal, particularly since the current provisions of paragraph 2c of Article 1 of Title I of the Statute of the new Social Fund, concerning the reabsorption into the labour market of women over 35, are simple not viable.

Allow me to give you an example of the inadmissibility of applications submitted to the new European Social Fund calling for actions to promote the reabsorption of women over 35 into the labour market. In France, the national institute for the advancement of women has initiated a programme for housewives wishing to take up work again after an interruption of 15 years: accelerated preliminary training, assessment of aptitudes, development of aptitudes, and professional guidance at the end of the course. The French Ministry of National Education has concluded an agreement with the institute and granted it subsidies. This institute has been operating in Paris since 1 October.

The demand is so great that applications are flooding in also from the provinces.

To extend this much needed scheme to the provinces, the institute wanted to set up a branch in Lille. The funds required represented half the amount given to the institute by the French state. The request was therefore perfectly admissible. In Brussels, the scheme as such was considered extremely useful and interesting.

The application was based on paragraph 2c of Article 1 of Title 1 of the Statute of the new Social Fund: 'under the conditions and limitations laid down in paragraph 1, assistance may be granted by the Fund for measures for the absorption and reabsorption into economic activity, once the Department of Employment of the Member State(s) concerned has approved these measures, of women over 35 wishing to perform a professional activity for the first time or after an interruption which has rendered their qualifications inadequate to the demand.'

Lulling

In the project it was the Lille region which had been proposed. Such an undertaking can only be successful if it is conducted in an area with a high urban concentration, capable of providing sufficient women to enable the centre to operate at full capacity, in groups of 20 women for instance, and in areas where these women can be absorbed into the labour market once they have been trained; to initiate such a campaign in an area of unemployment would obviously condemn it to total failure. These women can only expect to find work if the men and women already in employment are not declared redundant.

The project provided for the training of 225 women in one year.

Although the application was considered to be justified, it was declared inadmissible because, in its present formulation, the Article relating to measures concerning women over 35 contains the following limitations: these programmes must involve either an underdeveloped region, a less favoured sector of the economy or a group of less favoured undertakings. Besides, the campaign to help handicapped persons was forgotten in these conditions for examining applications. This is why the Commission intends to propose that Article 4 be extended to include handicapped persons.

The authors of this application were advised to set up their institute in a depressed region which would automatically have doomed it to failure!

They were also advised to accept only women who, 15 or 20 years ago, had worked in the textile industry; they were told that they should first carry out a survey, which would have been very expensive, to establish how many women out of the hundreds of applicants, were formerly employed in the textile industry and then simply reject all the others.

They were even advised to act as though all the applicants had formerly been employed in the textile industry even though this was not true. They were also told that they should have submitted a pilot scheme, which could only have involved 30 women, the maximum number for such a scheme!

And finally they were told that an application based on Article 7, concerning the performance of surveys to determine the need for training these women, might be considered, even though this need has already been sufficiently proved by the number of applications.

I have spoken at such length on this point because I intend to ask the Commission to take

this argument into consideration in its answer to points 1 (a) and (b) of our question. We feel that the new Social Fund should be able to operate.

Yet, as I have just shown, the fund does not work for women over 35 unless Article 4, concerning appropriations intended for these programmes, is extended to them. At the moment, funds are lacking for perfectly admissible applications under Article 5, and yet there are not sufficient applications under Article 4; moreover, certain provisions just cannot be applied, as my example shows.

As regards point 1 (c) of our question, we were distressed to hear that the Commission intends to modify its proposal for a Regulation No 2397/71, on which we delivered an extremely favourable opinion a year ago.

Last year, the Commission proposed that two new forms of assistance be added to the existing list: the most interesting is intended to cover the expenditure required to guarantee for a period of up to six months the income of persons who, having given up farming to perform some other activity, find themselves without employment immediately after their retraining. We consider this addition fully justified. The intention is obviously to create a certain continuity between the end of the period of retraining and the beginning of the new employment. Often in fact situations arise in which, either as the result of lack of information on available employment, or because of a delay in setting up new enterprises or in creating substitute work, or because it is impossible for those concerned to move within a relatively short period, these people do have to wait a certain time before being able to actually take up the employment for which they have been qualified.

We should therefore like to know on what grounds the Commission withdrew this proposal for a regulation, and also of its intentions in the matter.

The last point in our question concerns the staff of the Social Fund following the enlargement of the Community. The Directorate-General for Social Affairs has literally been decapitated; there has been an exodus of the best brains, men whose experience constituted an irreplaceable capital. As a result, processing of the applications for aid from the European Social Fund has been delayed considerably and all the Funds activities have been held up. The purpose of our question is to find out about the current situation and the measures envisaged by the Commission to remedy the adverse consequences of the enlargement of the structure of the Directorate-General for Social Affairs.

(Applause)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — I call Mr Nørgaard to answer on behalf of the Council.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, from the information the Commission gave the Council when it adopted supplementary budget No 4 for the 1973 financial year and when it drew up the draft budget for 1974, it can be seen that the total amount corresponding to the request made by the Member States exceeds both the appropriations proposed by the Commission and those set aside by the Council.

However, such requests for assistance do not in themselves give rise to any obligation on the part of the European Social Fund to take action. Furthermore, to be eligible for consideration, requests have to satisfy a large number of conditions laid down in the Community regulations governing the provision of aid from the fund.

When adopting supplementary budget No 4 for the 1973 financial year and drawing up the draft budget for the 1974 financial year, the Council had to take account of two requirements where appropriations regarding the European Social Fund were concerned: firstly, to recognize the importance of the objectives aimed at through the action of the fund within the framework of the Community's activity as a whole, secondly, to observe the limits of the budgetary resources. Nor is this situation peculiar to the Community; Member States are very well acquainted with it in connection with their own national budgets.

The Council arrived at a compromise between the various viewpoints; it entails a reduction in the appropriations proposed by the Commission, but at the same time grants the European Social Fund appropriations for 1974 in the amount of 327 million u.a. as against 282 million u.a. voted in 1973. Appropriations have thus been increased by more than 15% in relation to the preceding year.

It should also be mentioned in connection with the appropriations to the new Social Fund that 98 million u.a. have been entered against expenditure pursuant to Article 4 of the decision of 1 February 1971 and 168 million u.a. for expenditure pursuant to Article 5 of that decision. Together with the supplementary appropriations under supplementary budget No 4, appropriations in 1973 to the new Social Fund amount to 222 million u.a. in respect of the articles mentioned. Appropriations for the 1974 financial year thus represent a 20% increase in

relation to appropriations for 1973, while total appropriations in the 1974 budget show a reduction of 2.1% in relation to total approved appropriations for 1973.

It should further be recalled that the Council has authorized the Commission to enter into commitments for the 1975 and 1976 financial years—viz. 110 million u.a. for 1975 and 50 million u.a. for 1976—to ensure that the European Social Fund is able to finance measures whose operation covers several financial years.

When the decision on the new Social Fund was adopted, it was provided that the Commission—quite apart from its duty in any case to draw up selection criteria—should immediately present a report to the Council if the work of the Fund were likely to cause the approved level of expenditure to be greatly exceeded, and that it should submit appropriate proposals to the Council. The Council would thus be able to take measures enabling the Commission to make the necessary choice to ensure that the fund's appropriations were not exceeded.

The Council is at all events determined to observe the resolutions adopted at the last Summit Conference concerning the adoption of a social programme enabling the Community to make a vigorous contribution in the social sector.

President. — Thank you, Mr Nørgaard.

I call Dr Hillery to answer on behalf of the Commission.

Dr Hillery, Vice-President of the Commission of the European Communities. — Mr President, first let me deal with the question of women. It is quite true what Miss Lulling said, that the extent to which the fund is opened specially for women is limited by Article 5, in the case of regions in difficulties. The decision to extend the social fund to further activities on behalf of women in employment is a political decision which has been approached before and will be approached again next year in the social action programme. We hope to have proposals, after examination which is necessary to give us the facts of the situation, at the end of 1974 on programmes for women. In the meantime, I would remind Parliament that on the last occasion on which I spoke here of women I was rebuked for treating them as a separate group. I think Miss Lulling takes the point. The present use of the social fund training programmes can include women as well as men. On the subject of special programmes for women, the information which I have to give is that the matter was approached and rejected; it will be approached again and it will be a political decision.

Hillery

In answer to question 1(a), none of the money to be charged in the 1973 budget has been spent to date. The position about the 1973 budget is that the final amount was determined by a Council decision on 21 September. All the projects received up to 1 October 1973, except those relating to the handicapped, have been examined by the Social Fund Advisory Committee, and the Commission will take final decisions on these applications, taking into account the views of the committee before the end of this month.

The committee will also consider during the current month the claims relating to the handicapped and other claims submitted since the beginning of October. This will enable the Commission to make decisions on all projects before the end of the current year. It is in accordance with the general financial regulations of the Community that credits relating to a particular financial year are disbursed up to 31 December of the following year.

As regards question 1(b), during 1973 the Commission had expected that the total amount of moneys available under Article 4 of the Social Fund would be taken up by demands for assistance from the Member States. In the event, however, this did not happen, even though restructuring of agriculture continues to result in people leaving the land for other occupations, and, while the textile industry has improved, it still continues to need assistance from the fund. The reasons why the demands were not as expected are probably due to temporary factors.

It seems likely that the governments have yet to understand fully that some of the claims they are now submitting under Article 5 could have been admitted under Article 4. This was particularly evident in the case of programmes for people leaving agriculture which were submitted as part of regional programmes, and they are submitted under Article 5 of the Social Fund. In the case of textile workers, the employment difficulties which were expected to materialize were not as great as expected.

It is likely that the numbers of claims under Article 4 will increase as envisaged in the amounts that the Commission has requested for 1974—that is, 160 million units of account—and has estimated for the following years—120 million units of account in 1975 and 300 million in 1976. In the case of the 1974 estimate, the Council has already proposed to reduce this amount by 98.8 million units of account, but it is hoped that, following the advice of the European Parliament, the original Commission figure may be restored.

Finally, the Commission estimates for larger funds for Article 4 proposals in future are obviously linked to its current proposals to transfer from Article 5 to Article 4 claims for handicap and to include special assistance for migrant workers and for shipbuilding workers in Article 4.

On question 1(c), the Commission felt that there were strong social grounds, particularly in agriculture, where workers were moving after training to other occupations, for ensuring that their incomes were maintained, even when the jobs that they were being prepared for were not immediately available. The Commission's social action programme envisages the introduction in the Member States of assistance for ensuring income support for workers generally through vocational retraining—possibly national assistance supported by Community aid—geared to the development of Community employment objectives. We expect to make a specific proposal before the end of 1974. So there is no amendment of the intention to prepare a new submission to meet the position in which the Council postponed a decision on the principle involved.

As for the other kind of aid mentioned, that covering expenditure on promoting the activities of departments dealing with socio-economic information to persons in the textile and clothing sector, the Council unanimously rejected the Commission's proposals. On question 2(a), my reply to question 1(a) has already explained the position with regard to Article 4 expenditure, and the same applies to Article 5 expenditure.

On question 2(b), the Commission has proposed a selection procedure based on guidelines drawn up following the advice of the Social Fund Advisory Committee. Guidelines for funds relating to regions include relative unemployment rate income per head, the expected effect of the project on re-employment prospects and finally how the project fits in with other Community policies. In the case of applications relating to technical progress and groups of undertakings, the Commission will select those applications which involve a complete restructuring of the industry due to technological changes and the necessity to re-train highly skilled workers, applications which appear desirable from the point of view of industrial policy and the general adoption of which would be in the interests of the Community as a whole.

These guidelines are obviously subject to continual review in the light of experience, and are now being examined in the context of the application of funds in 1974. A certain amount of the shortfall between applications and resources under Article 5 in the current year could be

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met by transferring to Article 5 the unused surplus of about 40 million units of account in Article 4. The Commission has made a proposal to the Council for that transfer.

The number of officials involved in the administration of the Social Fund now totals 33 and the Commission is in the course of engaging an additional seven people, which will bring the complement up to a total of 40 officials in the near future. Of these, 28 officials are in grade A and 12 are in grade B.

The Commission does consider the number of officials mentioned above to be sufficient to ensure the smooth operation of the Social Fund but, naturally, this number will need to be reviewed from time to time in the light of the future development of the fund.

With your permission, Mr President, I propose to circulate a note giving the other information requested in Question 3, namely, the grading of each of the officials employed in the services of the Social Fund, to avoid taking up your time by reading out a long list.

President. — Thank you, Dr Hillery.

There are no more speakers on the list.

Does anyone else wish to speak?

I gather that Miss Lulling wishes to speak—briefly, please.

Miss Lulling. — (*F*) Mr President, this is an oral question with debate, and the debate can only be considered closed once our questions have been answered.

Mr President, I am very disappointed with what we have just heard for it has done nothing to allay our fears concerning the alignment of interventions on limited budgets decided in advance.

The President of the Council made a statement which I consider extremely serious: the existence of an application does not impose an obligation to do anything about it.

The President of the Council also told us that if the fund's activities resulted in the amounts authorized being exceeded, it would be necessary to make selections, in order not to exceed the funds available. The important question is of course what will the selections be. So far it has not been answered. Dr Hillery did tell us that there were more applications than funds and that the fund's committee had consequently been requested to establish certain priorities: regions, selection with a view to completely restructuring

an industry, the demands of industrial policy, etc. But what is the position of the Member States and of the private organizations which submitted these applications without knowing these priorities which were subsequently decided?

It is not easy to draw up a scheme, it requires a lot of work and expense on the part of the Member States or the private organizations.

Thus we find ourselves faced by nothing less than a lottery. Those who submitted schemes for regions with a high rate of unemployment have won; the others have not. They drew up schemes, but these schemes will come to nothing.

Mr President, even disregarding the legal aspects of the situation, this is no way to work. How can you guarantee equal rights for all citizens in this Community and for all governments in this Community, if you say: there are funds, there are regulations, but if we see that demands cannot be met because of a lack of funds, we shall have to make choices? Choices which are arbitrary and which might even be bad.

It is not my intention to attack the fund's committee, but there are in this committee governments and a section of the social partners which are in a majority compared for instance with the workers' representatives. And this, Mr President, is the crux of the problem. How can the Community explain why a perfectly acceptable scheme is not considered because after it had been submitted it was found that the funds were insufficient? One does not do what would be considered normal in a social policy, which is to suit the funds to the acceptable schemes, in accordance with the decisions taken by the Council itself, because it is in fact the Council which decided the rules. But this is not envisaged, the advice of a consultative committee will be sought, selections will be made, and the lucky ones will win in the lottery. Mr President, Community rules cannot be applied in this manner. This might be your policy, but it is certainly not mine. If this is to be the Council's policy, it must inform those wishing to submit schemes of the priorities before the beginning of the financial year. And even then, what assurance is there that even if priorities are decided in advance, applications will not exceed funds?

As regards the applications, I would remind you that they are submitted by the governments, these same governments which adopted these regulations, the same governments which decide on the funds in the Council. It is almost like a sort of safety rail which has been built into the regulation. But this is not really our proposal, we would have wished to see other pro-

Lulling

posals, even those which the governments do not accept, being examined at least, and examined by the fund's committee. This has not been done. So the governments—which I always consider responsible bodies—submit applications which they themselves consider useful as far as the regulations are concerned, but then refuse themselves the funds to finance schemes which they consider useful, responsible, and necessary as regards the European social policy and the regulations which they have laid down for the European Social Fund. Gentlemen, I am sorry but this is not a responsible way of going about things, this is not how Community laws should be applied, regulations implemented, it is not justice, it is pure arbitrariness. I regret to have to find once again that you intend to pursue an arbitrary policy. The Council's actions prove this and, unfortunately, the Commission is the authority which is obliged to implement this arbitrary policy. I feel sorry for it and would like it to accept my most sincere condolences as far as Community social policy is concerned.

(Applause)

President. — I have no motion for a resolution on the debate on Oral Question No 115/73.

The debate on the two oral questions is closed.

7. General budget of the European Communities for 1974 (cont.)

President. — The next item is the resumption of the debate on the report drawn up by Mr Pounder on behalf of the Committee on Budgets on the draft general budget of the European Communities for the financial year 1974 (Doc. 231/73).

I would remind the House that the time-limit for tabling proposed modifications has been set at noon on Wednesday, 14 November.

I would also remind the House that the vote will be taken on Thursday morning.

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — *(F)* Mr President, from the very first paragraph of the resolution tabled by the Committee on Budgets the great importance of the budget you are now considering has been continuously stressed. It is important by virtue of the amounts included in it. It is also important because it is the last budget before the 1975 one, i.e. the last opportunity to make the desired adjustments to the procedure for establishing and adopting this document. It is important politically because

budgeting is a topical subject in all the States of the Community; we were given a very eloquent reminder of this this morning by our honoured visitor, the Chancellor of the Federal Republic of Germany.

The preliminary draft budget, Mr President, was prepared with special care by the Commission's administration. After ten months of work the result is to be seen in more than a thousand pages of reports preceded by an introductory explanation with details of the theories which were accepted and set down more explicitly than ever before. These improvements were furthermore suggested by the Council's budgetary committee.

There then followed a long period of work in the committees, and here, Mr President, I would like to pay tribute to the earnestness of the work of the Committee on Agriculture, the Committee on Social Affairs and Employment, the Committee on Development and Cooperation, the Committee on Energy, Research and Technology, the Legal Affairs Committee and above all the Committee on Budgets.

Many speakers have already paid tribute this morning to the general rapporteur on budgets. Please allow the Commission, Mr President, to join in this tribute to Mr Pounder and the document he has drawn up. I also thank him for having underlined the cooperation between the Commission's departments and his own committee on this matter.

So, Mr President, can we now claim that this budget was drawn up in the proper conditions, and that it has now been adopted with a full measure of responsibility? I will not conceal from this House the fact that I find it most embarrassing to have to answer that question. I am even somewhat embarrassed—I hope you do not mind my saying so, Mr President—by this debate.

You are about to adopt a budget which is the material expression of the Community's policies for the year, a budget which reflects important policy trends set down in detail in financial terms, the consequences of which will extend far beyond 1974. We have to admit that the time allowed for this debate is short and cut up into several parts and that it is thus impossible to have the kind of questioning on matters of policy contained in the budget or the statements of policy which are made in each State when the national parliaments debate their budgets.

This is a great disappointment for the Commission, Mr President, made all the greater by the fact that the committees have devoted such careful attention to the matter.

Cheysson

I feel I have to make this criticism, and this in turn leads me to believe that at the present time the budget is not yet being accorded the importance and priority due to it at a European level. The budget should be a way of forecasting future action, the opportunity, indeed obligation, to translate policies into figures and concrete details, in other words to define policies in real terms and go one step further than pious hopes and declarations of intent by converting these into real possibilities.

The budget represents an opportunity for the Commission, and the Council of Ministers, to take on clearly-defined commitments and it also represents an opportunity for Parliament to exercise proper democratic control and summon the authorities involved to answer its questions on the policies underlying the figures.

We have to admit that today's budget does not yet represent a forecast in quite the way I have described. As for the Commission's department Mr President, I have to admit to some shortcomings myself. I do not think that we at the Commission yet have the necessary resources for adequate forecasting. I do not think that the Commission as a whole has yet realized to what extent the budget should be one of the most important documents, if not the most important document, of your year's work.

As regards forecasting, the report and the motion for a resolution both make a number of points which appear to be entirely relevant. We have already introduced a number of improvements. The custom of attaching financial schedules to each new proposal was introduced some months ago, but I admit that these schedules are not yet entirely satisfactory. I hereby promise, on behalf of the Commission, to ensure that more precise details are included, naturally bearing in mind the detailed proposals and guidelines contained in paragraphs 4 and 5 of the motion for a resolution and in the explanatory statement.

I believe that one piece of information which will have to be included in the schedules attached to new proposals is detailed forecasts of staffing requirements.

It is clear that when implementation of policy depends on circumstances outside our control our forecasts will be rather non-committal. This applies especially to the agricultural budget, in view of the impossibility of predicting either production volumes or trends in monetary exchange rates.

Nevertheless, even in the sphere of agriculture, I think there is room for improvement in our forecasts, a point which I made to the Council

of Ministers when presenting the preliminary draft of the budget. I stated, for example, that when prices were being discussed, the financial implications of the different theories could be set down along with a schedule showing how credits would be taken up under the various possible schemes.

The most important commitment which I have had the honour to accept in this Assembly, and which I repeated before the Council of Ministers, is that we believe that, in the future, the Commission should no longer submit preliminary draft versions of supplementary budgets except in cases which are unpredictable by nature due to natural variations in production or entirely new policies adopted by the Council in agreement with Parliament during a financial year.

But in all other cases, Mr President, I believe that supplementary budgets should be totally abolished; this would make more accurate forecasting a necessity.

It should also prevent the Council including in the draft budget items connected with decisions on community policy without the corresponding appropriations.

The budget is a forecast. It seems to me also that it is and must be a way of keeping track of the implementation of Community policies; we can compare the budget figures with what has actually been achieved and the gaps will show us where community policy is not being implemented under the conditions envisaged by Parliament or the Council of Ministers.

This requires, Mr President, an extra effort on the part of the Commission's departments to ascertain and above all publish results during the year in the form of a schedule of the taking up of credits—this we are undertaking for agriculture—and in the form of more frequent reports than hitherto.

We should have, at the Commission a progress chart against which we can check the implementation of budget forecasts established and discussed in the manner I mentioned just now, in order to keep track of the progress of the various elements of Community policy.

This means—and I am grateful to the rapporteur and the motion for a resolution for having stated this—that we should then avoid any ambiguities in the presentation of our budget and provide greater clarity.

Paragraph 19 of the explanatory statement points out the fact that the many different kinds of appropriations presented makes consultation of the budget difficult.

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We promise to simplify the presentation of the budget in 1975.

This is also the time, Mr President, to recall the position of the Commission, which is opposed to the inclusion of large appropriations in chapters devoted to non-allocated appropriations some of which, like chapter 98, are even blocked completely, believing that this creates an element of ambiguity and subsequently lack of clarity when it comes to considering the separate headings.

This development leads me to the subject of control, although this does not fall strictly within consideration of the budget. But in view of the importance attached to this subject by this Parliament, and also paragraph 6 of the resolution I believe there is some justification for mentioning it.

I do not intend to discuss external control.

You know how warmly the Commission welcomes the creation of a parliamentary accounts committee and you are aware of our proposals for the European Court of Auditors.

I would like, however, to speak about internal control.

In this respect, Mr President, I would like to explain to Parliament the decisions which we have just taken to define our internal control potential.

First of all we decided that one or more inspectors should be seconded from each of the major directorates with substantial appropriations—agriculture, social policy, regional development, etc.—to keep track of operations from the inside.

We also decided that no further new proposals for substantial action would be submitted to Parliament or the Council of Ministers without a draft financial regulation and a clearly-defined draft on methods of control so that these elements can all be adopted simultaneously.

This is what we have done, as you know, in the case of the regional development policy, in which we specify our control requirements—with particular reference to internal control in national administrations—at the same time as our proposals on policy.

The difficulty is in fact control of what goes on outside the Community, within the administrations through which we channel the greater part of our appropriations. It seems to us that we should take this a step further and we invite the Committee on Budgets, or any Member of this Parliament, to help us with this plan. In more precise terms we have decided to create

flying control squads, as recommended by Mr Aigner some time ago, which could go to any country to carry out either systematic audits on behalf of the directorates responsible, or random controls on behalf of the financial control authorities. This would be for us a means of taking action with the collaboration of national administrations, but with our own resources—something which we consider to be indispensable if we are to be able to control the expenditure of our appropriations.

We also believe that the documentation we receive at present from national governments does not provide a full picture of the way in which operations are being conducted and we shall also be submitting our requirements in this respect to the governments in the near future. They are under consideration at the present time. At the end of this year we would like to consult the responsible committees of the Parliament in order to be able to have these additional control facilities established by next spring.

As a preliminary experiment, and also in order to answer particularly provocative criticism from public opinion and avoid constant protests by Parliament we have decided, Mr President, to create a special fraud committee forthwith. It will be composed of senior officials specialized in inspection or control seconded from their national governments for a number of months in order to work with the Director-General for Financial Control himself and the deputy directors-general of the departments specifically involved.

This initial liaison in a committee of this kind would represent a very interesting precedent for the flying squads I mentioned just now. We also believe that by examining a certain number of dossiers on fraud cases we shall be able to gain a clearer insight into the situation and ascertain where there are shortcomings in the community regulations, or inside the national administrations, or, and this seems more likely, at the point of contact between the Community department and the national authorities.

The special fraud committee will be holding its first meeting on 29 November. We hope to be able to present the first results of our examinations of a number of typical cases to Parliament at about the same time as we establish our permanent control system.

These, Mr President, were the remarks I wished to make on the methods of establishing the budget and the, form the budget should, in our opinion, gradually take on in a European context, analogous to the system already in exist-

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ence at national level. If I may once again quote Chancellor Brandt, we should not be satisfied with what we have as a Community if we have not achieved the same degree of strictness as that which already exists at national level.

And here, Mr President, I come to the draft budget which the Commission has submitted to the Council and which it has now presented to Parliament for its approval.

The budget amounts to 5,000 million units of account. I believe that this figure is deceptive, as the general rapporteur pointed out this morning, since it does not include the credits required for regional development and it is inconceivable that these credits should not be included at an early opportunity by way of a supplementary budget.

In the observations which I am about to make you will therefore allow me, Mr President, to add the 500 million u.a. which the Commission has requested the Council to earmark for regional development; the figure which we present to Parliament and public opinion will not be deceptive if I base my remarks on a budget of 5,500 million u.a.

This figure represents an increase of 400 million u.a. over the revised 1973 budget—including all the supplementary budgets—representing an increase of 8 per cent. At the same time it should be noted that the 400 million increase includes certain components arising from the adoption of new policies.

If we subtract the amounts involved in these new policies, the 500 million for regional development and the small extra sum for the social fund, we find that on the basis of the other items the budget is in fact 150 million less than the 1973 one, this being the result of a decrease of 300 million in the Guarantee Section of the EAGGF and an increase of 150 million in the remainder of the budget.

Mr President, I believe that the restraint achieved by the Commission's departments should be underlined. I have drawn attention to these figures and this restraint not because we are seeking your congratulations—such restraint is normal if the same effort is being made in each Member State—but at the same time I thought it should be noted.

The second observation on the budget is that the distribution of expenditure has shifted: as the motion for a resolution very clearly states the difference would have been even greater if our preliminary draft had been accepted.

Agriculture expenditure now takes up 69 per cent instead of 80 per cent—our earlier figure

was 67 per cent; social expenditure is increased from 5.5 per cent to 6 per cent whereas it would have risen to 8 per cent.

It is nevertheless a first move: like Parliament, the Commission regrets that it could not be more clear-cut, but at least the first step has been taken on the path indicated by the Summit Conference.

I shall not go over all the chapters of the budget, Mr President, as the time at our disposal is too limited, and I shall restrict myself to a few observations on the more important ones. In the sphere of agriculture there is the reduction of 300 million u.a. in the Guarantee Section of the EAGGF: in three amendments the Committee on Agriculture has proposed a reduction of 32 million u.a. in the appropriation for the Guarantee Section of the EAGGF to take account of the reduction in denaturing premiums, 23.5 million for the reduction in the refunds on sugar and 10 million for the decrease in refunds on rice.

The Commission is somewhat hesitant about these proposals since we believe that it is rather dangerous to compile forecasts too rigidly in the sphere of agriculture. Nevertheless the Commission is willing to accept the views of the Committee on Agriculture and agrees to these reductions. If they are passed by Parliament and then by the Council they will together represent a reduction of 400 million u.a. in the agricultural budget for 1974 as against 1973, a reduction of 10 per cent.

This, I would like to stress, does not include the implications of the proposals to be made by my colleague Mr Lardinois to Parliament tomorrow, which have already been presented to the Council and the Assembly, and which would have an immediate effect if and when they were adopted.

Once again in connection with agriculture I would like to remark on the modification proposed by Miss Lulling, proposing the transfer of 39.6 million u.a. from Article 870 to Article 800, with a justification which notes the desire of the European Parliament to encourage projects to improve agricultural structures.

I am happy to convey the full agreement of the Commission on this proposed modification since we are in fact concerned with ways and means of fostering such common structural improvement projects.

The most novel part of the budget presented to this House concerns the efforts to redress social imbalances and falls entirely within the policy advocated and outlined by the Summit Conference. The great innovation is regional

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development. The policy proposed by us is at present being studied both by this Parliament and by the Council of Ministers. Nobody can deny its importance, nobody can deny its place in the gradual building of Europe, nobody can deny its close connection with other policies, particularly the progress of economic and monetary union. And the amount set aside should be substantial from the outset so as not to deflate expectations.

The Commission has proposed a sum of 500 million u.a. for commitments and payments. This is the figure which I have taken throughout my speech for the overall budget. It will also have some staffing implications.

I am grateful to the rapporteur for recommending in paragraphs 9 and 10 of his motion for a resolution that a decision should be taken on both staff requirements and credit requirements for regional development at the earliest opportunity.

As for social action, my colleague Dr Hillery was talking about this subject very recently. I would recall that our objectives are now set out more clearly, particularly since we tabled our new programme of social action and the largest increase we could have forecast was allotted to the renewed social fund which has now become operational at last.

As for Article 4, the extension of support for the handicapped and migrant workers would, so we believe, have enabled us to spend 150 million u.a. usefully. We regret that this figure has been reduced to 98.5 million u.a.

As for Article 5 the great number of requests from governments—and here I recall Miss Lulling's speech—would have enabled us to spend 250 million u.a. We regret that we shall have to adopt very severe selection criteria now that the appropriation has been reduced.

We are therefore, Mr President, wholeheartedly in favour of the modification proposed by the Committee on Social Affairs and Employment which calls for the overall restoration of the appropriations which we had requested from the Council.

The chapter on food aid deserves some attention. The expenditure provided for in our draft for food aid is substantially more than before. It is set down as 130 million u.a. in title 9. It is less in evidence in the EAGGF context where we could however take more than 150 million u.a. as food aid remittances, half of this being for actual purchases and half for refunds. In the event of a crisis we act at present within the framework of the European Development

Fund. Very rightly the Committee on Development and Cooperation has pointed out that this was an improper way of doing things.

I am most grateful to that committee and particularly its rapporteur, who has had the opportunity to make a close study of the dramatic situations facing us within the framework of these appropriations.

I consider, Mr President, that the proposal made by the Committee on Development and Cooperation in this respect is logical, sound and good because it calls for another article which would correspond very precisely to what we wish to do, in other words to provide support for structural improvement to allow these countries to combat the fundamental problems leading to the crises which are the subject of our discussion.

The Committee on Budgets was able to take up the proposals of the Committee on Development and Cooperation, expand them and put them into more precise terms. The Commission totally accepts the request presented by the Committee on Budgets for inclusion in a new article of an appropriation of 35 million u.a. and a small amount— 5 million u.a.—for transport in item 9041.

I shall conclude by listing briefly the new policies which we have included in our budget. Aid for applied research, in particular for medium-sized businesses is covered by the new article on Community industrial innovation and development contracts.

The Council accepted this article and entered p.m. under the appropriation. Personally I thank the Committee on Budgets for tabling a modification to the effect that the 20 million u.a. which we requested should in fact be entered under Article 391. I also thank the Committee on Energy, Research and Technology for proposing that 1 million u.a. should be inscribed in the new Article 394 for a plan of action relating to scientific and technological policy.

As far as administrative policy is concerned the expansion of work in line with the new policies naturally leads to a slight increase in the corresponding budget and a slight increase in operational staff: we have been given 107 places although we requested more.

On the matter of revenues it should be noted that the resources go up by 400 million u.a., from 2,600 million to 3,000 million. If we include the 500 million u.a. for the regional development, these 400 million in fact correspond to the increase in the budget, which means that the latter should be met by the national financial contribution made in 1973 for the year 1974.

Cheysson

Mr President, this has been a long, indeed very long speech but you will understand that the presentation of the budget of the Communities to Parliament is, for the Commission, an important event.

You will also understand that, at a time when everyone is talking about the financial severity which we should apply in all our operations, we would like to ask you, the European Parliament, to give the budget its full significance, and by doing this to give you Parliament, you, the representatives of the people, a means of ensuring the proper allocation of public funds, a means of judging Community policies not only in general debates, but by way of a precise detailed examination of every part of our budget, the means of following our policy and its implementation by way of the budget which you will have helped us to establish in the spirit of economy which is now expected of us. *(Applause)*

President. — Thank you, Mr Cheysson.

I call the rapporteur, Mr Pounder.

Mr Pounder, rapporteur. — Mr President, I was wondering whether it would not be more appropriate if I spoke at the end of the debate, after everybody else has spoken, rather than at this moment, if that is in order?

President. — I shall accept your request to speak last, Mr Pounder.

I call Mr Fabbrini on behalf of the Communist and Allies Group.

Mr Fabbrini. — *(I)* Mr President, the report presented this morning by Mr Pounder on behalf of the Committee on Budgets raises various criticisms which may be directed at the Community budget for 1974. Some of these matters are very important ones and have been sharply criticized by some of our colleagues who spoke this morning. There were some very shrewd observations which my group also cannot but applaud. I must point out straight away, however, that these critical comments have been repeated year after year for some years now by successive rapporteurs on the budget and incorporated in resolutions subsequently adopted by Parliament, and yet they have never succeeded in bringing about any effective or consistent improvements in the method of drawing up the budget or in the contents of the budget itself.

A comparison between this budget and those of previous years shows that what I am saying is

nothing but the plain truth. Such a comparison will lead us to the painful realization that we are confined to repeating ourselves year after year in deploring this or that aspect of the budget and then looking on while these very same aspects recur time and time again. This is no fault of the rapporteur or the Committee on Budgets, much less is it any fault of ours. I hold rather that it is clearly the fault of the Council of Ministers, which says, in all our discussions and examinations of the various resolutions, that it is anxious to bear in mind any comments made, that it will pay the closest attention to whatever is suggested, that it will give the utmost consideration to criticisms made and proposals submitted by Parliament... But then, in practice, the Council of Ministers ends by ignoring all these proposals. In order to prove this we need only recall the outcome of the proposals submitted by us when the 1970, 1971 and 1972 budgets were being discussed, to confine myself to the budgets I remember best.

In practice, what has always happened is that the budget has remained on the whole just as the Council wanted it, just as they had previously arranged it before submitting it first to the Committee on Budgets and then to Parliament for its consideration. As indeed the rapporteur recalls in his explanatory statement, we have been for some years now and still are in the position of taking part in a 'dialogue of the deaf'. On the one hand you have ourselves, the European Parliament, speaking, criticizing, suggesting; on the other hand you have the Council of Ministers, deaf to these requests of ours and rejecting virtually everything coming to them from the debates in Parliament...

This means that we are in a position which this Parliament of ours absolutely cannot tolerate any longer, in my opinion, especially bearing in mind that as from 1975 (of which we are by now almost on the threshold) the budget will be more rigid than any previous budgets for the reasons given here, all of them related to the fact that the budget itself will be financed exclusively from the Community's own resources.

Our main comments are, by and large, the very same as those already made by the rapporteur himself, but our reflections lead us to a different conclusion to the proposal made here this morning by the rapporteur.

To sum up in an orderly fashion our comments on this budget, I will point out first of all that it is still marked, as was evident from the written report, by a preponderance of appropriations for the agricultural policy, which, despite a slight reduction, will once again in 1974 enjoy

Fabbrini

four-fifths of the Community's credits. We are thinking particularly of those sums earmarked for the Guarantee Section of the EAGGF, not, as we would have thought more proper and more necessary, for the Guidance Section which takes measures to deal with agricultural structures, measures therefore for which there is a greater need, certainly a much greater need than there is for the measures related to the Guarantee Section.

It is true that the appropriation in question in the 1974 budget shows a reduction from the figure in the previous budget, as the Commission's representative pointed out; but it is also true, and it is something that we must emphasize, that this reduction is not the result of any policy on the part of the Commission and the Council nor is it the effect of any revision, I should say any initial revision, of the guidelines hitherto followed in the field of agricultural policy. It is due solely to external factors, mainly to the boom prices that agricultural produce has been commanding and still commands on the world market. There is no question therefore of any sign of willingness to revise a policy which we consider to have been a mistaken one in its basic and essential elements.

There is a further comment I should like to make. As has been already pointed out, but I must stress the point once again, this budget does not set aside any appropriations for the regional policy, which, in accordance with the agreements of the Paris Summit, is to come into force on 1 January 1974. The argument advanced here to the effect that you cannot make an entry in the budget for a policy which has not yet been fully decided upon may seem logical but it is so more in a formal sense than in any real sense, if it is true, and it is true, that the Council of Ministers is to approve the setting up of the fund within a few days or a few weeks, possibly even before the final adoption of the budget.

Now there is a doubt in my mind which I should like to give voice to here and I would be very glad if the President of the Council in his reply would dispel this doubt which, I feel, is shared by others besides myself. The fact that no entry has been made of an initial sum of 500 millions or more for the Regional Fund, which the Commission had included, even if only as a *pour-mémoire*, may conceal the danger of a further postponement of the regional policy, of which the Community has so much need; and this, in my opinion, is not a mere hypothetical danger, if we are to believe certain sections of the press in our own country and what they have been saying about the regional policy.

A third point, and I will finish quickly. The appropriations for the social policy—and it is not only we that are saying this, other colleagues have already pointed it out—continue to be, after 15 years of Community activity, completely inadequate for the Community's social needs and even in relation to the actual proposal that we have in the Commission's preliminary draft.

The cut made by the Council in these appropriations, a cut of 142 million u.a., if I am not mistaken, follows on the heels of the cut made by the Council in the supplementary budget when it made a reduction from 120 million u.a. to 45 million u.a., as Miss Lulling pointed out a short while ago. When reductions have to be made, the Council of Ministers (and this does not just apply to this budget, it has happened also in previous budgets) always begins with the funds for social development, with the appropriations for the solution of social problems. I have had occasion to denounce this already in a previous debate and I wish to repeat it here, because it has happened again in spite of the protests made at that time and again today by the Commission and, I feel, by the majority of the Members of this Parliament meeting here today to discuss the budget.

These are the main reasons why we have reached a different conclusion to that arrived at this morning by Mr Pounder in giving us his report orally. He was in favour of adopting this budget; we, on the other hand—both on account of the points made by him and repeated in part by me and also from considerations of method having to do with all Parliament's budgetary powers, on which we have had wide-ranging discussions in the past and to which we will, I hope, return in the near future—for all these reasons, I say, we are going to vote against the budget and against Mr Pounder's motion, even if, as I have already said, we applaud the critical comments and reservations expressed in it.

IN THE CHAIR: MR COLIN

Vice-President

President. — Mr Terrenoire, it has been pointed out to me that Mr Dewulf, in his capacity of Vice-President, has to attend a Bureau meeting.

Under normal circumstances, you should speak first because you are the spokesman of a group, whereas Mr Dewulf is to speak on his own behalf.

President

I would therefore ask you if you would allow Mr Dewulf to speak first as a matter of courtesy, so as to enable him to take part in the Bureau meeting.

Mr Terrenoire. — (F) With pleasure, Mr President.

President. — I call Mr Dewulf to speak for five minutes.

Mr Dewulf. — (F) Mr President, I should like to thank Mr Terrenoire for his courteous gesture. (*Speaker continues in Dutch*)

Mr Cheysson has already stressed the value of this budget debate which must surely be the most important debate of the year. He has drawn attention to the fact that the budget was an expression of our ability to prognosticate as far as common policy was concerned. I should like to speak briefly on proposed modifications No 9 and No 10, which have already been approved by Mr Cheysson and the President of the Council. These modifications concern aid to the Sahelian regions. Ladies and gentlemen, as Mr Cheysson already pointed out, the modification proposed is that a new article be entered under chapter 37 of the budget, an article which would make provision for structural aid to the Sahelian regions in particular. It also involves the amount of 5 million units of account in item 9041, this sum being intended to help cover the transport costs of foodstuffs dispatched as food aid.

Ladies and gentlemen, in spite of the generosity shown throughout the whole of Europe to the Sahelian regions in 1972/1973, it appears that these countries have in all probability still not got over the worst of their sufferings. As we begin to consider the budget for 1974, we must bear in mind that the situation is unfortunately expected to become even worse in 1973 and 1974, with the possible exception of Senegal.

This does not mean that my colleagues and I who have just returned from an official visit to the Sahelian region, undertaken on the instructions of the Bureau of the European Parliament, do not wish to pay public tribute to the Council, the Member States and their national parliaments, that we do not wish to pay tribute to you, Sir, as President of the Commission, to your representatives on the spot, or the administrators of the European Fund, or that we would deny any praise to the press or the public for their tremendous effort in helping to alleviate suffering in the Sahelian countries. I would point out that our proud African associates were glad of the assistance provided and have asked us

to convey their thanks to the European Parliament. In Ouagadougou and in the other capitals, the coordination committee for the Sahelian countries has done its utmost with this foreign aid to remedy the situation. Unfortunately, the harvest in these countries was not as good this year as had been expected.

The damage resulting from drought continues to aggravate the situation. I fear that the statement made by Mr McNamara this year when he announced his new development cooperation plan for the World Bank will come true. He spoke in terms of taking up the fight against absolute poverty.

Ladies and gentlemen, speaking on behalf of my colleagues I believe I can say that we saw not only absolute poverty but that we witnessed also absolute misery, which is regrettably much worse than absolute poverty.

Ladies and gentlemen, the President of the Council said this morning that 20 or 25 million units of account is an enormous sum. For the year beginning now, however, we shall unfortunately require far more than 20 or 25 million. And that is only for emergency aid, not for the medium-term or even long-term structural measures which will be required.

The situation at the moment is such that unless tens of thousands of tons of food are made available within at the latest three to four months in each village and each refugee camp in the Sahelian countries, we shall find ourselves faced no longer with misery but with the death and destruction of six to eight million inhabitants of this earth. What I am saying, ladies and gentlemen of the Council and Commission, Members of the European Parliament, speaking on behalf of the delegation which I was privileged to lead, is that we have exactly three to four months in which to provide this aid, this time not so much with generosity but rather with ingenuity and inventiveness. It shall not be said that countries which have as we do organizers, technologists, etc., are not capable of organizing within three to four months a food aid programme exactly where it is needed before the rainy season begins again in these regions.

Ladies and gentlemen, I shall not go into details as I have only five minutes' speaking time. We must save human lives by working out an efficient transport system in good time, by building up stocks in the countries affected, both on a national and a regional level. This must be done in such a way that food is always available when needed in every village and every camp.

Dewulf

Mr President, I can assure you that in many camps these provisions constitute the barest survival rations. We visited camps in which some 7,000 inhabitants received only 20 to 50 grams of sorghum per person per day.

I should like to make it clear once again that we are not concerned here with doctrinaire or theological debates on development policy, or with the question of whether we are universalists or regionalists, or whether we should grant reciprocal preferences or not; our problem is simply that of saving human lives. If it is true that all the ideologies represented in this Parliament place man above everything else, we now have the chance to prove this to everyone by our attitude towards people in need and in misery. This is why I urge the President of the Council to consider with his colleagues the possibility of making the necessary budgetary funds available in good time for the coming financial year, and to ensure that the necessary infrastructure is provided to prevent further suffering in these countries where some 6 to 8 million people live—and that does not include Ethiopia.

President. — I call Mr Terrenoire on behalf of the Group of European Progressive Democrats.

Mr Terrenoire. — (F) Mr President, ladies and gentlemen, all of us here know that power has a natural tendency to get out of control, to escape, to hide itself, our Community is no exception where this phenomenon is concerned.

However, it is essential that the European Parliament should be fully informed of the Community budget. This, *sine qua non*, is an essential precondition to the smooth operation of our institutions, the more so because this draft budget is the last before the Community budget is entirely financed by its own resources.

It would certainly be wrong to complain too much about the Commission, and I do not intend to do so. It has undoubtedly made considerable efforts to inform Parliament of its position and its requests.

On the other hand, and this impression is shared by many of us here, we have not been sufficiently informed as to the exact intentions of the Council regarding its political intentions and its budgetary objectives.

It thus seems indispensable to us that, in view of stricter control of the budget by Parliament, the process of explanation and of reciprocal information between the various institutions must improve rapidly.

As to the underlying questions, the relevant study presented to us by our rapporteur essentially sums up the ideas and the concerns of our group. Our doubts, like those of the Committee on Budgets, are concerned mainly with the lack of forecasts for the regional policy, insufficient funds for the social policy, even though, regrettably, those for 1973 have not been fully used up, and the uncertain application of EAGGF funds, particularly with regard to the improvement of agricultural structures.

In other words, we are concerned that there will be a renewal of the use of the supplementary budget, even if this does have some advantages, such as a certain flexibility.

In conclusion, I hardly need repeat, the life of our Community does indeed depend on its budget, but more than that, and this is something we all know, it depends on our will and above all on that of our governments.

Let us hope that they give some thought to that at their coming meeting in Copenhagen and that they do not forget the promises which they made, just a year ago, at the Paris Summit Conference.

(Applause)

President. — I call Mr John Hill.

Mr John Hill. — I welcome one passage of Commissioner Cheysson's speech, in which he emphasized the need to check and control irregularities and to root out fraud. Those of us who have served on the Committee on Agriculture have become seriously concerned at the growing evidence during this year of considerable irregularities, misappropriations and the rest, so we very much hope that some action will be taken quickly.

Apart from what has been said today by the Federal Chancellor and by Mr Cheysson, other evidence coming forward has shown how much has happened in the past and perhaps still has to be revealed.

To remind Parliament, we recently received the report on the working of the EAGGF for the year 1971. In that report, there was a strong recommendation that action should be taken on the question of fraud. We therefore welcome proposals for better internal controls, for the setting up of a special committee and for generally taking the whole matter very seriously.

The achievement of this control will, of course, have some beneficial effects in the agricultural community. So often we have seen that the means for implementing intended Community

John Hill

policies have been lacking on the ground. Therefore, if the Commission can institute a system of monitoring or surveys to assist Member States, it will assist not merely to eradicate the fraudulent aspects but to make our own policies more successful.

One reason that we are particularly glad is that the Conservative Group, before either of the two important speeches that we have heard today, had been drafting an amendment to provide the wherewithal so that the Commission should not lack the means to take action. Therefore, there will appear on the order paper before noon tomorrow our suggestion for providing monetary means of ensuring that the job that the Commission wants to do, and which we all want to see done, will be done.

President. — I call Mr Berthoin on behalf of the Liberal and Allies Group.

Mr Berthoin. — (F) Mr President, my remarks will be very brief.

One phrase in Mr Pounder's report particularly astonished me: 'the hopes spawned by the 1970 treaty have been largely disappointed'. This would imply that the dialogue between Parliament and the Council, which is the very essence of this treaty, was, again according to Mr Pounder, a 'dialogue of the deaf'.

Indeed, the Council has never really explained the guidelines on which it based its budgetary decisions. Certainly, general declarations have been made here, but they have always remained superficial and have never fully satisfied us.

We should thank Mr Pounder once again for his typical British pragmatism in going on from the general and from considerations of principle to some concrete examples, something we all noticed. That said, it seems to us, if we want to retain the democratic character of our institutions, that we will not be able to accept much longer that we are not being given the budgetary powers which our national parliaments are gradually losing.

It is our belief that Chancellor Brandt, in the speech with which he honoured our Parliament this morning, gave decisive support to this argument.

(Applause)

President. — I call Mr Nørgaard.

Mr Nørgaard, President-in-Office of the Council of the European Communities. — (DK) Mr President, in accordance with the tone that has been set I should like to open with a few

critical remarks to the Members of Parliament here in the Chamber. It seems to me, as an old parliamentarian of a smallish country, rather strange that representatives of parliaments who presumably maintain contact with their governments and in several cases actually belong to the same party as their country's government, can here display ignorance about the position their own governments have taken on specific matters in the Council of Ministers. For example, on the matter of the Social Fund it seems very strange that there can be complete consensus here in Parliament when there is in fact a great difference in the governments' ideas; and it has to be assumed that there is contact between the governments and the Members of Parliament in this Chamber. It is at all events amazing for a parliamentarian from a country like Denmark, where there is this close contact between the *Folketing* and the Government.

I should now like to answer a few specific questions. To Mr Fabbrini I should like to say that it is indeed a misunderstanding and that it will continue to be a misunderstanding if the Council's decision not to enter the 500 million u.a. on the budget is interpreted as a negative attitude towards the regional fund.

It is not indicative of a negative attitude. It is my personal opinion that if a figure were to be entered before the content of this regional fund has been discussed it would be to the disadvantage of those who want the regional fund to be as large as possible, since the figure would of course then be less than the one that would be proposed. We would then have trouble changing it.

I should also like to tell Mr Fabbrini that arrangements have been made so that the amounts can be paid out as from 1 January if the fund is approved. There are no budgetary obstacles to prevent money being paid out from the first day of January if the regional fund has previously been approved, since we can make use of reserve funds.

I shall pass on Mr Dewulf's urgent appeal for 25 million u.a. or more to the Council. I agree that everyone should do what they can to secure in the next three or four months the necessary appropriations.

And now a few general remarks. I have listened with the greatest attention to all the views put forward by honourable Members both in the Committee on Budgets and here today. I shall see to it that these views are passed on to the Council, which will consider the draft budget in the light of the amendments the European Parliament adopts on Thursday.

Nørgaard

I am convinced of the importance of having a specially close cooperation between our two institutions during the entire budgetary procedure.

As from next year this cooperation will be further developed and I hope that we shall be able from then onwards to establish a satisfactory procedure for contacts between our two institutions.

The chairman of the Committee on Budgets, Mr Spénale, and several other speakers have asked whether the Council is agreeable to meetings being held between the Council, the Commission and Parliament on the matter of budgetary powers, before the Council takes its decision. By way of reply I would recall that the European Parliament has already, in its resolution of 5 October, recommended to the Council that it should not take decisions on the question of budgetary powers until it had discussed this matter with the European Parliament. This resolution is now before the Council, which will consider it carefully as indeed it considers all other recommendations from the European Parliament.

I shall see to it that the Council's attention is drawn to the views you have expressed in the past as also the more particular proposals you have put forward for the organization of such discussions between our institutions. The rapporteur and several other speakers made observations in which they pointed out the need for improving in the future the presentation of the justification accompanying the draft budget, with a view to giving the European Parliament all the information it needs. The justification can no doubt be improved and I shall do my best to see that the Council endeavours in future to meet your wishes in this sector. It is not an easy matter, especially in view of the extremely short time given the Council to draw up the draft budget and work out the justification. I shall propose that the Council discusses the possibility of requesting the Commission to enclose in future with the preliminary draft budget a draft justification drawn up on the lines recommended by the European Parliament as is already the Commission's practice in respect of appropriations for research and investment.

I quite understand your reasons for wanting to be informed in detail about the Council's motives for modifying certain appropriations which the Commission has requested in its preliminary draft. It has to be admitted, however, that this is not possible in all cases. The Council's first consideration must be to ensure a balance between making the necessary expenditure and keeping the total budget within

reasonable limits that are acceptable to the majority of the Member States. This is all the more essential at a time when we are all endeavouring in our respective countries to fight inflation, a matter mentioned also by several speakers during the debate and at a time when we must therefore keep a tight rein on the national budgets.

In view of these considerations, the Council has, after lengthy discussions with the Commission and in most cases with the latter's agreement, made cuts in certain of the proposals originally adopted. This is the same procedure as is usually applied in drawing up budgets in our respective countries.

In conclusion, Mr President, I would mention that the question of budgetary procedure in future years has been raised here during the debate. I find this question very interesting, but you can hardly expect me now, while we are discussing the 1974 budget, to go further into this matter since it is still being dealt with in the Council.

President. — Thank you, Mr Nørgaard.

I call the rapporteur.

Mr Pounder, rapporteur. — I am deeply grateful to you, Mr President, for calling me to wind up this debate, and I can assure you that, in the spirit which has predominated during the discussions, I shall be very brief.

May I first thank everyone who has partaken in the discussion for the very valuable and wide-ranging points which have been raised. I appreciate very much the concluding remarks of the President-in-Office about the value which he places upon the exchange of ideas between the Council and this Parliament.

On a presentational point—and I hope that I am being entirely constructive—I should like to comment on the problems involved in carrying around these vast volumes of budgetary documents. I am certain that if ever I had them weighed it would lead to excess charges on every aeroplane on which I fly.

There is, I believe, a way round this. It is to use to a much greater extent than we do the ordinary columnar practice of having the description of the article or item and beside it four columns—one which gives the Commission's proposals, one which gives the Council's drafts, one which gives the parliamentary suggestions and the outer column which gives the finished and final product. Thus, from one sheet of paper, instead of four huge bundles of

Pounder

volumes, we should be able readily to assess the differences between the various propositions which may be put forward under any one heading.

May I turn in particular to the remarks of Mr Cheysson. Not for the first time in this Parliament have I found myself most indebted to him for his remarks, and not for the first time—nor, I trust, for the last—have I found myself totally in agreement with him.

As Chancellor Brandt said earlier today, every penny must be accounted for. Those of us who have been deeply concerned in recent months—and certainly in my case since I became a Member of this Parliament—with the rather frequent instances of fraud and irregularity which appear to exist are deeply grateful to the Commissioner for the sentiments he expressed, for the frank observations which he made and for his very encouraging statement about the fraud committee, if I may use that phrase, which is shortly to be set up. Unless there is proper supervision—and, let us be honest, there is not proper supervision at the present time—of the funds which are expended, it creates the most appalling disillusionment in the eyes of the general public, especially if we are dealing, as we are, with vast sums of money and yet at the same time we seem to be unable adequately to keep a full and proper check on them. Frankly, we do not want to see in this Community financial Watergates or Buttergates, or whatever may be the appropriate description. That is not good for the European image.

Even within recent days there has been yet another very unsatisfactory example of an irregularity, which I believe is the technical term, amounting to some 3 million units of account.

This is bad for our image. Therefore, I place the utmost importance on the strictest possible financial probity and scrutiny. If this requires the engagement of additional staff, then so be it: the necessary staff must be obtained and I devoutly hope that the necessary funds will be made available.

I conclude by echoing a sentiment of Mr Berthoin expressed a few minutes ago when he said—and I hope I have paraphrased him accurately—that just as our national parliaments are losing certain financial powers, so the European Parliament must acquire the powers which our national parliaments are losing.

That in essence is everything we have been trying to discuss here today. I very much hope that the optimism which I genuinely feel—

although Mr Fabbrini, a much older hand in this Parliament than me, from his experience tends to feel it may be misplaced—will be proved correct. I am optimistic, and I hope that this budget and the very wide-ranging debate we have had and the many constructive points that have been put forward augur well for a close cooperation between the three institutions of this Community, so that by next year many of the criticisms (legitimate ones I believe them to be) which have been made will be unnecessary.

President. — Does anyone else wish to speak?

The debate is closed.

I would remind Members that the vote on the draft general budget of the European Communities for the financial year 1974 will be taken on Thursday, 15 November at 10 a.m.

8. Change in agenda

President. — In agreement with the chairman of the committee responsible, Mr Rossi has requested that his report on the ECSC Auditor's reports for 1971 and 1972 should be dealt with during a subsequent part-session.

Are there any objections?

That is agreed.

9. Tabling of motion for a resolution

President. — I have received from Mr Lücker, on behalf of the Christian-Democratic Group, Mr Vals, on behalf of the Socialist Group, Mr Durieux, on behalf of the Liberal and Allies Group, Mr Kirk, on behalf of the European Conservative Group and Mr Bourges, on behalf of the Group of European Progressive Democrats, a motion for a resolution on the Summit Conference of Heads of State or Government to be held in Copenhagen on 15 and 16 December 1973 (Doc. 234/73).

Pursuant to Rule 14 of the Rules of Procedure, a request has been made for this motion for a resolution to be dealt with by urgent procedure.

I propose that when the sitting is resumed at 9 p.m., Parliament decide on urgent procedure and possibly on the motion for a resolution.

Are there any objections?

That is agreed.

10. Membership of committees

President. — I have received from the Communist and Allies Group a request for the following appointments to committees:

Mr Bordu to the Committee on Economic and Monetary Affairs;

Mr Dich to the Committee on Budgets;

Mr Ansart to the Committee on Social Affairs and Employment, to replace Mr Pianta;

Mr Lemoine to the Committee on Agriculture.

Are there any objections?

The appointments are ratified.

11. Estimates of the European Parliament for 1974

President. — The next item is a debate on the report drawn up by Mr Gerlach on behalf of the Committee on Budgets on modifications to the European Parliament's estimates of revenue and expenditure for the 1974 financial year (Section I of the draft general budget of the European Communities) (Doc. 230/73).

I call Mr Gerlach, who has asked to present his report.

Mr Gerlach, rapporteur. — (D) Mr President, ladies and gentlemen, the motion for a resolution by the Committee on Budgets which is put before you is conspicuous in its incompleteness. Because of the negotiations which are still continuing between the political groups, the Committee on Budgets was unable to give a figure for the personnel of the European Parliament and the political groups. The present motion for a resolution and the very brief explanatory statement attached thereto are therefore based on the European Parliament's own budget of 7 June 1973 which concludes with a total sum of 29,779,755 units of account.

The Committee on Budgets already stated in its motion for a resolution of June 1973 that in view of the possibilities of changes in the establishment plan, it would submit to the European Parliament on the occasion of the final consultation, additional amounts, together with jobs, on which Parliament could reach a decision. These additional jobs required within the political groups are being worked out in more detail after the chairmen of the political groups and the chairman of the Committee on Budgets yesterday and today examined the proposals in my presence and will be submitted to the European Parliament for a decision in the form of a proposal for a modification.

However, the Committee on Budgets, at its last meeting in Copenhagen, was forced to adopt a number of modifications for the following reason. We had to include approximately 81,000 units of account extra in our budget, as the Council decided—and we are grateful to it for doing so—that the budget of the European Parliament should include 50% of the cost of the ECSC auditor, in order to show that both the Council and the Parliament are budgetary authorities.

Secondly, the amount of 40,600 units of account was included to compensate for the additional requirements of the Audit Board and this sum was also inserted by the Council.

In addition, at the suggestion of the Bureau, the Committee on Budgets included a total sum of 470,000 units of account necessary for the modification of the establishment plan.

I must stop here because as I have said before, the supplementary proposals are still being prepared.

Mr President, during today's debate on the budget, reference was made with what I might call a conscious self-righteousness to the very remarkable statements of the Federal German Chancellor, who said at the end of his speech: 'We need to improve the Community's financial behaviour. Every penny for Europe must be spent to advantage.'

Unfortunately, I had no opportunity of looking critically at the Commission's budget, but with my usual tendency to self-criticism—with which you, Mr President, are familiar—I can say that I have carried out an extremely comprehensive and critical probing of all items of Parliament's own budget and will continue to do so.

I myself do not agree with all the items decided upon, but as rapporteur it is my duty to express the opinion of the Committee on Budgets as a whole.

The insight I have gained from my experience over the past year will in future play an important part in the administration of the European Parliament. I refer to the request, which I hope the Bureau will support, that the comptroller of finance for the administration of the European Parliament be made subordinate to the authority of Parliament itself and the Committee on Budgets by authorizing that committee to inspect the administration of the European Parliament at every stage, and that this comptroller should no longer be subject to the authority of the Secretary-General of Parliament, but to Parliament itself, which can make use of his services.

Gerlach

Mr President, in connection with the two reports—that of Mr Pounder on the Commission's budget and my own—I should like to express my sincere thanks to the translators, the technical services, the Committee staff, and the printers, who sometimes have to work under extremely difficult conditions and who had to work overtime and last weekend to ensure that we had the necessary documents before us today, and who are also being fully stretched during this part-session. I have no doubt, Mr President, that you and Parliament as a whole will join me in this expression of thanks. Their work is not yet finished, and we shall be making further great demands on them this week. I therefore feel it is necessary here to make an expression of thanks to the entire staff of the European Parliament.

(Applause)

President. — I am sure that Parliament agrees with Mr Gerlach's closing words and will oblige him by associating itself with the wishes and thanks which he expressed to the staff.

I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, I shall be very brief. I would just like to thank the rapporteur for his work, which was certainly not easy.

Let me recall that this is the last budget before that of 1975, which as we said this morning will not only consist of own resources but moreover, as far as administrative expenses are concerned, will be subject to coefficients of expansion based on statistical data and consequently will lack flexibility.

This is why, when it first examined its draft budget, Parliament made it clear that at this latest review of the budget various proposals would have to be taken into consideration which were then being awaited and which even today have not reached a final stage. I refer in particular to the proposals to be drawn up by the political groups relating to their secretariats.

We are still awaiting these proposals and I would confirm the rapporteur's remarks that it is not at present possible to calculate the amounts required to finalize the budget of our institution.

I repeat for the benefit of the political groups who are still in consultation—I was before them just a short time ago and I know that the Bureau is discussing the matter at this moment that the final date to enable us to work usefully is tomorrow noon.

Only if the Committee on Budgets has received proposals agreed on between the groups can it consider all these proposals tomorrow afternoon and submit Parliament's budget for 1974 to our Assembly. In view of the conditions under which it has had to work, it has only been able to make the progress it has thanks to its sub-committee on the budget of Parliament and in particular Mr Gerlach.

I am convinced that the budget which the Committee should be able to put to the vote of this House during the Thursday sitting will be appropriate to the needs of 1974 and will help to prepare this institution for its future dependence on own resources.

President. — I call Mr Covelli.

Mr Covelli. — (I) Mr President, I also wish to associate myself with the gratitude being expressed to Mr Gerlach, but I am sorry to have to say that once again Mr Gerlach, or the committee for whose conclusions he has been the spokesman, has forgotten one point which I continue to maintain is of some importance.

Mr President, it is a question which must be resolved; sooner or later we shall have to have a debate in this Assembly to find out the precise opinion of the various groups on this matter. I refer to the problem of the non-attached Members of Parliament. It is impossible, it is dishonourable that some members of Parliament appointed by their own national parliaments are not in a position to carry out their tasks for want of permanent secretarial help. There are some Members of Parliament, Mr President, who find it impossible to carry out their mandate. We have been asking for months and we have had promises and assurances. I would say that during the discussions in question there was complete agreement, but subsequently in official documents there is not even the slightest reference to any rationalization of a situation which badly needs to be tackled.

Mr President, while the political groups, to which we do not belong, make other arrangements and while there is more money being made available to enable the individual Members of these groups to engage secretarial and other help, the budget has not succeeded as yet in making it possible for us to have guaranteed permanent help. This is the minimum, Mr President, that the non-attached Members of Parliament seek to have inserted in the budget. I should like moreover to inform Mr Gerlach that I have made this request in a letter to Mr Spénale, in whose sympathy and kindness I have the utmost confidence, asking that an

Covelli

item be entered in the budget enabling Parliament to provide the non-attached Members with the services of at least one secretary and one shorthand typist. Because the non-attached Members, Mr President, not being represented in the Bureau, do not have the opportunity of getting information on the progress of the various activities, on what is being planned, on what has to be done. Is it possible to maintain in practice a type of discrimination which has nothing in common with the parliamentary traditions of our national Parliaments and should have even less place in the European Parliament? And of course, in spite of all the assurances we have been given, we find in the motions for resolutions submitted at this part-session requests for new expenditures designed to provide the political groups with armies of officials, but there is no chance of providing a single official or a single shorthand typist for the non-attached Members, who feel that they have the same rights as all the other Members of this Parliament.

Mr President, in the Italian national Parliament there is a parliamentary group of non-attached Members. I do not actually belong to it myself, as I have the honour to belong to a large group of about 50 members of Parliament, but it is composed of the non-attached Members, the independents, who do not belong to any political group. The existence of this mixed group solves the moral problem of how to give each one the opportunity of enjoying the same privileges and the same arrangements as all the other Members of Parliament. Is it possible that we cannot find a way of doing something like this in the European Parliament?

Before we come to adopt the budget therefore, Mr Gerlach, I would ask you to consider this possibility. It is a great injustice and a great mistake at the expense of Members of this Parliament who have not only the same duties but also the same rights as all the other Members, and while all Members of the political groups can carry out their mandate, we are in the position of not having a single official or employee or even a shorthand typist to keep up with the flow of work. If the Parliament thinks that this is a proper situation, it should say so expressly because then those of us who have fought for the Treaties of Rome, for the European Parliament, for the Community, will have to revise our ideas. If we are going to carry on in this manner, it is clear that the discrimination which we have tried to suppress in the national Parliaments will be set in motion and maintained in the European Parliament. May I be permitted therefore, Mr President—I am making a formal request for this—to ask Mr Gerlach and the chairman of the Committee on

Budgets to make arrangements for the various budget items to be reviewed at tomorrow evening's meeting. Mr President, we have requested the same treatment that was given, for instance, to our colleagues of the Communist Party when they were not yet a parliamentary group. Provision was made for the Communist Members of Parliament; whether much or little is beside the point; the fact is that it was made. We are not even able to have this much. Mr President, ladies and gentlemen, I have consulted Members of this Parliament from all the political groups, and there has not been one who did not concede that I was right. In fact, they all agreed with requests. But at the meetings of the Bureau or of the Committee on Budgets, there is no one to take the initiative in solving a problem which is a moral rather than a political one.

President. — I call Lord O'Hagan.

Lord O'Hagan. — Mr President, very briefly and calmly I should like to echo some of the points that Mr Covelli has put forward, not because I believe that we in this Parliament should constantly be asking for money for ourselves but because I believe that any parliamentarian who comes here should be treated as an equal on the floor of this House and in respect of the services with which the Parliament provides him.

I accept that anybody who does not belong to a party group in this Parliament will constantly be subjected to a number of obstacles which I might call political, in the way of getting rapporteurships, speaking rights on the floor, becoming vice-presidents of committees, and so on. That is likely to happen in a parliament which is dominated, as this is, by party political groups.

It is when we get to matters of parliamentary services and facilities provided for Members that I feel there is an unfair discrimination, which Mr Covelli has described, between those who are members of groups and those who are not. Each member of a group is given £140 per month by this Parliament, while those who are not members of a group do not receive that money. Of course, Members who receive it do not receive it in the form of cheques or in an envelope, but indirectly through the provision of services and secretarial and research help.

I endorse what Mr Covelli has said. It is not right for this Parliament to contradict itself by trying to maintain the rights of individuals within the Community while perpetuating a discrimination between those of its Members who belong to party political groups, or groups as defined by the Rules of this Parliament, and

Lord O'Hagan

those who do not. I therefore hope that Mr Gerlach will hold out some hope that this division between the second-class parliamentarians who receive nothing in the form of money for research and secretarial help and those who receive everything—i.e., members of the groups—will not last much longer.

IN THE CHAIR: MR BEHRENDT*Vice-President*

President. — I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) I must answer to this very specific question of Lord O'Hagan's that I cannot personally give such an assurance. However, I can comply with the request of Mr Covelli, who asked me to raise this matter once again in the Committee on Budgets. Following Lord O'Hagan's request, I will do this again at the meeting of the Committee on Budgets tomorrow, and draw attention to the words used by both of them. However, I should like to draw your attention also to paragraph 3 of this present motion for a resolution, according to which, as from 1 January 1973 those of you who do not belong to a political group will have the possibility of employing some help. You will also be allowed to join together for this purpose. Moreover, you will have additional assistance amounting to 100 units of account per month for special expenses. This may appear to you to be insufficient in the present context and you may also again raise the objection that this money is also paid to the other Members of this Parliament who are members of the political groups, but it should nonetheless be seen as a first step to providing extra help for individual work.

I must slip in a personal remark here, namely, that in the twelve years in which I have been a Member of the German *Bundestag*, I have only met very few Members not associated with political groups, but I must say that they did not receive any special help just because they were non-attached.

I must reject the accusation that this Parliament is dominated by the political groups. This Parliament is dominated by its Members.

(Applause)

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, I have listened carefully to Mr Covelli and then to Lord O'Hagan.

Mr Gerlach has made, I believe, if the proposals by the Committee on Budgets have been followed, an initial response to the question of individual help for non-attached Members.

However, in a letter sent to me by Mr Covelli in my capacity as chairman of the Committee on Budgets, I think I am right in believing he is not asking us for that.

He is asking us to set up an administrative secretariat to be at the disposal of non-attached members, which will search out documents for them and give them assistance with their work.

Indeed, I have nothing against that. But it is obvious that if the non-attached members remain in an isolated position it will not be possible to provide each one of them with something which closely resembles the secretariat of a political group.

However, if they want to get together to sign a concrete proposal for a modification, the only thing that the Committee on Budgets can consider, then this proposal would have to be a detailed one. The details would have to be concretely set out in the document which the Committee would receive. It is thus essential that the non-attached Members are in full agreement among themselves in submitting this request, and are aware of the difficulties which such a secretariat would have to face in supplying documents to people who probably speak different languages, and who hold very different opinions, ranging in this Assembly from Mr Covelli on one side to Lord O'Hagan on the other and including several who are completely isolated.

However, if you make the effort among yourselves to submit a joint proposal, in detail and setting out what it is that would satisfy each individual one of you, if such a detailed proposal in the form of a proposal for a modification is submitted, I can assure you that the Committee on Budgets will deal with it in the fullest way on Wednesday.

President. — I call Mr Covelli.

Mr Covelli. — (I) Forgive me, Mr President, for coming back to the same topic again after Mr Spénale's courteous reply. I do not believe that the difficulty mentioned by him will arise. If I were not so well aware of Mr Spénale's absolute intellectual honesty and uprightness, I would say that this is only a pretext for not finding a speedy solution in the normal way in this Parliament of ours which calls itself democratic. Before writing to you, Mr Spénale, we sent a letter to the President of Parliament.

Covelli

That letter was written over my signature, and in it I said that I was speaking on behalf of all the non-attached Members, in whose case there was obviously no question of political interference. Each one should have the right to go his own way, but should also have the right, in this Parliament, to the same treatment given to Members of Parliament attached to the other groups. It will be up to the non-attached Members themselves—and this is the point, Mr Spénale—to distribute the work fairly in this nucleus of a secretariat that we are asking for; it will be a job for the non-attached Members themselves to find some way of bridging possible gaps and overcoming possible difficulties that will arise in this nucleus of a secretariat. But the important thing is that the principle should be acknowledged that even the non-attached Members have the right to be able to enjoy the help that is so freely and abundantly available to Members of the political groups. And this is an issue which cannot be reduced to the proportion outlined by you.

In deference to the courtesy shown to me in his reply by Mr Gerlach and in a wish to be equally courteous myself, I accept the decision of the *Bundestag* to the effect that the non-attached Members of that Assembly do not enjoy any assistance; but I also wish to refer to the national parliament which I have the honour to represent, the Italian Parliament, which, I feel, is second to none in the matter of Parliamentary traditions. There also we have a mixed group consisting of all those who are not in the ranks of the political groups (it is a question which does not concern me directly, because I belong myself to a rather large group). However, rules have been laid down by our Parliament under pressure from public opinion to see to it that the members of this mixed group have the same rights and carry out the same duties as all the other members. In this Parliament on the other hand, Mr Gerlach, by reason of this absurd, unacceptable and dishonest discrimination, the non-attached Members are deprived of an opportunity of carrying out their duties more effectively.

You see therefore the value of making a concession on this point, in view of the fact that all we non-attached Members are agreed on it. And I can assure you that we are agreed on it! We have written a letter to the President of Parliament to ask for the nucleus of a secretariat, to ask that we be given a secretary, and we shall be well able to think of ways of employing him! You have heard us express different and distinct opinions on other matters but you have seen that we are all in agreement on this point. We shall think of ways and means of making a fair division of the work of the

non-attached Members in making use of the services of this secretary and shorthand typist. But in the meantime, let us establish the principle that there shall be no discriminations in this Parliament. We cannot accept them either on political principle or as a matter of moral principle, and while I am grateful to Mr Spénale for his courteous understanding—he really understands our needs—I should like to ask you, Mr Gerlach, not to embarrass us any further by thinking that we can be satisfied merely to be included amongst those benefiting from the individual grant given to delegates. As our colleague Lord O'Hagan has said, this is not the point at issue; we shall refuse this provision if it is to be given by way of an alms.

We can claim the same rights in this Parliament as all the other members, and this irrespective of any grant that may be paid, because we would not wish to have it said that a financial provision was made for other Members in the political groups merely to cause discontent amongst the non-attached Members. If this were to be the case, we would vote against it. It is a question of lofty moral principle rather than of political principle. I felt that Mr Spénale, an honourable man, understood our problem perfectly. We would have appreciated it very much if the President of this Assembly, as happens in all parliaments with any self-respect when a minority is being ill-treated and neglected and when its proposals are being ignored by the majority, had thrown the moral weight of his authority into the breach to see to it that all the rights of the minority were respected. And we are a minority in this Parliament with a democratic right to live and to have the same privileges as the members of the other political groups.

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) There is just one more thing I would like to say, and that is to ask Mr Covelli and his colleagues who belong to no political group to get in touch with the sessional services, which are at the disposal of all Members of Parliament, and to try to reach agreement among themselves on expressing in the form of an amendment the proposals which they consider necessary. That is all.

President. — I call Miss Lulling.

Miss Lulling. — (F) I just want to bring up one simple point, Mr President. I read an article in the local press which cast aspersions on my country, particularly as far as working conditions in the European Parliament are concerned

Lulling

and which practically accuses the administration of this Parliament of having installed listening-in devices in the new building of the European Parliament in Luxembourg.

I have talked to the journalists involved, who did not want to reveal to me the source of their information, particularly as regards the listening-in devices. I have taken the matter up with those responsible in the administration of the European Parliament and have been informed that these listening-in devices are pure invention, something which I certainly believe. However, since the people who have made these accusations remain anonymous I must insist that this problem be looked into, because I consider it a very serious matter to have accused our administration of having installed in the Secretariat of the European Parliament devices intended to eavesdrop on the conversations of officials and Members of Parliament.

It is therefore desirable, Mr President, that the Bureau should investigate these accusations.

(Applause)

President. — Miss Lulling, I promise you that I will bring this up at the next Bureau meeting.

I call Mr Bermani.

Mr Bermani. — *(I)* Mr President, I intended to speak on the matter raised by Mr Covelli, but it seems to me that those last words of Mr Spénale have made any intervention on my part superfluous. I would be very glad therefore to see that these words had succeeded in convincing Mr Covelli who spoke, if I may be permitted to say so, in rather censorious tones...

Mr Covelli. — *(I)* That is a very aggressive term. Mr Bermani. Would you like to explain it a little further?

Mr Bermani. — *(I)* I merely wish to point out, Mr Covelli, that after what Mr Spénale has said, the matter is settled, in my opinion. Consequently the tone adopted by you towards Mr Gerlach and Mr Spénale himself—I called it 'censorious' but, if I may modify that expression, I will call it simply heated—was perhaps a little out of place...

(Protests from Mr Covelli)

You can observe, Mr Covelli, that they were prepared to give every consideration to your proposal.

I must however call Mr Covelli's attention to one thing. He said that he officially interviewed all, or almost all, the Members of Parliament

and that they all agreed with him. Well, I was one of those who were interviewed by him and I acknowledged then, as I acknowledge now, the justice of his case.

On the other hand this has also been acknowledged in the proposal made by Mr Spénale.

President. — I call Mr Gerlach.

Mr Gerlach, rapporteur. — *(D)* In reply to Miss Lulling, I can only say that Parliament's sub-committee on budgets has considered the question of the technical installations. Although we are no technicians, I must point out that the equipment which she fears so greatly is either so well installed that it cannot be seen, even by an expert, or else the technical system installed in the Chamber would simply not take additional listening devices.

Independently of the fact that you, Mr President, wish to clear this matter up yourself, I shall raise this question on my own behalf at the next meeting of Parliament's sub-committee on budgets.

President. — Does anyone else wish to speak?

The general debate is closed.

I would remind the House that it decided to take the vote on the motion for a resolution contained in Mr Gerlach's report at 10 a.m. on Thursday.

12. Long-term financial forecasts

President. — The next item is the statement by the Commission of the European Communities on the Community's long-term financial forecasts, pursuant to the Council Decision of 21 April 1970.

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — *(F)* Mr President, the submission by the Commission of the estimates of revenue and expenditure for the financial years 1974 to 1976 will come immediately after the presentation of the budget, which is completely logical and will also allow me to keep my account shorter.

We have drawn up these long-term forecasts covering the three years 1974, 1975 and 1976 pursuant to the Decision of 21 April 1970; they were subsequently adjusted to take account of the modification of the preliminary draft budget

Cheyssson

for 1974. Our estimates thus start from the draft budget drawn up after the first reading by the Council of Ministers.

The Council's budgetary committee, when it examined our long-term estimates, proposed certain improvements in this document; I will go over them quickly. On the one hand, it contains an estimate of revenue; on the other, the economic hypotheses which were used to work out the estimates have been standardized and specified, which is of particular importance as far as revenue is concerned. Let me repeat here the main hypothesis: 4 to 5% rate of growth in real terms in the gross national product; price increases—and here we are banking on a drop in the hope that the present anti-inflationary policies meet with success—price increases will fall to a rate of 5% for the financial year 1976, which therefore represents a theoretical increase in GNP expressed in today's money of 11-12% in 1974, 10-11% in 1975 and 9-10% in 1976. Here we have, as you see, some interesting details on which to base these forecasts.

All the same, Mr President, just as I recently said that we were not satisfied with what we have achieved in drafting the budget, I may say with the same freedom that the use of the long-term forecasts which we are now becoming involved in is still far from satisfactory. Some of these inadequacies are completely unavoidable. There can be no doubt that at a time of serious monetary fluctuation such as we are experiencing at present, estimates for a period of three years have a very limited function, particularly in the agricultural sector. This is something we have to take into account because who can foresee today what the development of agriculture will have led to by 1976?

Thus, in the document which we are submitting to you, we have stabilized the situation artificially by fixing a price level corresponding to that for the 1973/74 season; this is an artificial factor which has to be taken into account in examining this document.

This year we wanted to go a bit further than we did under the very strict legal interpretation which we had fixed for ourselves previously and did not want to stick solely to the regulations, decisions and policies in force or those already submitted as detailed Commission proposals.

The whole Community is developing on all fronts and if we consider only what has already been decided we will find ourselves with a forecast which, by definition, falls far too short. However I must admit to the Assembly that this *modus operandi* has been applied with some

flexibility according to the field of activity involved, and this adds a somewhat erratic element to the estimates. Thus, as regards the social policy, a quick glance at the document will show you that we have gone to the very limit of what we can hope for, whereas in other fields, and I will explain them in just a minute, fields such as food aid or the European Development Fund, we have by contrast strictly limited our estimates for reasons of a political, diplomatic and economic nature. You thus have a document whose various sections are, it seems to me, interesting, but which even today lacks unity. I would like now to go very rapidly over the main data contained in this document.

As far as expenditure is concerned, the multi-annual forecasts—and taking into account our hopes in terms of new policies—show an average growth in the region of 12% per year, which will result in the budget increasing from 5,500 million u.a.—we are including there of course the 500 million u.a. for the Regional Development Fund for the year 1974—to 6,300 million in 1975 and 7000 million in 1976. Expenditure will remain balanced as the result of certain changes, since we hope that during this period agricultural expenditure will sink from 70 to 60% while expenditure for the social programme should double in percentage terms, from 6 to 12% and expenditure in the field of regional development will increase from 9 to 11 or 12%. Social action should certainly be one of, if not the sector in this period of three years, to grow most appreciably. While the old fund will become negligible, the new fund should develop for the reasons mentioned just a short time ago by Dr Hillery and Miss Lulling.

We wanted to be very ambitious by estimating a progressive increase reaching 600 million u.a. in 1976 for the renewed fund. On the basis of the plan for 1974, a year in which, as you know, the Council has for the moment reduced the Commission request for 410 million u.a. to 268.5 million u.a., we anticipate increasing the new fund to 500 million. The social action programme has only just been submitted, and has as yet hardly been discussed by the Community institutions, which makes any estimate very risky and so I am thus able to do no more than note the dimensions of our ambitions, whose scope extends to 600 or 700 million u.a. for commitments annually by 1976, corresponding to actual payments of about half that amount.

As regards regional development, you will know already—the subject has already been brought up by my colleague George Thomson—that the increase we have anticipated, and which we are

Cheyssou

thus including in our forecasts, consists of commitments of 500 million u.a. in 1974 rising to 1000 million by 1976, payments increasing from 500 to 800 million u.a.

May I now speak of agriculture: the Guarantee Section of the EAGGF will increase progressively from 3,500 to 3,800 million u.a. The methods used in drawing up these estimates, the rates employed and the system of presentation are contained in the document. I should not want to bore the Assembly by repeating them now. I would just like to point out that in the estimates for the development of the Guarantee Section of the EAGGF, 6 of the 15 fields of application account for 80% expenditure and the milk products section alone accounts for 46%.

There is here a very interesting point to be made just the day before my colleague Mr Lardinois explains to you the Commission's views on the improvement of the common agricultural policy. These views have been moulded by three things: reduction of the imbalances on certain markets, reduction of expenditure under the Guarantee Section, simplification of joint organizational machinery, all this, if accepted and all other things being equal, representing economies of some significance, particularly in the milk and cereal sectors.

The estimates which would result from the proposals for improving the common agricultural policy, proposals which will be presented to you tomorrow, have not been taken into account in the document which has been submitted to you and are, I can say, completely different from what would emerge from the application of these recommendations.

As far as the Guidance Section is concerned, the figure we have given is considered a maximum figure. I should merely point out that we estimate that the financing of improvements in agricultural structure will increase, after having stagnated for such a long time, from 75 million u.a. in 1974 to more than 300 million in 1976.

Figures in the other chapters are not exact, Mr President.

As regards food aid, the Community has certainly taken a series of measures, but has done so more as a response to requests and often quite touching appeals than in the framework of a coherent policy.

I would like to announce to the Assembly that the Commission intends to present, before the end of the year, a programme including a general policy of food aid on a world scale. The underlying idea behind this programme is that

there is a dearth of certain food products which can be provided only by temperate areas and that as a result of this dearth, which has been analysed by the FAO and is now being proclaimed by many important world figures, Europe needs a long-term programme. We will be submitting it to Parliament at the beginning of next year. The figures which appear in these multiannual forecasts thus have only a limited validity. All the same, the figures relating to development aid must be regarded as minimum figures, because—as you will understand—we have not been able to indicate the absolute maximum for these figures since we are in the middle of negotiations and risk being confronted with them by one of our partners. One point worth noting is the figure we are fixing as the ceiling for the stabilization of the export revenues scheme, assuming this scheme is adopted by the governments, and which would amount to something like 100 million u.a. per year.

As far as resources are concerned, Mr President, we have a considerable increase in agricultural levies as a result of the full entry of the new Member States.

As regards customs duties, a serious difficulty results from the fact that two of the new Member States at present impose import duties of a fiscal nature, duties intended to disappear progressively but according to a timetable which we do not know. We have thus decided not to take account of these duties of a fiscal nature or their eventual disappearance. In this way we have managed to stabilize the forecast for customs duties for the next three years.

If VAT is introduced from 1975 as the result of the application of the Decision of 21 April 1970, financing of the budget from a VAT levy should begin in 1975.

However—I am pleased to be able to call the attention of the Assembly to this point—this does depend on the adoption of a uniform tax base for this date. The Commission forwarded its proposals on the harmonization of the tax rate in June 1973, and we await the opinion of the European Parliament with great interest.

As you will know, if no harmonization is achieved certain difficulties will result. It is true that national contributions are planned for, the amounts of which will be worked out according to the relationship between national GNP and the Community GNP. But this text contains various ambiguities and it would be highly desirable if we could begin the VAT levy, as planned, at the beginning of 1975.

The bases on which VAT and, as a result, the necessary levies are worked out, are set out

Cheysson

in the document. We thus arrive at a VAT forecast of 675,000 million u.a. in 1975 and 740,000 million u.a. in 1976 for the nine Member States. This would lead us, if we take account of the forecasts for expenditure made elsewhere, to a levy which would be of the order of 0.4%. I emphasize 'of the order' because I believe the odd decimal point is not of great importance. What is important is that this Assembly should know that, as things stand, we see the VAT levy at about this rate.

So there you have this document, with its areas of interest and with the overall weakness which I conceded just now. We would hope, Mr President, that progressively, in the years to come, we will be able to improve it sufficiently so that multiannual forecasts will really be able to show the financial implications of Community programmes of action for the subsequent three years, in the same way that the budget shows the financial implications of policy for the year. *(Applause)*

President. — Thank you, Mr Cheysson.

Mr Cheysson's statement has been referred to the Committee on Budgets.

13. *Tabling of motion for a resolution and decision on urgent procedure — Economic and Monetary Union*

President. — I have received from the Committee on Economic and Monetary Affairs a motion for a resolution on the current situation in the move towards economic and monetary union (Doc. 229/73).

Pursuant to Rule 14 of the Rules of Procedure, a request has been made for this motion for a resolution to be dealt with by urgent procedure.

Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

This motion for a resolution will therefore be considered today during the energy debate.

The situation is now this:

- all the rapporteurs are here;
- Mr Simonet, the Member of the Commission of the European Communities responsible for this matter, is still absent;
- Mr Normanton has asked for his report to be delayed, as he has questions which he wishes to put directly to the Member of the Commission;

— on the other hand, Mr Bousch would be prepared to present his report now.

Under these circumstances, I propose that we agree to Mr Normanton's request and start with the Bousch report.

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — On a point of order, Mr President. May I object to what you are now proposing?

We have had a great many problems and difficulties with our order paper. Indeed, we have chopped and changed a great deal already. The President of the Assembly took the trouble to send us telegrams before we met laying down the revised order paper, which said at that time that there would be a session tonight starting at nine o'clock in which the energy debate would embrace the two reports and the oral question with debate. That was again decided yesterday when we went through our agenda. I do not mind—I do not object to Parliament saving time—but the time is now almost a quarter to seven. As I understand it, we intend to break at seven o'clock and come back at nine o'clock. It would only fragment the issue if we started off now. We have already mucked up our order paper by having an emergency issue debated at nine o'clock so that we shall not be debating the oil, petroleum and energy debate then.

I suggest we stick as closely as possible to the order paper laid down by telegram and by this House when we met yesterday in plenary session and that we should have the energy and oil debate this evening as soon as we can after nine o'clock and not ten, fifteen or sixteen minutes of debate now, which will result in the debate's being fragmented. Indeed, it will be very bad luck on the rapporteur if he has to speak now to an almost empty House.

I therefore suggest that as we have only a quarter of an hour to spare we should adjourn the House now and come back at nine o'clock.

President. — Of course, this House decides how its work is to be organized. However, since I am in the chair, it is up to me to see that the work is carried out in the most rational manner.

We agreed to 9 p.m. It so happens that we are now ahead of our schedule. Mr Bousch, for his part, is prepared to present his report now, which would enable us to save time during the evening sitting.

That is why I have proposed that Mr Bousch be allowed to present his report now, after

President

which we would suspend the proceedings until 9 p.m.

I call Mr Bousch.

Mr Bousch, rapporteur. — (F) Mr President, I told the official whom you sent me to ask my opinion not that I wanted to submit my report, but that a rapporteur is always at the disposal of the Assembly.

It seems to me, however, that the sectional report on gas that I have to submit is part of a whole, and that this should be introduced by the report of our colleague Mr Normanton, as was decided by the Committee on Energy, Research and Technology and approved by this Assembly. In my opinion we should stick to this decision.

If the Assembly should decide otherwise, it is not for the rapporteur to refuse, but, as far as I am concerned, I would find it somewhat pointless to present this report in front of, as Mr Scott-Hopkins has just said, an almost empty House and where everybody is getting ready to rush off to this or that reception.

(Applause)

President. — Since I am in the chair, it is my duty to see that our work is carried out in a rational manner. All energy questions are related to one another, and it is to be regretted that the responsible Member of the Commission is not present.

Mr Scarascia Mugnozza, it is unfortunate that it is not possible to reach a Member of the Commission when Parliament has completed an item on the agenda early, and when the presence of the responsible Member is needed for the next item. I would be very grateful if you could take the necessary steps to put this right.

I have the impression that this House wishes to suspend the proceedings now.

I call Sir Tufton Beamish.

Sir Tufton Beamish. — It is not for me to defend the Commission, but when I sought to catch your eye earlier, Mr President, I was going to say that the Commissioner is just as interested in Mr Bousch's report and the oral question by Mr Flämig and his colleagues as he is in Mr Normanton's report. That is one reason why I intended to put it to you, had you not made the decision you have, that we should start at 9 o'clock as originally arranged. Everybody knew that it would be 9 o'clock, including the Commissioner. With respect, it is hard on the Commissioner to expect him to hang around here

for hours when we have positively announced the beginning of the debate for 9 o'clock.

President. — I acknowledge your statement, Sir Tufton, but I expect everyone to be present when his presence is required. When whoever is in the chair sees that the speaker qualified is not there, he has to make efforts to find him. If, however, it is not possible to reach him, he is obliged to take a decision.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I have heard just now that Mr Simonet has just arrived in Strasbourg and will therefore be able to take part in the work of Parliament when the sitting is resumed.

President. — The debate is closed.

As agreed, the proceedings will now be suspended until 9 p.m.

The House will rise.

IN THE CHAIR: MR BERKHOUWER

President

(The sitting, suspended at 6.45 p.m., was resumed at 9.00 p.m.)

President. — The sitting is open.

14. *Tabling of a motion for a resolution on the forthcoming Summit Conference in Copenhagen and decision on urgent procedure*

President. — I have received a motion for a resolution tabled by Mr Lücker, on behalf of the Christian-Democratic Group, Mr Vals, on behalf of the Socialist Group, Mr Durieux, on behalf of the Liberal and Allies Group, Mr Kirk, on behalf of the European Conservative Group, and Mr Bourges, on behalf of the Group of European Progressive Democrats, on the Summit Conference of Heads of State or Government to be held in Copenhagen on 15 and 16 December 1973.

This document has been printed and distributed under No 234/73. Pursuant to Rule 14 of the Rules of Procedure, a request has been made for this motion for a resolution to be dealt with by urgent procedure.

Are there any objections to the request for urgent procedure?

President

The adoption of urgent procedure is agreed.

I have no speakers listed.

Does anyone wish to speak?

We shall now consider the motion for a resolution.

On the preamble, I have Amendment No 1, tabled by Mr Blumenfeld and worded as follows:

'Preamble

Add a second paragraph to the preamble, worded as follows:

"— having regard to its resolution of 17 October 1973 on the conflict in the Middle East and to the statement made by the Council of Foreign Ministers of the Member States of the Community on 5 November 1973,"'

I call Mr Blumenfeld to move this amendment.

Mr Blumenfeld. — (D) Mr President, I thank you for calling me. I have not much to add. My proposed amendment means that reference should be made in the draft to the fact that this Parliament made a declaration on the conflict in the Middle East on 17 October 1973 and that this should be included in the resolution and that we must also make reference to the resolution of the Council of Foreign Ministers of 5 November 1973 in the resolution. If we do not, then I think the motion for a resolution will be incomplete. I ask the House to approve this insertion into the motion for a resolution.

President. — What is the opinion of the chairman of the Political Affairs Committee on the amendment?

Mr Giraud, Chairman of the Political Affairs Committee. — (I) Mr President, I was in fact intending to speak on the resolution as a whole which has been tabled by the five chairmen of the Parliamentary Groups. I feel I must ask Mr Blumenfeld not to pursue his amendment, since the resolution we are tabling is purely interlocutory, and does not touch on the relevant subjects of discussion at the Copenhagen conference. The Political Affairs Committee will be preparing another motion for a resolution for tabling at the December meeting. In the present resolution we have refrained from referring to specific topics, even important ones, because the resolution was intended merely to enable Parliament to take note of the announcement of the Summit meeting, and to allow the Political Affairs Committee to give a little thought to the topics which will be dealt with at the Summit.

As the resolution has been drawn up with the joint agreement of the chairmen of the five Groups, I should like to ask Mr Blumenfeld not to press it.

However, Mr President, I should like to express my opinion about the Summit, if you will allow me.

President. — Mr Giraud, what I should like to hear from you in your capacity as Chairman of the Political Affairs Committee is your opinion of the amendment tabled by Mr Blumenfeld.

Mr Giraud. — (I) I have already said, Mr President, that I am in full agreement with what the amendment sets out to say, but I do not agree that it should be included in this resolution, which deliberately does not refer to any of the specific topics which are to be examined by the Heads of State or Government at the Copenhagen Summit.

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) I regret that I cannot agree with the honourable Chairman of the Political Affairs Committee, and am surprised that he says this; for I had informed him verbally beforehand of my intention to table this proposed amendment. I think that his argument that it does not belong in this motion for a resolution is not valid; for this motion for a resolution—which I support—must, because it has a formal content, formally refer to the resolution of this Parliament and the declaration of the Foreign Ministers of our Member Governments, so that the Political Affairs Committee can debate the whole content and the substance of all matters which are before us and so that this House can likewise refer to them.

I should like, although this is unusual, Mr President, to request the Chairman of the Political Affairs Committee to withdraw his reservations about my proposed amendment and I should like to ask the full Assembly to support me.

President. — In view of the circumstances, we shall now vote on the preamble item by item.

I put the first recital of the preamble to the vote. The first recital of the preamble is adopted.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put the preamble as a whole, so amended, to the vote.

President

The preamble as a whole, so amended, is adopted.

On paragraphs 1 to 5, I have no amendments or speakers listed.

I call Mr Petersen.

Mr Petersen. — (DK) Mr President, I should just like to explain my vote by saying that I cannot agree with paragraph 2, which I feel goes far too far when it is said that the formulation of a common policy in every sector is desired.

We are coming back to the question during the December part session, but I cannot vote for paragraph 2.

President. — I call Mr Giraud.

Mr Giraud. — (I) Before the resolution is adopted as a whole, Mr President, I should like to be allowed to make a statement.

President. — Mr Giraud, we must first vote on paragraphs 1 to 5 of the motion; then the resolution as a whole will be voted upon, and after that I shall call those who wish to make an explanation of vote.

I put paragraphs 1 to 5 to the vote.

Paragraphs 1 to 5 are adopted.

I call Mr Giraud for an explanation of vote.

Mr Giraud. — (I) Mr President, the motion for a resolution on the coming Summit Conference of Heads of State or Government at Copenhagen, which has been tabled by the chairmen of the Christian-Democratic, the Socialist, the Liberal and Allies, the European Conservative and the European Progressive Democrats Group, is intended to express the initial reaction of the European Parliament to the announcement of the Summit.

If the motion for a resolution is approved, as by all present indications it will be, this will enable the Political Affairs Committee, in the few weeks remaining before the December meeting, to table a second more specific and detailed motion for a resolution, which will give this Assembly, immediately before the Conference, the opportunity of reaffirming its expectations and wishes, as already expressed. The statements made to Parliament this morning by Federal Chancellor Brandt show that these have been accepted as a commitment to be aimed for by one of the most authoritative statesmen who will be attending the Conference.

Speaking now in the name of the Christian-Democratic Group, on a matter which we have always strongly upheld, both before and after the Paris Summit, we maintain that this new Summit at Copenhagen, and the speed, or rather the urgency, with which it was decided on, and above all the circumstances which called for its being held, all go to show that not we ourselves but others in other places have been lacking in realism in being so slow over the process of integration which was first prescribed in The Hague and subsequently programmed in detail in Paris.

The reality of the situation which has been brought about outside the Community and, by reflection, the internal situation which is causing such concern to the Nine, is a stunning indictment of the delay over European integration; and Chancellor Brandt recognized that there had been delay in his speech this morning.

Parliament is certainly not unaware of the difficulties which will be encountered along the 'nine-lane' road towards European union if progress in this direction is speeded up, but it also recognizes at the same time the damaging effects and the risks for world peace—as is clearly brought out by what is happening at the present moment—which would be incurred by any further delay on the part of the European Community in carrying out the absolute must of becoming a political entity. It also realizes that unfortunately, although the benefits are small, and more apparent than real, each government is still persisting in cultivating its own little garden.

We are grateful to President Pompidou and the Danish Government for having proposed this Summit. But if the French President is convinced, as he undoubtedly is, that there can be no European Union without a European policy, then all we can say is that the time has come to create a European policy.

Will the December Conference succeed in making a concrete demonstration of such a policy for the first time? I believe they will; I certainly hope they will.

If Europe will only look in the mirror—and what mirror is more ready to hand than the Mediterranean today?—she will find in the things she has not done, rather than in the things which she is capable of doing, the outlines of her own political identity, an identity which has so far been lacking, but which is now within her grasp, provided that she succeeds in presenting a credible image, and in giving real effect to a personal part in world affairs which can be more effective and more varied than any other power's.

President. — Mr Giraud, you have only five minutes for your explanation of vote.

Mr Giraud. — (I) Mr President, I realize you are anxious for me to conclude, and I do so by saying that for our part, while we are neither optimistic nor pessimistic about the Summit, we are not unhopeful that Copenhagen may produce the sense of responsibility and the kind of courageous decisions which the situation today calls for so strongly.

President. — I remind the House that the maximum speaking time allowed for explanations of vote is five minutes.

I call Mr Leonardi.

Mr Leonardi. — (I) Mr President, I should just like to explain why we are abstaining. This is because we have always been against the procedure followed at Summit conferences, which only adds to the authoritarian structure of this Community.

On the other hand, this motion for a resolution means that the matter is deferred for further discussion in the Political Affairs Committee, and this admittedly has the advantage of allowing further discussion of the question before the Summit Conference.

So that, since we cannot vote against, I declare that we shall abstain.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, honourable colleagues, I should like to state that when a motion for a resolution has been tabled by five political groups it ought really to be self-evident that the members of the Political Affairs Committee support it, without their having expressly to declare their voting intentions as has been done just now.

President. — I warmly support Mr Fellermaier's remarks. I put the motion for a resolution as a whole to the vote. The resolution as a whole is adopted.¹

15. *Communication on initial implementation of measures for a Community energy policy—Prerequisites for guidelines on the supply and use of gas in the Community—Oral Question No 149/73 with debate on petroleum supplies in the Community—Economic and monetary union*

President. — The next item is a joint debate on the following:

— report drawn up by Mr Normanton on behalf of the Committee on Energy, Research and Technology on the Communication from the Commission of the European Communities to the Council on initial implementation of the guidelines and priorities for a Community energy policy (Doc. 220/73);

— report drawn up by Mr Bousch on behalf of the Committee on Energy, Research and Technology on certain prerequisites for future guidelines concerning the supply and use of gas in the Community (Doc. 213/73);

— Oral Question No 149/73, with debate, by Mr Flämig, Mr Delmotte, Mr Giraud, Mr Van der Hek and Mr Jakobsen to the Commission of the European Communities on petroleum supplies in the European Community; and

— Motion for a resolution tabled by the Committee on Economic and Monetary Affairs, with the request that it be dealt with by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the current situation in the move towards economic and monetary union (Doc. 229/73).

I remind the House that speaking-time has been allocated as follows:

— 10 minutes each for the rapporteurs and one speaker for each political group;

— 5 minutes for other speakers.

As regards Oral Question No 149/73, however, speaking-time is allocated as follows:

— 20 minutes for the speaker on behalf of the authors of the question;

— 10 minutes for all other speakers, each speaker being allowed to take the floor only once.

I call Mr Normanton, who has asked to present his report.

Mr Normanton, rapporteur. — I am sure the House is grateful to Vice-President Behrendt for his decision to avoid dividing this extremely important debate into two parts. It is also appropriate for me to express gratitude on behalf of my friend and colleague Mr Bousch. I am certainly grateful.

The adjournment has given me an opportunity to bring myself up to date with the latest events in the energy field, at least as far as concerns my own country, Britain. For the benefit of the House I simply state that four-and-a-half hours ago the British Government announced in the House of Commons a declaration of a state of

¹) OJ No C 108, 10. 12. 1973.

Normanton

emergency which, for the benefit of continental parliamentarians, confers upon my government almost unlimited powers, as they might consider appropriate, to deal with the extremely critical events facing Britain, which is for the first time a Member State of the European Economic Community. This announcement, I suggest to the House, gives added emphasis and strength to the report which I propose to introduce.

In presenting the report on behalf of the Committee on Energy, Research and Technology, may I preface my remarks with three separate points. First, the Commission's proposals on which we are asked to deliver an opinion were drafted before the Arab-Israeli conflict broke out. Secondly, the views expressed in my report would, in principle, in no way have been different had the war not taken place. Thirdly, the explanatory statement and the conclusions in the report are in substance the views which have been expressed over several years by colleagues of mine on the Committee on Energy, Research and Technology and presented to and endorsed by this House and by the Commission.

The only distinction, perhaps, which I might be tempted to draw between this occasion and the reports of previous rapporteurs is that I might be tempted, in presenting this report, to open with the remarks: 'We warned you. We told you it would happen. Now it has happened.' What is the position as far as the Community is concerned? The answer, frankly, is short and painful: there is so such thing as an energy policy for the Community. There is a Commission document—in fact, there are a number of documents—on this subject. They contain, regrettably, little more than pious hopes and the barest bones of policy proposals to which the Committee on Energy, Research and Technology gives its blessing and approval in this report.

I would now ask the House to direct its attention to the main part of my report—namely, the motion for a resolution. For the convenience of the House I have grouped it under four main headings. The first is that Europe, whose industries and prosperity were founded on indigenous fuel and basic raw materials, is now heavily dependent for its economic life-blood upon vital supplies from areas of increasing instability and from areas over which the Community has little or no influence.

Secondly, energy, technically speaking, is and should be seen as an indivisible package. Whether we consider it from the viewpoint of source of supply, of type of material, of its distribution, of its production or of its use, only a total approach, only a total policy for energy is appropriate.

Thirdly, the political decision-taking is in itself indivisible. No policy on energy in our view can be effective or appropriate unless those making it—whether they be the Commission or the Council of Ministers intending to implement it—resolutely take in the whole field of policy, economic, monetary, regional, fiscal, industrial or foreign affairs, to name but a few.

Fourthly, I wish to make the point incorporated in the motion that Europe, if it is to survive, must be, and be seen to be, as indivisible in energy as in every field of political decision-taking. Independent policies and action by Member States unrelated to Community policies and objectives are doomed to failure and the Community will be doomed to collapse.

If this House, the Commission, the Council of Ministers or, indeed, the peoples of the Community, fail to recognize these fundamental political facts of life, we shall, I believe, be contributing to our own demise and deserve it.

In 1937 Europe stood divided and lacked the courage to meet the growing threats from within. Nations sought to save their own skins at the best price obtainable in the market place, as we have heard in this assembly hall on other occasions. The lights of Europe went out one by one: we were at war. In 1973, just reversing those two last figures, Europe is still divided despite the establishment of the European Community and we still lack even more painfully and conspicuously the political will to meet the rising threats from without. Europe, I feel, appears to prefer to shelter behind the defence will of the United States, the soothing drug of *détente* and the fond hope that once again we shall succeed by buying peace.

Unless we act now and in concert, the life-blood of Europe will drain away, drop by drop.

Oil is that life-blood. Our dependence upon it will continue for ten, or maybe even twenty years ahead. We must reduce that dependence by initiating a massive move into the nuclear energy field. We must intensify our search for more oil and gas inside the Community and in politically more reliable areas. We must do this in concert with other consuming countries in the world and in particular with the United States and with Japan. We must promote by every means at our disposal a better understanding of the interests which exist—or, ought I to say, should be seen to exist?—between the oil-producing countries and the consuming countries in general and the Community in particular.

This Parliament must not forget the developing countries in its deliberations on this vital subject,

Normanton

in this critical situation involving oil. Within the Community more formalized arrangements must be made by the Commission for greater coordination of the purchasing, processing and distribution of oil, gas and hydrocarbon products, even if to do so effectively were to require amendments to the texts and the articles of the Treaty of Rome.

The Committee on Energy, Research and Technology endorses the Commission's proposals, but they appear to be far too modest to deal with the serious situation facing the Community.

This morning we listened to Chancellor Brandt spelling out loud and clear the urgent need to establish a united Europe if we are to exercise any influence at all over events, whether they be internal or international. This is not a time for panic action, but it is a time for cool heads and firm resolve. Hot words, I venture to suggest, could mean cold homes in Europe this winter.

Enshrined in the report is the bitter criticism by the Committee on Energy, Research and Technology of the inability of the Council of Ministers to grasp the seriousness of the situation and its apparent unwillingness to reach agreement on a Community policy on energy as well as on many other equally important urgent and burning issues of today.

I should like at this point, for the benefit of the House, to put to Vice-President Simonet two or three questions which he may be prepared to answer. Does he regard the situation as urgent? There is little or no evidence that that is recognized by the Commission. Does it recognize that? Secondly, solidarity is a catchword in politics, but does the Vice-President see any grounds for believing that solidarity of action—defensive action, that is—by the Community is being opposed by any section of the Economic Community?

Thirdly, the Commission's proposals appear to be for the short term. Is this a fair comment? If so, what steps does the Commission propose to take with the longer period of the problem in mind? Finally, in his discussions on this important and urgent matter with the Committee on Energy, Research and Technology, Mr Simonet frequently prefaced his answers to our questions with the words, 'That is a political question.' Dare I ask him what is the significance of that reply to our questioning?

Our criticism of the Commission is centred on the inadequacies of its detailed proposals for an energy policy and on the fact that it appears to have been caught off guard by the course of events—of which the Arab-Israel conflict is only

one. Europe is much shorter of plans for concerted action than she is short of oil. She is still more seriously short, however, of political will.

If Members will only concentrate their attention in this debate on that key aspect—lack of political will—we shall make an earnest and worthwhile contribution to the political unity of Europe. If this Parliament does just that, then the work of your Committee on Energy, Research and Technology over many years, and my own modest efforts as its rapporteur over the last three weeks, will not have been in vain.

Europe faces a crisis unparalleled in living memory. If the lights go out over Europe once again it will not be only through lack of oil: it will be through lack of guts and political will. In those terms, I present this report to Parliament.

(Applause)

President. — I call Mr Bousch, who has asked to present his report.

Mr Bousch, rapporteur. — *(F)* Mr President, my dear colleagues, it is my duty to present to you, on behalf of the Committee on Energy, Research and Technology, a report on certain prerequisites for future guidelines concerning the supply and use of gas in the Community. My report is concerned with a more specific sector than the very general report which has just been presented to you by Mr Normanton, also on behalf of the Committee on Energy, Research and Technology. I shall therefore be going into greater detail, although it may be necessary for me to enter into the discussions later on, speaking on behalf of my group, in order to put before you a number of general observations on a problem of exceptional importance in today's circumstances.

The present situation in the natural gas sector and its forecastable development call for major, urgent action in the framework of the overall Community energy policy, which has just been defined and discussed at length.

In its communication to the Council on guidelines and priority action for energy policy, the Commission stated that, in view of the special advantages of gas in certain consumer sectors, it should be used to the best possible advantage.

This implies that limits should be placed on supplies of gas to consumers not in a position to put it to optimum use, and in particular, that consumption in power stations should be limited, that certain restrictions on intra-Community trade should be removed, and links between transport networks and storage facilities should be improved.

Bousch

In the document on medium-term forecasts and guidelines which it has submitted to us, the Commission has outlined the gas situation and its probable development, but neither document contains any precise information on intentions or the priorities to be attached in implementing or influencing the development of this policy along the desired lines.

The previous report presented by our colleagues on behalf of the Committee on Energy, Research and Technology has already given rise to discussions in this Assembly on a number of problems relating to the gas sector, and specific proposals have already been made in this sphere.

For my part, this evening, I shall therefore restrict myself to a number of fundamental considerations concerned with the improvement of gas supply and the need to rationalize its utilization.

The need to strengthen gas supply becomes readily comprehensible in the light of a number of figures supplied to us by the Commission for the purposes of updating our documentation.

In 1972, the Community's recoverable natural gas resources were approximately 4.8 million million cubic metres, less than 10% of world reserves, which are in the region of 50 million million cubic metres.

Consumption during that year alone was of the order of 100,000 million cubic metres (Groningen equivalent), to which must be added 30,000 million cubic metres in the United Kingdom, giving a total of 130 thousand million cubic metres, the rate of increase being more than 20% from one year to the next.

The Commission acknowledges that, under these circumstances, major efforts must be made to prevent the gas supply base in the Community from being run down during the coming years. It proposes that efforts should be made to intensify prospection and recovery activities and that an in-depth study should be made of new possibilities for importing natural gas.

However, it is not sufficient to say that it is necessary to intensify research and increase imports in the face of the present escalating situation on all the energy markets, the gas market in particular. More must be done.

It is necessary to establish a genuine common commercial policy in this sector as in others, and it is necessary to do more than merely adhere to the obligation to inform the Commission of imports of hydrocarbons already planned. One may ask whether the time has not come for the implementation of the proposal

from the Commission for a regulation establishing a common system applicable to imports of hydrocarbons from third countries, which was examined in the report by our colleague, Mr de Broglie.

Moreover, the proportion of total gas consumption accounted for by manufactured gases is decreasing constantly. This we find both dangerous and paradoxical at a time when gas is representing a very considerable proportion of total energy consumption in our Community. It would seem that a certain degree of self-sufficiency is necessary in this sector and should be maintained so that, whereas it is certainly necessary to increase natural gas production, it is also necessary to maintain an element of manufactured gases, particularly by developing research, specifically in the area of coal gasification, a subject which has been raised time and again in our committee and also in this chamber by Professor Burgbacher and Mr Giraud.

The development of high-temperature reactors must also prove to be of considerable usefulness in this sphere.

A comparative study of the costs of such products should be made, account being taken of actual costs of production, transport and distribution.

I have mentioned that it was necessary to rationalize the utilization of natural gas. The Commission has expressed the view that an increase in gas consumption would be advantageous for environmental reasons, obviously, and also for reasons of stability of prices, which would follow from long-term contracts. In fact, one may wonder what would become of such long-term contracts if the present situation were to continue.

Irrespective of the problems of availability, it is necessary—as our committee has stressed—to avoid the wasting of natural gas and to optimize its utilization.

It is essential that there should be a sharp reduction in the proportion of gas used in power stations, whereas, on the other hand, it must be stressed that the prospect of shortages of natural gas in the Community raises a question-mark against the advisability of its use for combustion in power stations when priority could be given to sectors of particular interest, such as domestic consumption and small- and medium-size industry, which consume small quantities of energy.

It is not my wish to discuss other problems which arise in this connection, such as the problem of transport, which have already been studied in other reports.

Bousch

Nevertheless, the problem of storage is one which calls for a fuller study in the context of the rational utilization of natural gas, despite the very considerable seasonal fluctuations in consumption.

Finally, in its communication on energy policy problems and resources for the years 1975 to 1985, the Commission of the European Communities recommended the application of a Community right of pre-emption on gas extracted in the Community.

This proposal tends to lend particular strength to the measures laid down in the regulation introducing a common export system.

Finally, it would perhaps be advisable for the Commission to consider guarantee systems for the use of energy resources produced in the Community. Rationalization implies that standards for security of supply should be established and proposed directives designed to achieve this end would be particularly appropriate.

This, then, gives the essence of the motion for a resolution.

One cannot but feel concern at the present development of the gas sector in the Community. In our view, the position taken up by the Commission in this area as yet only represents the beginnings of a supply policy.

We believe that it is not enough simply to take note of the present trends in gas supply and utilization without seeking to influence them in an effort to ensure security of supplies.

The few measures proposed should be put in train without delay. To this end, the Commission of the European Communities should put forward specific proposals. The analysis of the present situation should be acted upon in the form of proposed measures designed to guarantee reliable, regular supplies in the extremely important gas sector.

Recent events only confirm the need to put an end to the vagueness of the past and to promote a more specific, more forward-looking policy in this sector.

It is in this spirit that we call for your approval for the motion for a resolution which was adopted by the Committee on Energy, Research and Technology, the essentials of which it has been my privilege to present to you this evening. *(Applause)*

16. *Limitation of speaking-time*

President. — Ladies and gentlemen, may I draw your attention to the fact that there are now 19 names entered on the list of speakers. If each of them requires the 10 minutes allocated, altogether the debate will take 3 hours at least.

This is a question we must consider.

I call Mr Schulz on a point of order.

Mr Schulz. — *(D)* Mr President, a very short speech, the first part of which at least, I hope, will be a pleasant surprise to this House. As joint rapporteur for the Committee on External Trade Relations on the subject on which my colleague Mr Normanton has spoken, I waive my right to speak because I prefer to speak later in the debate in my own name.

President. — I call Mr Fellermaier for a procedural motion.

Mr Fellermaier. — *(D)* Mr President, in view of the situation in the House, not only today, but every day recently, and in view of the heavy burden borne by our staff, this House ought, under its own sovereign power and without using the Rules of Procedure, but rather in recognition of the burdens falling on the Assembly, the administration and the interpreters' booths this week, now to decide of its own accord that all speakers who follow should be entitled to 5 minutes' speaking-time. This House is empowered to take such a decision.

I do not table this as a motion, I appeal to my colleagues' understanding.

President. — I call Mr Noè to speak on Mr Fellermaier's procedural motion.

Mr Noè. — *(I)* Mr President, it is impossible for anybody to say what he thinks about such a complicated subject in five minutes. Ten minutes is the absolute minimum, otherwise one can't say anything. So I propose that it should be left at ten minutes.

President. — I propose that the House adopt the following allocation of speaking-time:

— 10 minutes each for Mr Flämig and for speakers on behalf of the groups;

— 5 minutes for all other speakers.

Are there any objections?

That is agreed.

17. *Communication on initial implementation of measures for a Community energy policy—Prerequisites for guidelines on the supply and use of gas in the Community—Oral Question No 149/73 with debate on petroleum supplies in the Community—Economic and monetary union*
(continued)

President. — Resuming the debate on energy problems, I call Mr Flämig to speak to Oral Question No 149/73.

The question is worded as follows:

Subject: Petroleum supplies in the European Community

1. What steps has the Commission already taken or does it intend to take in the near future in order to safeguard petroleum supplies to the Community, particularly in view of the restrictions imposed by certain Arab countries?
2. How does the Commission propose to achieve a lifting at the earliest possible date of the restrictions imposed by certain Member States on the export of petroleum and petroleum products, in so far as they affect exports to other Member States?
3. What action is the Commission prepared to take to ensure that if a shortage of petroleum and petroleum products develops in the Community, measures can be introduced at Community level to achieve an equitable distribution of available petroleum and petroleum products and to guarantee that the restrictions on consumption are as limited and selective as possible?

I call Mr Flämig.

Mr Flämig. — (D) Mr President, nobody, I am sure, will dispute that the question that I am now allowed to table on behalf of the Socialist Group is of the greatest relevance. After the oil embargo has struck the citizens of the Netherlands with full force, its effects will shortly be felt in almost all countries of the Community. The question of what steps the Commission is taking or thinking of taking in the face of this situation transcends the energy debate which is on the agenda.

The obstacles to and restrictions on the export of petroleum and petroleum products to other Member States, introduced more or less unavoidably by some Member States, do not affect energy policy only. They fit in with the economic and monetary union to which we aspire like the proverbial square peg in a round hole.

For these measures show not only the close involvement of the fate of the European Community with the regions of the Middle East and Africa.

Today, in certain cases, wheels stop turning if the union of oil sheikhs wishes it so. At which a question may be put: what solution does the Commission envisage?

Particularly important is Question 3. It relates to the possible occurrence of a shortage of petroleum and petroleum products in the European Community and aims at a fair distribution of the available petroleum. With this question we are appealing to European solidarity. For the first time since the European Community was founded this solidarity is being put to the test. All avowals that Europe is united must lack credence if people in one part of the Community are left in the cold, if in another part of the Community people must sit in the cold or can no longer use their cars. In this respect in particular we hope for a clear plan from Commission and Council.

I have deliberately included the Council. Naturally, our question is primarily addressed to the Commission. It is clear to us, however, that the Commission alone will not be in a position to overcome the consequences of the oil crisis. If the European Community, in the spirit of the Treaties of Rome, wishes to create similar living conditions in all regions of the Community, this quite definitely includes equal chances for all regions to have an industry adequately supplied with energy, and for them to have warm rooms, working electrical appliances and usable motor vehicles.

But if, in response to necessity rather than our own inclination, restrictions must be made, steps must be taken to ensure that the restrictions affect the citizens of all regions equally. This can certainly not be done by Commission directives alone; it can only be achieved if the Governments and parliaments of all the Member States pull together in solidarity.

Now another basic comment on our question. We ask you not to take our three questions as relating solely to the direct consequences of the war in the Middle East and the oil embargo. We urge you to take the questions as they are intended. We are not interested only in the measures to be taken directly in connection with the oil embargo against the Netherlands. That is only the precipitating factor.

We also ask you not to take our question as though we were dealing with a problem that had just cropped up recently. Let no one say that an oil crisis in this form was not to be

Flämig

expected! We have been warning for years! My colleague Mr Normanton has just said it. The ECSC Assembly has already demanded a uniform energy plan. The European Parliament has been warning since its inception that it would be a mistake to suppose that the oil-wells would go on gushing merrily for ever. Time and again we have pointed out in this House with all urgency the threatening dependence of the European Community and its economy on the oil suppliers and the oil-supplying countries. We have repeatedly demanded that the European Community should oppose, with the concentrated strength of a major purchaser, the power of the large section of the oil-producing countries which has organized itself into OPEC.

How right we were is shown by a speech made by the General Secretary of the organization I have just mentioned, OPEC, on 8 November this year before a United Nations committee. Dr Khene, the Secretary-General, took the view that the Western world's hunger for oil had assumed absolutely unreasonable proportions. If it were satisfied, he said, the known oil reserves would be exhausted in 20 years. The Secretary-General of OPEC denied that the oil-producing countries were only interested in increasing their revenue. The rise in the price of crude oil had lagged far behind the rise in prices of other raw materials. He admitted that the current price increases would be an inflationary factor. But one should not exaggerate the importance of the price of oil, he stated. The share in the price of industrial products attributable to energy costs amounted to 4% on average. Therefore the latest increase in crude oil prices of 17% did not have such a very great effect on the end product. On the other hand, at various other levels the price of oil would be increased by unprecedented profits by the oil companies in the first half of 1973, he said. If the price of oil was regarded as too high in the consumer countries, it was open to the governments to loosen the tax screw. For the consumer price contained only 0.92% production costs, 4.92% transport costs, 3.85% refinery and storage charges and a dealers' margin of 14.66%, but consumption taxes of 61.96% in the consumer countries.

And finally, said Dr Khene, the oil-producing countries had been ready to cooperate in some kind of worldwide energy policy. Such discussions could, however, no longer—now listen and be astonished!—be carried on with the private oil companies but only, as he put it, with those 'really responsible', in other words with the government representatives.

Although the oil companies could still play a certain role, particularly in prospecting, prices

and quantities of supplies should be negotiated in government conferences.

The events of the past days have demonstrated to us how seriously we must take such words. We Socialists always take the view that it is wrong to put the keys to a flourishing economy and an adequate standard of living into the hands of private monopolies. This is a challenge to the public authorities. For us in the European Community this means: A challenge has been put before our institutions. We in this Parliament can at present basically only ask questions, unfortunately. The Commission is hereby called upon to give us the answer.

(Applause)

President. — I call Mr Hougardy on a point of order.

Mr Hougardy. — *(F)* Mr President, on a point of order, I should like to ask who will be replying on behalf of the Council of Ministers.

President. — I have already put this question to the Council. I was told that a member of the Council would be present, but would not take the floor.

Mr Hougardy. — *(F)* It had nevertheless been understood when the Bureau laid down the agenda for this part-session that the Council would be represented, and Mr Simonet was specifically invited to change his engagements in order to be present this evening at the same time as the representative of the Council.

Mr Simonet has put himself out. It is regrettable that the Council should not be represented at this debate, and I invite the Assembly to take note. In view of the importance of this debate, this is an intolerable situation.

President. — I take note of Mr Hougardy's statement. I have no other course open to me at the moment. If Mr Hougardy's statement reflects the feeling of the entire House, it can be taken up at a later stage in the form of a statement by the chairmen of the political groups, which can then be conveyed to the Presidents of the other two political institutions of the European Communities.

I call Mr Simonet.

Mr Simonet. *Vice-President of the Commission of the European Communities.* — *(F)* Mr President, in presenting his report, Mr Normanton asked three questions and added one observation. I shall try in my address to answer the

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questions, but the observation to the effect that the Commission's proposals are essentially short-term appears to me to be unfounded.

Indeed—and I hope to be able to demonstrate this—I believe that the Commission has made every effort in its various proposals to take a long-term view, and the concern which it has shown for the organization of the market and the organization, on a firm foundation, of continuous consultation with the producer and consumer countries alike appears to me to reflect a desire to deal with the true dimensions of the problem and concern to tackle the short-term cyclical difficulties.

With respect to the rapporteur, therefore, I can only consider his criticism on this particular point, at least, to be ill-founded.

Moreover, I should like to strengthen this point by taking a longer-term view than that dictated by an examination of our present difficulties. Indeed, these difficulties, with all the passions, confrontations and strife to which they have given rise in certain nations or parties, some of which have found expression here, are only—let it be said frankly—another stage in a series of problems which have been experienced in the past and will continue to arise in the future. Our very real desire to ensure that our deliberations lead to a common energy policy is the product of a number of factors. I should like to enumerate them very briefly.

The first, and perhaps the most worrying of all, is that some two years ago we emerged from a ten-year period during which energy was in abundant supply and, therefore, cheap. For a number of reasons which it would take too long to examine here, and which are familiar to most of you at all events, constant pressure was exerted on the prices of petroleum products by a chronic surplus of supply, with the following consequences:

- (1) lack of incentive to find substitute sources of energy;
- (2) a perhaps unduly rapid abandonment of existing sources of energy (I refer, in particular, to the coal industry);
- (3) the habit of wasting energy to which our societies have become accustomed in all sectors—industry, private individuals and states alike—whose potential dangers to industrial societies we are now beginning to appreciate.

As an aggravation of the latter problem, we have developed a voracious appetite for energy which is being reflected in a very rapid growth of annual energy requirements and is attributable to our peoples' desire for progress and prosperity.

A third factor, which again is a long-term problem, is that, also during the last two years, a fundamental change has taken place in the industrialized world: the United States, which had hitherto been to all intents and purposes self-sufficient, became an importer of petroleum. To be appreciated, this fact must be considered in the general context of the position occupied by this country in world energy consumption: although it has only 6% of the world's population, it accounts for 30% of energy consumption.

When one adds to this the economic factor of the steady increase in the costs of research, prospecting and recovery prompted by energy requirements, you have a, perhaps, unduly summary, but fairly realistic picture of the economic aspects of the situation which has developed and will persist for a number of years to come.

From the political point of view, we are witnessing a very crucial transformation: the oil-producing countries, having grasped the virtues of organization, the advantages of establishing an entente or cartel, are at present aware that oil, the raw material of the industrial world, is an arm which they are able to use to political ends.

Having raised the matter of the use of oil as a political weapon, I should like to say immediately that I do not consider this to be the problem of greatest concern in the long term, although it may well be in the short term.

The most worrying problem is that we now have to deal with countries for whom oil represents, if not their only resource, at least the fundamental resource on which they are in a position to base their economic development. They know that their oil is not an inexhaustible asset. As long as the annual returns on oil production enable them to do so, they intend to make this asset last as long as possible, because they are fully aware that the utilization of this asset will determine their long-term economic development.

This series of long-term factors has cast a sharper, more brutal light than hitherto on two phenomena which we must learn to face, however disagreeable this may be: our position of dependence and our lack of security in the area of energy supplies.

These two phenomena call for a new approach by governments, the Community and public opinion as well to the energy supply problems of the Community.

Firstly, and this will be easier once the rather passionate feelings currently surrounding the Middle East problems have receded, we must have the courage and clear-sightedness to re-

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orientate completely the relations which we have had hitherto with the oil-producing countries.

A second idea is that we must re-examine the role of the major oil companies, not only those in which the state has an interest but also the independent ones, taking an overall view of petroleum products production and distribution. Hitherto, these companies have been the only intermediaries between producers and consumers and they will continue to play an extremely important role, but the new politicalization of oil which we have been witnessing during these last few months makes it essential that we should now re-examine, in conjunction with them, their present and future role in energy supplies to the Western world.

Thirdly, we must ask ourselves what the future role of oil in our overall energy situation is going to be and examine the possibilities of developing substitute sources of energy as soon as possible.

Finally, there is a problem which I cannot disregard, although it is not my task here to provide a solution: we cannot ignore the political implications involved in adjustments of our relations with the producer countries and the oil companies or the re-examination of our economic policy which they will entail.

The fact is that, from the point of view of a state's economic policy, one cannot pass with impunity from a period of plentiful cheap energy to a period during which, although supplies may not be reduced substantially, they will certainly not increase as rapidly as in the past and will be increasingly costly.

Mr Flämig was right to recall the extremely interesting conference held a few days ago by the Secretary-General of the Organization of Arab oil-producing countries. There is an underlying logic in this document, and we should be wrong to reject it out of hand or simply regard it as being a form of blackmail hinting at what the future may hold. All the positions defended by the Arab countries' organization are upheld by an economic doctrine which is consistent both with the general approach to world energy supplies which we should adopt and with the particular needs of the oil-producing developing countries.

Here we cannot, I repeat, ignore the political implications of these options. It must be recognized that, during the last few days, many points have been made, some with vehemence, in favour of one point of view or another regarding the political interpretation to be placed at Community level on the reply which we were to

make to a number of decisions taken by the Arab countries. A contrast has been drawn, often in a polemical manner, between those who believed, or at least were said to believe, that the solution lay in the protection of their markets, taking part in an auction for the oil still available, who could possibly count on privileged relations with one or other Arab country, and those who considered, on balance, that the solution should be based on the notion of solidarity, of which much has been heard in this Assembly.

It is not my intention to speak in defence of the Council—this is not for me to do, nor is it within my competence—but I must place it on record that the Council has expressed its unanimous support for a policy, and this means that even the governments which had called for solidarity with varying degrees of conviction supported the approach which had been discussed in the Council. I do not know the underlying motives of those who adopted the motion; one can only note that it was adopted by the nine Foreign Ministers present.

I would add that, on the assumption that we manage to emerge from the somewhat polemical atmosphere in which we have found ourselves since the meeting of the Council of Ministers, the dilemma which some would have us see as an antagonism between the national or nationalistic solution and the Community or, if I may say so, the 'solidarity' solution is, in my view a false dilemma. Indeed, the facts of the situation underlying events and the pressure of circumstances suggest that, if there were to be a serious and long enough shortage of oil, irrespective of the measures or actions taken by states individually, they would all be affected by such a crisis, either directly because it is wrong to believe that 'every man for himself' is a sound principle for self-preservation, or indirectly in that the instability of growth and running down of economic activity which one country would suffer as a result of reductions in its energy supplies would inevitably have repercussions on the economies of all the other European countries. Consequently, the question of whether we hope to find a way out by looking after our own individual interests or by adopting a Community attitude in which the political and economic interests of all the Member States are firmly welded together seems to me to be relatively academic. During the next few weeks, if the embargo is continued, we shall all be affected; relations between the producer countries and the consumer countries have entered into a new phase; the industrialized world as a whole, and not only the Community, must make a detailed examination of the consequences which this will have on our economic develop-

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ment, and must cooperate to develop alternative sources of energy and methods of economizing the energy which is at our disposal. Our position of dependence and insecurity regarding supplies is, without doubt, a situation which we cannot afford to ignore.

There is a third factor to which I have already referred: the politicalization of oil. This is a phenomenon which will perhaps give a certain amount of satisfaction to some people who will see it as the vindication of doctrinal attitudes which they have held for a long time and justification for the need to take action in the area of the status of property or undertakings.

Others will deplore it for the menace which it represents to free enterprise. This is not the level on which I intend to discuss the problem.

What does seem clear to me is that, whatever our personal preferences, the public authorities will have an increasingly important role to play in energy supplies. This follows from the observation of a certain number of facts.

Firstly, the producer countries have made the situation clear regarding the politicalization of oil. Not only do they make this the corner-stone of their whole economic policy, on the basis of which they justify any future price modifications which they may impose unilaterally and the policy of hoarding resources or holding back production which they may in the future apply, but also—they have just given a particularly striking example of this—they can use oil production and exports for political ends, which may or may not be clearly defined.

This is a first fact which we cannot ignore.

Secondly, at the present time, there are a number of problems which are outside the scope of the major oil companies.

Firstly, in so far as the Arab countries stick to the decision which they took a few weeks ago to fix posted prices unilaterally on the basis of extremely volatile criteria related to commercial prices, and I find nothing to suggest that they will modify their attitude, the position of the oil companies as privileged, and for many years, sole partners regarding the establishment of prices counts for nothing.

Secondly, the oil companies are incapable of doing anything about the financial consequences to the producer countries and, in the longer term, to the consumer countries, of the enormous surplus which a certain number of countries are currently accumulating—nor do they claim to be in a position to do anything: this is not a criticism, I am merely recording a fact. One cannot expect the oil companies to resolve this

problem in conjunction with the producer countries, which are currently accumulating thousands of units of account, and dollars in particular. This is a problem which we shall have to discuss with the producer countries and, here again, this is a matter of policy which will have to be defined at state level because, let us face up to the fact, it is their supplies which are at stake.

To the extent that a high proportion of the growth in production necessary to the economic development of the Western world must come from a limited number of countries, and since the growth potential of a number of these countries is decidedly limited and gives them little scope for absorbing vast quantities of capital and, at all events, is not commensurate with the capital which they effectively have at their disposal, we shall have to tackle this problem with the producer countries and give them assurances to the effect that their capital can be used, and used to serve the interests of a significant sector of the third world, that is the underdeveloped countries which are not producers of oil. I cannot claim to have a ready-made formula at this stage, but this is a problem which we shall have to discuss, if not actually solve, with them during the coming years. This is a further aspect of the politicalization of oil.

Thirdly and finally, it is no longer any secret that the oil companies themselves are quite understandably prey to certain apprehensions at present: they are not sure of the conditions under which they will be able to operate and they are turning towards their governments.

This, I believe, is a fact. We shall not attempt to avoid the issue of this politicalization of oil. It affects the consumer countries, which know that their economic future is at stake. As I have already mentioned, it affects the producer countries, because oil production and exports are the basis of their economic development and the social development which they are seeking. It also affects the oil companies, which need a clearcut framework, free from all the insecurity and instability which we are experiencing at present, to pursue their enormous task of prospecting, research, exploitation, refining and, underlying all of this, investment.

This business cannot be conducted under satisfactory conditions unless a certain number of political questions are solved first.

Mr President, the facts of the problem, or at least several of them, are clear.

We must attempt to assemble the basis for an overall solution.

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I believe that, in order to do this, we must find answers to three questions.

The first of these is: how are we to establish ourselves in a less dependent position?

The second is: how are we to guarantee better security of supplies?

The third is: by what means can we diversify the sources of energy on which we can call for the purposes of our economic development, thereby increasing our independence from the outside world, or from a certain type of producer?

I should like to say at this stage, Mr President, that no situation, however unfavourable, can be completely devoid of potential advantages—although some of you may consider that this is taking a rather utopian view.

It is my hope, and indeed my conviction, that recent events can serve to guide us in a number of decisions to be taken in the interests of the Community. The pressure of events, the challenge of this oil revolution which is taking shape before our eyes, could perhaps provide the impulse for our Community and the institutions which inspire and administer it to achieve a minimum consensus on a number of principles and the minimum instruments which we need to implement these principles on a Community basis.

I believe, Mr President, that there are three major areas in which the Commission has already taken steps and in which it would like to see the Community as a whole express its position positively through the competent institutions.

Firstly, there is the problem of the rational utilization of energy.

When any commodity becomes rare, the old economic principle of allocating resources on the basis of the rule of optimum productivity must be brought into play.

We must therefore use all means at our disposal, including international cooperation, to seek ways in which to rationalize the use of energy over the years to come, bearing in mind, of course, the fact that we must avoid restrictions on growth—not that I am in favour of unbridled growth for its own sake—but we must avoid restricting it even if we subordinate it to social objectives, in such a way, that, in the last analysis, our Community and the countries in it could no longer meet their obligations to the population as a whole, and more particularly, to that section of the population which has not yet felt the full benefits of the growth society in which we now live.

This, I believe, is a first objective on which we must be prepared to expend a great deal of energy—I refer, of course, to intellectual energy. (*Amusement*)

However, without underestimating the contribution which a more rational use of energy could make towards the solution of the problem before us, I believe that we must seek a further, equally important, contribution towards the solution of this problem by improving the supply position, particularly by means of diversifying the sources of energy on which we are able to call.

I believe that, as of now, we must adopt a principle of making every effort, as rapidly as possible, both through Community and national initiatives which should be coordinated wherever possible, to intensify the exploitation of all the sources of energy which we have at our disposal, and we must be fully aware that this will not be a free exercise and we shall have to bear the economic and financial consequences and adapt our economic and financial policies accordingly.

This, I believe, is the principle on which we must build our foundations. To take two specific spheres, beginning with the coal industry, this means that we must give the closest consideration to the possibilities of maintaining, and, where possible developing, each of the major coalfields in the Community—this is a problem which the Commission has been studying for some time in conjunction with the national governments.

We must weigh the economic and social costs of this operation and, as far as possible, as long as the cost of maintaining coal-producing capacities is not exorbitant in relation to competitive sources of energy, we must maintain coal production as a sort of safeguard which will enable us to cope with the crucial problems with which we are going to be confronted.

The same applies in the nuclear energy sphere. I believe that one of our major tasks is to hasten the work on which we have embarked and, for our part in the Commission, we must assume greater responsibility than ever for ensuring that concerted action is taken to increase the nuclear energy supply base of the Community, whilst taking measures to ensure the Community's autonomy of supply in an area in which we are as yet still in an entirely dependent position.

You have understood what I am referring to: it is the considerable economic and political problem involved in establishing a European uranium enrichment capacity.

In the next few days, the Commission will be discussing this problem yet again.

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We are going to endeavour to present a series of proposals to the Council of Ministers which will enable us to rely on concerted action by the states to make the Community relatively independent of external sources and to establish the basis for economic development in the years to come.

Finally, in addition to what we can do to reduce energy consumption and increase supply by diversifying our sources, there are, I believe, a number of measures which must be taken in the area of oil policy. Indeed, Mr Normanton's report discusses the series of proposals which we submitted after the Council meeting of 22 May. Although the Commission may be open to a certain amount of criticism, it cannot be accused of having lost time in presenting the proposals requested by the Council of Ministers after its meeting of 22 May: our proposals had been expected before the end of the year and we had them ready before the beginning of the holiday period.

I should like to stress this point, since I have heard a Member of Parliament criticize the Commission on this score, because he was unable to address his remarks to the Council of Ministers direct.

Since I imagine that no one else will do so, I should also like to pay due tribute to the Commission and, in particular, to its President.

This said, I believe that if we wish to translate the series of proposals which we have made, and which are discussed in Mr Normanton's report, into political facts, there must be a firm will on the part of the Community at the highest political level to establish a Community energy policy. If we do not display this will, and if it is not founded on the conviction that the only appropriate solution to the energy challenge is a Community solution, we shall continue to produce documents, you will continue to dissect and debate them with a degree of panache, and we shall not have moved a single step forward. If we do not have this will, we shall go on working in a void.

If we can establish this will, if all Europeans and, in particular, those with the heavy responsibility of leading them can share this conviction, which should be all the deeper in view of recent events, it will then be necessary to place a series of instruments at the disposal of the Community.

These are discussed in the proposals which have been made, proposals which, I would repeat, have not merely been formulated to suit current circumstances. If they are received favourably, they will then need to be rounded off, made more precise and fuller in scope. Energy policy,

like any other policy, requires to be developed on a continuing basis; it also needs to be adaptable to changing conditions and a changing environment. Consequently, these are not proposals which will remain immutable; if they are received favourably, it will be necessary to develop them progressively, but the basic intention and design underlying them is to endeavour to provide a long-term answer to the energy problems of the Community.

I can sum them up by saying that they revolve around three main themes: information, consultation and dissuasion.

Information: a number of proposals are designed to enable us to obtain a clear picture of oil supply conditions in the Community, including the mechanisms by which prices are established.

Consultation: we should like to see very wide-ranging consultation between the Commission and the Member States because, in this sphere, there can be no question of any one party's monopolizing the action to be taken. It will require the best endeavours of all the political institutions of the Community to deal with all the problems with which we are confronted. Similarly, all the political powers in this Community will need to take their share if we are to emerge from the difficult circumstances in which we now find ourselves. However, the situation calls for consultation between, on one hand, the Member States and the Commission and, on the other, between the Member States and the oil companies. There is no basic hostility towards the oil companies in our states. We are aware that, although their role is changing, it will nevertheless remain a vital factor in supplies to the Community for a number of years to come.

Clearly, there is also a need for consultation with the outside world: consultation with consumer countries like ourselves with a view to seeking, through research, to resolve some of the problems confronting us, thereby achieving more rational utilization of energy. There is also a very evident need for consultation with the oil-producing countries: we hope to be able to join with them in establishing a basis for dialogue and continuous consultations from which the common interests, which of course extend beyond the narrow area of oil, between these countries and ourselves will eventually emerge.

Mr President, I have taken considerably more than my allocated time, but I have been given to understand that I, as a Commissioner, would be allowed a certain latitude, and for this I thank you. It is my conviction that, at a time when it is so difficult to govern in the Member States and when centrifugal forces are at work,

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we have no grounds for believing that all the problems of the Community will be solved by the waving of a magic wand.

The creation of a community of economic interests, the harmonization of economic policies and, in the longer term, the creation of a political entity capable of ensuring that Europe continues to fulfil the mission conferred upon it by history, is an infinitely more complex and difficult undertaking than those confronting most of our governments. For many years to come, there will be difficulties, friction and mistakes, both on the part of the Community institutions and the Member States; but, if we all display the fullest awareness of the absolute necessity of succeeding in the major task which it is our mission to fulfil, gradually, through the body of national and Community measures which must, together, provide the basis for a solution to our problem, we shall gradually reach the point at which Community considerations take precedence over strictly national considerations and thus, finally, resolve this problem to which we attach so much importance.

(Applause)

President. — Thank you, Mr Simonet.

Before opening the general debate, I first call Mr Glinne to make a statement on behalf of the Council.

Mr Glinne, Member of the Council of Ministers of the European Communities. — (F) Mr President, in reply to the question put to the Council a few moments ago by Mr Hougardy, I should like to explain my presence this evening on the Council of Ministers bench.

Because the President-in-Office of the Council has been obliged to leave Strasbourg for urgent reasons whose scope and pressing nature I am sure you will all appreciate, I am here to give him a detailed account of the proceedings of Parliament which, alas, as Mr Commissioner Simonet has just mentioned, are unlikely to lead to a solution of the Community's energy supply problem. This is a debate which the Council of Ministers owes it to the Community to follow most attentively.

President. — Thank you, Mr Glinne. I note with gratification that Mr Glinne was particularly brief.

I call Sir Brandon Rhys Williams on behalf of the Committee on Economic and Monetary Affairs.

Sir Brandon Rhys Williams. — Mr President, as we sit in this rather over-heated hall and

the brilliant lights overhead come and go, it is perhaps a little difficult to realize that we are meeting at an extremely tense moment; yet I think we are all very much aware of the critical situation which we are facing and which is likely to develop rapidly in the course of the next few weeks. I say it is a tense moment; I try to avoid using the word 'crisis' and I hope my colleagues will do the same, because what we need now is resolution, not panic.

From the point of view of the Committee on Economic and Monetary Affairs, the oil shortage comes at a particularly disadvantageous time in the context of an already dangerous situation. I am of course referring to the continuing problem of inflation.

Yesterday the OECD published the figures of consumer price changes for September showing that in Europe as a whole they increased by 0.9 per cent. That is an extremely serious movement in a single month and is more than double the amount by which they increased during August.

In the context of the world situation, we have to recollect that in the United States inflation seems to be easing off somewhat. Their increase in September was only a third of ours. On the other hand, in Japan inflation seems to be reaching tear-away proportions: an increase of 2.9 per cent in consumer prices in September alone, more than 4 per cent in the last two months.

Yesterday, too, we saw sensational increases in commodity prices. These are particularly important for Britain, indeed, they are particularly important for all our industries throughout the Community. The price of sugar increased 2 per cent in one day, making an increase of over 30 per cent in the last 12 months. Copper, up £66 per ton in a day, has increased by 8 per cent in five days in London. It is more than double what it was last year. Tin increased by £20 a ton yesterday—a rise of 1 per cent in a day and 40 per cent in the course of the past year.

Zinc, perhaps the most sensational of all, was £520 a ton last week and is now £627—a rise of 20 per cent in one week. The price was only £160 last year. These sensational increases in commodity prices, of course, aggravate the rises in prices of our finished manufactures, both for our own consumption and for export.

Now, on top of that situation, we have the unpredictable increase in the price of oil, at the same time as a threat of a severe shortage.

Where commodity prices in general are concerned, perhaps the situation is not quite as

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bad as it might seem. Who is paying these prices? We are, of course. It is not true that we cannot afford these prices, because it is we who are helping to push them up. If the oil shortage develops in the next few weeks and causes disruption in our industries, which is easily foreseeable, then of course it will tend to bring down the prices of other commodities, because demand will inevitably decline as our factories have to ease off production.

All this is very serious talk and none of us can feel easy about the immediate economic outlook. However, let us reflect that our high buying prices are someone else's high selling prices. At this juncture, when inflation is taking such rapid strides forward, it must surely be wrong to consider plans which would result in cutting investment. The developing countries' selling prices, particularly those of the Middle East, put them in a position to make enormous demands on the developed countries, particularly the democracies of the EEC.

Of course, where there is a settled programme of stability, growth and full employment, the oil shortage upsets all our forecasts, marketing plans and concepts of production costs, disturbs employment and even career patterns and forces us to make a major reconstruction and recasting of our capital expenditure and investment plans.

The sudden changes in the relative trading positions of the democracies are unsettling to governments, so there is a political impact as well. The generally rising standard of living which has been a marked feature of the EEC in recent years should be creating a sense of political satisfaction, but on the contrary there is intense discontent, as we know, in all our countries, because the benefits and burdens of the changes in the monetary situation are so unfairly distributed.

In the Community, we are entitled to ask whether the Commission has done enough. Last year, the Summit Conference drew up an elaborate programme for economic and monetary advance. Has the Commission risen to the task that it was set? I have my reservations on that subject.

Then, how about the Council of Ministers in particular? Over the last year, it seems to have followed a policy of *dolce far niente*. A programme of action requiring successive poolings of resources was published last July. After many hesitations and cancellations, the Council met for the first time to consider these recommendations last Friday, yet these plans were due to take effect at the end of this very year.

No wonder there is hesitation and anxiety about the smooth progress of the European Commu-

ity to the second stage of economic and monetary union when the Council of Ministers treats the whole subject in this disgracefully dilatory and irresponsible way. I hope that now it has begun to get to grips with the problem in this tense atmosphere we shall see some rapid progress.

Let us look at the situation on the currency markets. The United States dollar has risen 5 per cent against the German mark in two weeks. This does not give one the feeling in the democracies that we have mastered the problems of the Euro-dollar and our relationships with the United States.

We have this singular situation that the Deutsche Mark has been bumping at the bottom of the snake, needing to be baled out in order to comply with its agreements. This is really an indictment of the management of our currency markets which are tending to think only in terms of months and not years. We have no effective capital freedom for our own currencies, no proper system of arbitrage except for the unreliable and volatile Euro-dollar. So we are not prepared for the test ahead, and the Council of Ministers, by their dilatoriness, must bear the blame for that.

We have no effective influence over harmonization of interest rates, no influence over parity changes, no protection for traders caught by currency movements. All these things have been drawn to the attention of the Commission and the Council many times by the Committee on Economic and Monetary Affairs. Here we are, an enormously wealthy community, well equipped to meet all our problems, and yet seemingly without influence, without a united voice and unable to defend ourselves against commercial challenges of the present kind.

I was glad to hear what Mr Simonet said. He seems to have taken the measure of the situation. May I say that he has taken the measure of the problems but we have not heard precise indications as to all the solutions. This is a very testing time for our democracies, and we shall have to ask ourselves whether our unity has any substance or whether it is only a fair weather slogan. In the European Parliament I have detected among my colleagues a sense of powerlessness which is natural enough, but I believe that we are not without influence in our national parliaments, and indeed we are not without influence if we speak here with one voice.

May I draw particular attention to paragraph 5 of the opinion which was adopted unanimously by the Committee on Economic and Monetary Affairs last week. We insisted that the imme-

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diate economic threats to the Community can only be tackled effectively by solidarity and joint action, and called upon governments to recognize their duty to respond in the interests of the Community as a whole. Since that was drafted and adopted unanimously by the committee we hear the good news that there is to be a summit conference at the end of December. This is an indication that governments are taking the measure of the situation and are determined to tackle it with unity rather than with a chaotic and individualist approach.

I hope that in retrospect the present time will be seen as a time when Europe took a great stride forward towards unity and closer monetary and economic organization. Let us hope that out of the present dangers Europe will be able to seize success.

(Applause)

President. — I call Mr Noè on behalf of the Christian-Democratic Group. I hope Mr Noè will follow the example set by Sir Brandon and not overstep his limit of 10 minutes.

Mr Noè. — *(I)* I am grateful to Mr Normanton for insisting on a global approach to the problem, and for emphasizing the need for a political will, to my colleague Bousch for saying that the utilization of natural gas should be coordinated and that at the same time there should be a full study of the various possible substitutes, and to my colleague Mr Flämig for talking about the burning issues of here and now. I must also thank Vice-President Simonet, with whom I agree over the first part of his speech, though I have reserves about the second part, and my speech will be largely concerned with these. I begin with the premise of the need, as I said here before the summer, for a systematic approach to these problems, by which I mean an approach which takes into account all the interrelated factors operating over a sufficient length of time to include all possible developments, not all of them on the same time scale. I am sure, in fact, that resources, reserves, continuity of supply and environmental aspects are all part of the same picture and must be looked at as a whole, and that energy problems cannot be considered purely from the technical or economic angle because of their close connection with the ecological sphere of our existence and with the industrialized world. With that short introduction, and bearing in mind the need to look at the question under different periods of time in the short term, let us say, from now until 1985 (during which period we cannot reasonably hope to have any appreciable volume of energy from fresh sources), in the medium term from 1985 to 1995,

and in the long term from 1995 onwards I should like to make a few statistical observations which, I am sorry to say, lead me to the conclusion that the prospects enumerated by Vice-President Simonet are not all that reassuring.

At present petroleum is the main supplier of energy, and satisfies 40 per cent of the energy requirements of the United States, 58 per cent of the energy requirements of Europe, and 75 per cent of those of Japan.

Japan and Europe, both large importers of petroleum, are together dependent on this commodity for two-thirds of their total energy consumption.

But it is not this fact alone which is significant so much as the rate of increase in the importance of petroleum. In 1950, Europe and Japan together imported 1,100,000 barrels of petroleum a day, whereas last year they imported 20 million barrels, showing a scale increase of 1.1 to 20.

Over the same period the consumption of energy in the same two areas went up three-and-a-half times, showing an increase from a base index of 1 in 1950 to 3.5 in 1972.

In actual fact the increase in the consumption of petroleum has been substantially higher, being four times as high as the total increase in energy consumption.

The explanation for this is that during this period the exploitation of other forms of energy was stationary, so that the weight of the increased energy consumption fell upon petroleum. If this situation continues, the conclusion must be reached by logical projection from the statistics of the last few years that by 1985 we shall be in need of 30 million barrels of petroleum a day in excess of our current requirements. Yet this is twice the amount of the total production from the Middle East in 1972. I say no more.

This growth rate in consumption can be mitigated to some extent by a change in policy, and in this respect I am partly in agreement with Vice-President Simonet, but a policy of restraint on the consumption of petroleum calls for decision-making machinery which we do not possess. So I feel that matters are likely to turn out more or less as I have said, and that we shall have to get used to facing up to the figures I have given.

Quite apart from our present difficulties, then, we have to face the alarming fact of an increase in energy consumption of this magnitude. Consequently (this is the nub of the matter), we must review all possible alternative sources and try to put them to the best possible use.

Noë

In the first place there are shale deposits and tar sands, which have not so far been exploited because of the high cost; but in view of the increased price of petroleum the utilization of shale and sands could be economically viable and is beginning to look interesting, and in fact millions of dollars are to be spent between now and 1980 on research into the use of these particular raw materials. There will be no research on this in the Community, since these materials do not exist over here, but I felt I ought to point out, Mr President, the importance of these deposits, which are of the same order of magnitude as those in the Middle East, and which may be profitably exploited in the future. Work has already started in this direction in the United States and Canada, but there are also important deposits in Venezuela and Brazil, and these can also in the future be put to the use of the Community.

Then there is coal. The United States is in the process of carrying out a four-year research programme in the whole field of energy which will involve an annual expenditure of 1,000 million dollars, and of this 200 million dollars will be spent on improvements in gasified coal technology. Vice-President Simonet also stressed that coal production should not be allowed to decline. The chairman of our committee has also produced figures, which seem reasonable enough to me, on the basis of which it has been calculated that coal production in Germany could in a comparatively short time expand from 97 to 100 or perhaps 110 million tons a year. And of course, if progress is made in gasified coal technology, to give a better yield, the Community can always import coal in implementation of its energy requirements.

Another source of energy to bear in mind are lignites, of which there are considerable deposits, estimated at milliards of tons, lying on the surface, especially in Germany in the Aachen area.

Research is also being undertaken on the use of heat from high-temperature reactors for the extraction of liquid methane, and this too is an experiment which will be followed with interest.

Here I will allow myself to make an observation. I said that 200 million dollars a year are to be spent on research on gasified coal: I am very sorry to have to say that our Community is spending 2 million a year on hydrogen research, which is basically on the same course. 200 against 2! And hydrogen, Mr President, is a material which in the final term will be recoverable from water—towards the end of the century, certainly—and I should like to dwell on this a little longer. The ingenious idea of

an easy method of producing hydrogen came from the Ispra Institute, where it was thought up by Dr Marchetti. Although a temperature of 2,500 degrees is needed to obtain hydrogen from water, he had the idea that it should be possible, by means of a series of chemical reactions, to initiate the process not at 2,500 degrees but at 850 degrees, which is in fact the degree of heat given off by high-temperature reactors. This process is now being challenged by others which are aiming at even lower temperatures, down to 500 degrees, which can be obtained from the fast breeder reactors. And meanwhile an American scientist at Oak Ridge is attempting to achieve a temperature of 2,500 degrees from nuclear reactors, which would allow the direct extraction of hydrogen from water. There is no doubt that all this competition, which is being followed with the greatest interest, may well produce some positive results which could give us the security we need.

Now my first comment is that our Community ought to step up its research. There are about forty people working at Ispra on the hydrogen extraction process, but there are some twenty possible chemical reactions, and of course in the circumstances they can only investigate a few of them. So, in my view, a decisive effort should be made, on a much bigger scale than the Japanese or the Americans are making. I say this to bring out the point that we must succeed in discovering a strategic solution of this kind (naturally it will take time, I have no illusions about a quick break-through) for in view of the mounting statistics of consumption, which are doubling themselves every twelve years, I can see no other answer. And I should like to say in conclusion that there is in fact a possible strategy. Let it be quite clear that I am not proposing this as a specific solution, but merely indicating the kind of answer that is possible. So, one possible solution could be this: we should increase the number of gas pipelines in the Community, with the intention that within a certain time all plants should be fuelled by gas, which could at first be obtained direct from crude (the crude would have to be worked to produce natural, not liquid, gas), then by coal, and lastly by hydrogen. It would mean a succession of processes over the period.

Vice-President Simonet said one thing which interested me very much, namely that the Arab states too would in the course of time like to run down the exploitation of their deposits. This might fit in very well with the present suggestion, and in the end, once we had a network of these gas pipelines, our 60- to 90-day reserves, which we have talked about so many times, would instead be able to depend on the total available natural gas in the Community. And if

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this is held in reserve (the United States do it, so why shouldn't we?) it could give the Community reserves counted in years instead of in days. But please, this is an idea which I was given by Ispra, and I do not presume to say that this is the right way. But I do say very clearly, Mr President, that either there are ways of this sort which can bring us peace of mind or else, there is no doubt about it, quite apart from our present difficulties, the brakes will have to be applied very severely on any progress in our Community because of lack of energy.

President. — I call Mr Giraud on behalf of the Socialist Group.

Mr Giraud. — (*F*) Mr President, both the Committee on Energy, Research and Technology and the Socialist Group have repeatedly in the past, and in particular during the May part-session, drawn the attention of Parliament and through it that of the governments and public opinion to energy problems.

Mr Normanton's report has the merit of summing up the situation at a critical moment and goes beyond the problem of solving the oil or energy problem in the immediate future, as raised by Mr Flämig in his question to the Commission. Is it necessary to dwell at length on the Community's past history and to award certificates for being good Europeans to some people and bad ones to others? This would be both vexing and futile. Vexing, because everyone would be more or less rubbed up the wrong way, and futile because the English are right in saying it is no good crying over spilt milk. On the other hand, my group has asked me to express formally its wish that a Community energy policy should be put into practice step by step, for this is a complex matter involving multiple procedures, but immediately and without delay. In this field as in so many others, we must speak with a single voice, for none of the Nine will be able to make itself heard or a *fortiori* rescue itself of its own accord. This means in practice that a general approach to the whole energy problem must be devised.

In addition to the oil problems there are also those of gas in all its forms, as raised in Mr Bousch's report, with which my group agrees. Then there are the problems of coal which should improve in future inasmuch as the rise in the cost of energy may make some of our mines more profitable, especially if new processes enable them to be used more economically and efficiently. There is also nuclear energy, which in the next decade will have to

play an increasingly prominent part whatever the processes adopted; hence the importance of an urgent solution to the problem of the enrichment of uranium and all the forms of new energy, whether solar or other.

Without having any illusions, for we know that the policy of cheap energy has been artificially maintained during the last decade by tactical manoeuvres designed to slow down the growth of substitute fuels, we favour a policy which will guarantee a reliable and regular supply of energy in satisfactory economic conditions. Energy dominates the modern world, its industrial, monetary, commercial and foreign policies.

This supply of energy can only be ensured by consultations not only with the consumers of the big industrialized countries but also those of the developing countries which do not produce oil and which may well be the first victims, or at least the most vulnerable victims, of the present crisis, and with all the producing countries with due respect for the legitimate interests of each so as to make sure that after having suffered so much from a buyer's market no one abuses the opposite situation of a seller's market. Any outbidding by the buyers and any arbitrary retention by the sellers would create tensions which might lead to disputes difficult to control and in the short term to the ruin of both sides.

May I add, Mr President, that while blackmail is strongly condemned in relations between individuals it is no less unacceptable in relations between states. For it is obvious that surrender to blackmail can only increase the demands of the blackmailers and cause further blackmail on the world scene.

Without wishing to drag in the name of Munich, I do wonder what has happened to the famous independence of Europe of which some people are fond of boasting.

I shall end my remarks on this point by asserting that the longer the hour of courage is delayed, the greater the courage that will be required. Having said this and since we cannot afford to ignore present-day realities, I venture to express three ideas which seem to me to be clear ones on the relationships of Europe and the Middle-East countries in the present circumstances. First of all, Europe cannot solve these problems on its own, and it must affirm its solidarity and its cooperation with all the consumer countries and not only with the European countries. Next, Europe must give its support to any negotiation which will ensure for the Middle East a just and lasting peace, during which a fair solution must be found to the Palestinian problem in all its aspects.

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Lastly, Europe must give an undertaking to grant financial assistance and every kind of cooperation to the Middle-East countries, especially those which are directly involved in the present conflict, so as to enable them to heal as quickly as possible the terrible wounds caused by the conflict. This must be accomplished without any discrimination between the countries concerned, and we know that it is by the cooperation of all the Middle-East countries that their general prosperity will be ensured.

The Socialist Group discussed these questions at length this morning and has asked me to inform you of some of its thoughts.

The first is that this oil question is too serious to be left to an appraisal by the big oil companies alone if these companies, as appears to emerge from recent statements by their directors, are today in favour of the government's taking a stand within the framework of diplomatic negotiations. They cannot deny the governments the right to speak also of the prices of petroleum products, which cannot be arbitrarily changed at every moment to take account of the current situation. We cannot allow the shortage to give some people new chances of enriching themselves.

The independent companies, moreover, even if they only play a marginal part in research and production, must be enabled to continue their activities, for they are a vital element in competition in the interest of consumers. Neither can the shortage provide an opportunity awaited by some people to get rid of these companies altogether.

Without wishing to be dogmatic about the delicate problem of the place which state intervention should have in the oil circuit—that is what was said by Mr Simonet a moment ago — the Socialist Group, which does not deny the constructive activities of the big companies in the prospecting, exploitation, transport, refining and marketing of oil products, does not doubt that in the next few months it will be necessary to call widely on state intervention in defining the problems and finding an appropriate solution. I would venture to add that just as war is too serious a matter to be left to soldiers alone, so energy is too vital a problem for the whole world to be left to capitalist monopolies alone.

I think everyone will have understood me. Having said this, I shall in conclusion repeat an excellent remark made by Mr Brandt this morning: 'Europe can no longer afford the luxury of having diverging opinions in the energy field. Its unity is a vital necessity.' This is naturally also the opinion of the Socialist Group. *(Applause)*

President. — I call Mr Hougardy on behalf of the Liberal and Allies Group.

Mr Hougardy. — *(F)* Mr President, ladies and gentlemen, at the time the rapporteur, Mr Normanton, drew up this report, he certainly did not suspect that a grave energy crisis was about to occur in Europe.

I would nevertheless pay tribute to the considerable work he has done, for he has in fact drawn attention to all the questions arising with regard to energy.

As I am an optimist despite everything, I should like to concur with certain proposals contained in Mr Normanton's report and to ask him some questions, for I hope the provisions contained in this report will nevertheless be put into operation one day.

On page 21, paragraph 34, I must admit I do not understand the phrase 'used properly'. Does this mean that any other eventuality is possible? I refuse to think so. Nevertheless, I note that there is no limit on the information the enterprises will have to supply, and what worries me is that the report specifies—I repeat the exact words used: 'nowhere is there any indication how, in practical terms, the companies and the Member States should combine to coordinate their supply policies'.

On page 25, paragraph 51, I should like the rapporteur to tell us exactly what is the meaning of the words 'promotion of greater efficiency and economy in the distribution and use of hydrocarbons'.

I think we shall all agree on the fact that for the selling point, within the framework of the present organization, the distributing companies have certainly chosen the most suitable places and those which are the most profitable.

But I would point out that there is an essential difference between the distribution and use of hydrocarbons.

Just now Mr Simonet referred to this question of utilization whereby important savings may unquestionably be obtained, for we must fully realize that for a long time we have lived in an atmosphere of cheap and plentiful fuel and that now everything has changed and nothing will ever again be as it was before. It is thus our duty to conduct a vast campaign with regard to users in order to make them understand the seriousness of the situation and the need to economize in the use of hydrocarbons.

Lastly, with regard to paragraph 52 the report states that 'the Commission should give urgent consideration to the establishment of a consul-

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tative body with a competence covering the whole field of energy production, distribution and consumption as well as the coordination of all agencies, public and private, in this sector'.

In my opinion, this would lead to the creation of a monster which would no doubt please those who want more jobs made available, but to my mind it would probably entail a lot of paperwork and perhaps a lot of imagination but would not create more energy.

Lastly, I come to the motion for a resolution. In paragraph 10 I wonder whether, in view of the crisis and the reports emanating from those of our colleagues who recently visited the United States, it is still permissible to ask ourselves whether the United States is willing to confirm the offer it made us at the time this report was drawn up, that is, to include energy policy in a new Atlantic Declaration.

If the reply to this question were negative, I think paragraph 10 of the Resolution should be amended.

With regard to paragraph 12, I suppose that the Hydrocarbon Supply Committee which is suggested by the Commission will comprise, among others, representatives of all the oil companies and, if so, I wonder how the confidential character of the information obtained will be safeguarded.

My remarks are addressed both to the representatives of the oil companies and to those of the governments which are members of this Council. That is why I should like the rapporteur to explain the procedure which will be adopted to ensure that the information to be given is kept confidential, for otherwise I fear that those who are obliged to give this information will hesitate to do so, and this might have serious effects on the Commission's work, as Mr Simonet explained just now.

With regard to paragraphs 13, 14 and 15, the obligatory communications to be made may be regarded as essential during a period of crisis in the energy field. But I think it would be necessary to fix not only a date when these communications are to start but also a date when they are to end, on the understanding that these dates may be altered according to whether the situation improves or deteriorates.

Finally, with regard to paragraph 19 of the Resolution, I must admit I do not understand its exact meaning, and I think it is essential that the rapporteur should explain what he has in mind when he 'requests the Commission to give urgent consideration to the way in which the application of the Rules of Competition (Article

85 in the EEC Treaty) affects the ability of the Community to establish an effective energy policy, particularly in the field of supply and distribution of oil'.

The rapporteur proposes to add an Article 4 (b). I should also like to have a precise explanation of the meaning of the phrase: 'the normal provisions with regard to commercial confidentiality'.

Does this mean that those who are to be convened will be compelled to reply to the questions asked without receiving guarantees that the information they give will not be used against them? It might well happen that in the Hydrocarbon Supply Committee there were competitors who might use the information they had received to their own advantage. In order to avert this danger, which might be a grave one both for those who supply the information and for those receiving it, the people who are to be questioned should be entitled to refuse to answer certain questions.

I will conclude with a short analysis of the situation in which Europe finds herself at present as a result of the supply restrictions and the price increases arbitrarily decreed by the Arab countries.

Europe and the world must be aware that the Arab oil policy will mean that the European economy will no longer be the same as before the restrictions imposed by certain oil producers.

It should be noted that those who organized these restrictions have not lost any of their income, and it has been calculated that for the European Community alone the hydrocarbon bill will increase by 5 thousand million dollars for 1974, this figure being based on a normal volume of imports at today's market rate.

On this same basis, the United States' bill will rise by 2.8 thousand million dollars and that of Japan by 2.4 thousand million dollars, which proves that the whole world is affected by this oil crisis.

In order to make up for these enormous sums it will have to spend, Europe will therefore have to increase its exports. If it is unable to do so, it will have to cut down drastically its economic and social expansion.

It should also be noted that this new wealth of the producing countries may influence international monetary relations.

We must realize that until the beginning of the next decade the Western world will depend on oil up to 75%.

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The working of the oil-fields discovered, their development, the construction of refineries and the organization of transport will take such a long time that these new discoveries will only begin to affect the market in 1980. It is only at the start of the next decade and on the basis of present knowledge that the other forms of energy, that is, nuclear energy, bituminous shale and sands as mentioned just now, may come into prominence, but it is to be hoped that Europe will act unitedly, as Mr Brandt asked this morning.

In conclusion, I should like to add that I fully share the view that Mr Giraud has just expressed on the Middle East. In this respect, too, I regret that no representative of the Council of Ministers is present, but I hope its observer will do us the favour of transmitting the proposal which has been made by Mr Giraud, which I wholly support, and that European solidarity will not be just an empty phrase.

(Applause)

President. — I call Sir Tufton Beamish on behalf of the European Conservative Group.

Sir Tufton Beamish. — Mr President, the European Conservative Group warmly supports the reports put to us by Mr Normanton and Mr Bousch. We particularly like the strong sense of urgency which obviously animates them.

We do, however, have one important reservation arising out of paragraph 7 of Mr Normanton's report. When the time comes, I shall be moving an amendment to substitute other words for the second half of this paragraph. The effect of this would be to remove the implied threat of sanctions and substitute an entirely different approach which is consistent with the Resolution on the Middle East passed by the Council of Ministers recently and which was referred to by Mr Simonet. That Resolution was based on twin propositions. The first was the inadmissibility of the acquisition of another's territory by force and the second the need to guarantee Israel secure frontiers so that she can confidently restore peaceful and friendly relations with her Arab neighbours, something which we all agree will take the utmost patience and understanding and quite a long time.

Secondly, our proposal would follow very closely indeed on the wise advice given to us this morning by Mr Willy Brandt, the Chancellor of the Federal Republic of Germany. He spoke very movingly of the demand of the Community for an equitable and durable peace in the Middle East and, after reminding us that we should be

ready to give the region all the help that we can, he also told us that we as a Community already maintain contractual relations with most of the States concerned. Then he issued this warning, and I quote: 'However, threats and blackmail would only disturb constructive developments. This is not the way to make friends.' Then he asked a question: 'Could the Community not improve the conditions for restoring peace in that region? I have in mind food aid, support for the settlement of refugees and the many and varied policies for the cooperation which already exists and which we shall continue to seek.'

We thought that those were very wise remarks.

There are many ways in which the Community can and should help Israel. We already have the trading agreement with her. We have a trade agreement with Egypt and the Lebanon and are negotiating one with Jordan. Interest in such an agreement has been expressed in Syria. Had the Community as such been able to take a political initiative towards the establishment and maintenance of peace in the Middle East during the last two or three years, this would have been widely welcomed in Israel and by her Arab neighbours. Instead, some Community countries were less than whole-hearted in their support for Resolution 242. Then, for the fourth time since the partition of Palestine, war broke out on a still larger scale, as it was bound to do, and as it will do again unless an honourable peace settlement can be brought about.

This Parliament has made its position absolutely clear on these matters. Between October 1972 and January 1973, the Political Affairs Committee, under Mr Giraud's chairmanship, considered the whole Middle East problem and we were presented on 13 March with the Scelba report, which Parliament passed by a large majority. The committee had been kind enough to take into careful account some views put forward by the European Conservative Group about the importance of basing peace on Resolution 242. We had urged the Community to take the initiative and exercise constant guiding action in the search for peace in a region where it has a greater interest in stability than has any other major power.

So the position of this Parliament has been made absolutely clear and it was rounded off on 16 October, when the chairmen of all the existing political groups at the time called for an emergency meeting of the Conference of Foreign Ministers and asked for the Community as such to use its good offices to bring about a cease-fire followed by a guaranteed and lasting peace.

Good offices cannot by any stretch of the imagination involve the implied threat of 'politico-

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economic counter-measures', whatever those words precisely mean. Would the breaking off of diplomatic relations get us anywhere? Would economic sanctions be likely to be effective? Might they be counter-productive? These are questions which we must ask ourselves and which we must answer honestly.

I am given to understand, incidentally, that the phrase that we wish to delete was added quite late to the Normanton report and that its implications were not debated at length in the Committee on Energy, Research and Technology. This is very unfortunate.

Thus, not only was there no political initiative by the Community during the last few years—how much easier it would have been if a political bureau had been in existence to keep these problems under constant study—but at the same time, as Parliament has pointed out year after year, there has been no common energy policy either. That is what these two reports, so well presented, are all about.

So, through the Community's own failures and lack of initiative, we are hoist by our own petard and forced hastily to patch up some agreement in domestic and foreign affairs. The dilemma in which we find ourselves is of our own making, which does not make it any easier to solve in the short term. Mr Simonet, I think, referred to the dilemma as false, but I would venture to suggest that this is a very real one.

I conclude by saying this. The European Conservative Group does not wish for one moment to beat the British national drum. We see the problems which we face as Europeans and as loyal members of the Community, anxious not to do or say anything which fails to take full account of the Community as a whole. We are confident that in today's circumstances the right action is to follow the statesmanlike course so clearly charted by Chancellor Brandt this morning and so frequently recommended by Parliament itself and the leaders of the political groups.

My plea, therefore, is a plea for moderation, a plea against over-reaction in haste or annoyance. Our group very much hopes that this approach will commend itself to our colleagues.

(Applause)

President. — I call Mr Bousch on behalf of the Group of Progressive European Democrats.

Mr Bousch. — (F) Mr President, ladies and gentlemen, on behalf of my group I will venture to point out here that for a very long time we have always defended the principle of a

common energy policy. In our opinion this policy can only be a general and long-term one—that is, while the oil question, which has been on the agenda this evening, forms an important part of this policy we should not overlook the other sources of energy—*viz.*, mainly nuclear energy, which is destined to be widely developed; gas, about which I spoke just now as rapporteur of the Committee on Energy, Research and Technology; and lastly European coal production, the evolution of which should be reviewed in the light of recent events.

The Community must also express its views on a number of decisions of very great importance—those which will determine the future development of nuclear energy, that is, the creation of a European plant for the separation of uranium isotopes. Europe would be making a serious mistake if it confined itself to organizing the hydrocarbon sector alone, even though this is a very important one and covers nearly 60% of the Community's energy needs, as our colleague Mr Noë pointed out a little while ago.

With regard more particularly to the oil problem, which forms the subject of the most interesting report drawn up by Mr Normanton on behalf of the Committee on Energy, Research and Technology, there are perhaps still some divergences between the individual conceptions of the Member States of the Community, despite the unanimity which appears to exist in our Assembly.

For while everyone agrees at present on the need to diversify the sources of supply and to coordinate commercial policies, there are none the less some hesitations about the actions of a selective character to be carried out by the states.

We believe that consultations between the oil companies and the public authorities are necessary and that it should be brought home to the big companies, which in any case now seem to be decided on this, that they must first of all consider European interests in this matter, since otherwise it would be necessary to encourage rival companies which *would* have such an aim.

A joint attitude should be adopted with regard to the organization of the markets and more especially the control of oil imports. The European Commission at last seems concerned to obtain decisions from the Council of Ministers concerning oil in particular, and to obtain them rapidly. We cannot regret this in view of the urgency of a joint energy policy in the present situation.

But whatever the urgency and necessity for joint action, it is important to avoid acting

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over-hastily in the face of the recent events in the Middle East, since this might be misinterpreted by certain producing countries. For the Summit Conference due to take place next month is sure to refer to this problem and will give fresh impetus in this direction to the Commission's action. The statement which Chancellor Brandt made to our Assembly this morning seems to confirm that the Heads of Government are paying due attention to this problem.

The consultations with the oil-importing countries which we have already advocated call for a joint attitude also on questions concerning what might be termed this struggle against 'outbidding'. It is on this basis that the idea put forward by the Commission of an exploratory consultation with the importing countries deserves attention. But it is naturally necessary to define the content of the discussions and to decide with whom these discussions should be held.

For indeed the ideas of outbidding and of measures in times of crisis mentioned by the Commission do not seem to define the methods to be adopted or even the ideas themselves.

If the Commission is only to obtain a vague exploratory mandate to discuss with the United States and Japan, the Commission's role appears debatable. If, on the other hand, it is a question of relations with the countries which export and produce oil, it appears extremely advisable and necessary to establish or extend certain of the Commission's tasks.

With regard to the organization of the Community oil market, the Commission proposes to extend to refined products Regulation 1055/72, which at present only applies to the import of crude products from third countries, and also to adopt a regulation of the same type for all exports of crude or refined products towards third countries.

These two draft regulations appear to us to be necessary. They will oblige the states to transmit to the Commission on fixed dates precise information on the import or export movements of a certain tonnage of hydrocarbons.

The Commission also proposes the creation of a Supply Committee composed of representatives of Member States and placed under the Commission's aegis. This Committee would have the power to hear or even to penalize oil companies which did not supply all the information requested. In principle we are in favour of such concerted action, but it may be asked whether these institutional structures are necessary at any price, since a working party already exists which, without having any

formal status, brings together Mr Simonet and the various directors of motor-fuel companies of Member States. As this working party seems to work smoothly, it may be asked whether it is absolutely necessary to institutionalize it.

At all events, the introduction of a joint system for the import and export of hydrocarbons will be interpreted by the producing countries as an important decision for the organization of Community solidarity. Such a decision can only be taken if this same solidarity extends simultaneously to other questions concerning energy, particularly nuclear questions, and if a decision is taken rapidly on the construction of a European plant for the separation of isotopes and on the techniques to be adopted in this field.

It is also necessary to reconsider coal policy. This policy too should be established by calling for far-reaching cooperation between Member States. I was very happy to hear Mr Simonet refer to this just now, whereas for years, when we repeated that the retreat of coal should proceed in an orderly fashion and not be allowed to develop into disorder, the Commission did not always listen to us. It's an ill wind that blows nobody any good, Mr Simonet!

To sum up, I would say that the whole economic and social life of our countries depends on energy policy. This means that in the different fields of oil, gas, nuclear energy and coal the same European resolve must be brought to bear, the supply of enriched uranium must be ensured, the sources of energy must be multiplied and diversified, prices must be coordinated, the market must be organized, research must be encouraged, there must be in short less uncertainty and more determination; basically, a better European and Community spirit!

(Applause)

President. — I call Mr Leonardi on behalf of the Communist and Allies Group.

Mr Leonardi. — *(I)* Mr President, distinguished colleagues, we have always believed that the Community, as the largest importer of energy in the world, ought to have a common energy policy. We have always disagreed with the majority in this Parliament not on the need for a common energy policy but on the form this should take. We have in fact approved the very small number of measures put into effect before this latest proposal by the Commission, as we felt that they were of some use despite their being completely inadequate for what was really needed. But the general policy which has been pursued, and which we have been criticizing, has led us into the present situation,

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where we have no assurance over supplies of our main source of energy, petroleum. Losses and sacrifices are being imposed on our peoples and their full extent cannot yet be estimated, since it is impossible at this stage to estimate the consequences which may derive from the recent statement by the foreign ministers of the Community (which we view favourably) on the Middle-East conflict and the difficult situation in which we now find ourselves, a statement which has in fact brought about a general feeling of agreement in this Parliament.

The fact is that while over the last ten years the degree of dependence on outside energy sources, expressed in terms of the percentage of the amount supplied from third countries, has risen from 39% to 66%, the Community has not learnt how to couple this increasing dependence with the right kind of policy, and has therefore failed to measure up to what ought to have been one of its principal tasks.

The fundamental principles on which the Community has been acting are wrong, though the majority of this Parliament has been in agreement, with ourselves in opposition.

It has asserted the validity of market laws, when all the time it should have introduced measures involving greater intervention by the state; to talk about market laws in the face of the recent measures taken by the producing countries is just ridiculous.

It has put its faith in the big international companies, though the interests they have pursued have been different from the Community's, and today they are unable to provide any guarantee, not even of limited supplies.

It has been neglectful of the internal resources which are essential for lessening our dependence on abroad and hence for our security, and has not even made use of the possibilities offered by the ECSC and Euratom Treaties. The results obtained under the common policy of research on the utilization of internal energy sources are simply pathetic.

It has made no effort to establish a policy of collaboration with the petroleum-producing countries and so achieve a relationship of interdependence, which is the best means of ensuring friendly relations and a feeling of confidence on both sides.

The highly unfortunate consequences of such a policy are clear for all to see, and we are now faced with the problem of changing course and turning to good effect the fresh policy ideas which have now come to the surface in our respective countries and which have been given a hearing this evening in Parliament.

The same attitude is also being expressed over greater independence *vis-à-vis* the United States, and in a greater understanding for the interests of neighbouring countries and the desire to collaborate with them.

We believe that in the present situation it would be the biggest mistake to think of trying to find an answer by confronting the more or less united bloc of exporting countries with a united bloc of importing countries, as is proposed in the American plan for a new kind of 'Atlantic Charter', and as has been proposed again in the motion for a resolution which we are discussing. The interests of the Community are indeed very different from those of the United States. We ought to take advantage of the difficulties in which we find ourselves not to try to impose our will on the producing countries by means of a front of consumer countries but in order to establish ourselves in an increasingly independent position, and to concentrate our efforts on doing what is perfectly possible for us to do if only we have the will that is, to develop our research in preparation for the long road ahead of us in the energy field and so reduce the present morbid predominance of petroleum and our dependence on abroad, which in turn is a direct result of our unnatural and bankrupt policy of tying ourselves up with the big international companies.

We should also be mistaken if we were to try and skip round the problem by accepting that our present failings are due to insufficient powers inherent in the authorities of the Community and that they could be put right simply by increasing their competence, as is proposed in the motion for a resolution; after all, these authorities have not even been able to make proper use of the powers and instruments afforded them by the ECSC and Euratom Treaties already in force.

The fact is that it is not merely a question of increasing the competence of Community authorities, or at least this is not the whole question; there must be sufficient political will to establish the right line of action and to implement it properly.

The present crisis might indeed prove to be salutary by impelling us to make greater efforts to set up a programme of research on a sufficiently large scale on a Community basis; to rationalize our uses of energy and to give consideration to social priorities and natural rights, with the avoidance of the present shameful wastage and unfair privileges; to recognize the ways in which we differ from other Western countries and the need for us to win our independence in order to be able to survive; and

Leonardi

finally to recognize the importance of friendly collaboration, since when this is lacking it is the part of the world in which we live that suffers most, since it is more vulnerable and more dependent on abroad. I think several speakers this evening have been aware of these questions, including Commissioner Simonet. Obviously, in this context energy policy becomes mixed up with politics in the wider sense, but so it is, and it cannot be otherwise.

As regards our vote, we shall vote against the Normanton motion for a resolution for the reasons given. We shall instead support the Bousch motion, which deals with specific matters. And I can say that we are on the whole in favour of the proposals made by the Commission, which increase its powers of intervention and its ability to treat with the big international companies, which up till now have been a limiting factor on our supplies.

President. — I call Mr Patijn.

Mr Patijn. — (NL) Mr President, I shall limit myself to one aspect of the situation of the last few weeks, in which energy policy is not my first concern.

I wish particularly to speak on the question of Community solidarity, the keyword to the discussions held during the past few weeks. Mr Simonet has in fact just referred to this. I should like to draw attention to the meaning of the word 'solidarity'. The main point at issue for the Community here is that we should institute measures for agricultural producers in hill country, that we should make money available for workers in the sulphur mines in Italy, that we should come to a decision before the end of the year on a regional fund from which many Member States will be able to benefit greatly, that we should pool our foreign currency reserves should national currencies be at risk.

On solidarity we have based and still base our common policy. It is the foundation of all our acts as a Community.

I now return to the matter of the oil crisis.

The Commission has given attention to the matter; we have been able to read this and we have been able to follow this. The Commission has met in long sessions, but what has resulted? The result is: a draft regulation concerning the notification of oil imports, a draft scheme for licensing exports to non-Member States and a scheme for licences within the Community.

In addition, there has been an appeal for solidarity with the Netherlands, which has had some very peaceful Sundays in the last two weeks.

Mr President, I wonder whether this is in fact really all that the Commission was able to think up with its richly-appointed apparatus at Brussels. I do know that the Commission cannot take any decisions in the field of the oil crisis and of energy as a whole, but it could have made proposals, as my friend Mr Flämig has already explained at length with regard to the possibility of organizing a system of distribution. Not only from the point of view of solidarity. Not only because it would be so nice if the Community could set up something of this kind, but because the Community was and is at danger. If the shortage of mineral oil were really to start biting, the economies of the Member States would indeed be substantially affected.

Is this not after all a Community matter? How could it be otherwise! If the Commission does not propose organizing something of this kind I wonder how it will then be able to expect the Council to decide on something of this kind.

We have heard a long story from Mr Simonet about energy policy in the long term. I am grateful to him for it, but I would much rather have learned what the Commission has done in the past four weeks in order to give energy policy a Community content.

As to policy in the long term, we shall have another chance of speaking about this, but we are in a crisis *now* and we want an explanation *now* from the Commission on the way in which it has acted in this crisis. In these circumstances we do not just wish to learn what energy policy may be in the year 2000!

Mr President, I had better say nothing about the Council. The Council has decided closely to follow the energy crisis...

I think this is very fortunate, because for a moment I was afraid that the Council might lose sight of this question...

Mr Normanton and Mr Simonet have explained the general situation with regard to energy. We note that the Council has done little in the way of energy policy and that it has not acted in the present crisis. In my opinion the Commission has acted far too little and far too half-heartedly over the past few months. After hearing what Mr Simonet said I have only become the more curious as to what has in fact happened.

Solidarity with countries such as the Netherlands and other countries—we are not just concerned with the Netherlands after all—would not have solved anything, because the problem is of a structural and not an incidental nature. The Yom Kippur war in the Middle East has brought about a process of self-revelation in all countries possessing raw materials.

Patijn

We can now wait with bated breath to see what the producers of iron ore, copper and uranium have up their sleeves for us.

When I consider the Community's solidarity in the past four weeks I wonder how we are to reach European Union within seven years.

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, this past spring many European statesmen and politicians reacted with some anger when they heard the present Secretary of State Dr Kissinger say in Washington that Europe merely represented regional interests. Many government spokesmen rejected this with annoyance, citing the importance of the Mediterranean and the Middle East and stressing what this meant for Europe. At that time those who voiced these opinions were no doubt thinking less of the raw material oil, which could be used in a blackmail manoeuvre, than of rejecting alleged American tutelage. And today? In my view, the Brussels declaration is a document of the weakness of the global political responsibility and moral integrity and seriousness which this Europe of ours can bring to the securing of peace in the Middle East.

The Middle-East declaration is also associated in respect of time with the deliberations of the Foreign Ministers of the European Community on averting the crisis in oil supplies. This simultaneousness evokes the impression that the states of the European Community have given in to Arab threats. This threat is aimed, as we all know, at stopping oil deliveries. This assessment on our part is confirmed by the applause which the Brussels declaration won from many Arab governments. As it was only intended, as the declaration puts it, to be a first contribution to the search for an overall solution of the problem, it is to be feared that at a certain time Arab states will exert renewed pressure on the European Community.

I do not think, Mr President, that the influence of our Community has increased, although I judge the report of our colleague Mr Normanton to be very good and congratulate him on it, likewise that of my honourable friend Mr Bousch. Here I will say a word to our Conservative friends: Of course one must remain cold-blooded in a crisis like this (one cannot keep a cool head if one is freezing); but I really find that the proposed Conservative amendment to paragraph 7 of Mr Normanton's report represents a complete weakening of all that we have said here and bears absolutely no relation to public opinion in our countries. I should like to point out to those who tabled the amendment that the constructive step that is claimed here

cannot be a constructive step. Please remember that from the full assembly of the Council of Europe we have been imploring our member governments finally to do something to solve the problem in the Middle East, especially the problem of the Palestinian refugees. We were told that it could not be done by economic means because it was a political problem. It is precisely this political problem—which is what is really involved—that has been evaded in your resolution.

A further word on Mr Simonet's speech. Although he spoke at great length on the energy policy of the future, I missed any specific statements on the matter. I should like to ask Mr Simonet why we have to report a complete absence of joint action by the Member States. Even EEC Directive No 73/238 on measures for mitigating the effects of difficulties in the supply of petroleum and petroleum products does not seem to have been applied. I should like to ask him just how long the oil stocks in the countries of the European Community—even in the case of a restriction of consumption—will continue to be available to us without our industrial production being considerably affected or repercussions on employment becoming evident. According to figures and statistics I have before me, if consumption is restricted by 20% stocks in the Community will last about 18 months. But with a cutback of 20% in industrial consumption repercussions on the economy of the European Community would be unavoidable and I think that Commissioner Simonet could and should have told us more and given us greater detail on this question.

President. — I call Mr Petersen.

Mr Petersen. — (DK) Mr President, since time is getting on, I shall limit myself to two points.

The first is connected with paragraph 9 of the motion for a resolution in Mr Normanton's report, in which mention is made of cooperation with developing countries. The situation today is quite unacceptable when we in the rich world maintain consumption which is 20 times as great *per capita* as, for example, in India. The developing countries are extremely dependent on energy supplies, and particularly vulnerable to the shortage of oil and oil price increases. It is quite impossible to see how the problems which crop up in the developing countries can be solved when one takes into account the current population explosion. It is therefore necessary to give this question high priority and to ensure that the instruments that are created are introduced from the outset into any discussions which may take place with the developing countries with

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a view to solving their problems. Here there is a genuine need for solidarity.

Next I should like to emphasize how important it is that we in the Community should produce the right means via technology and research, the correct instruments, as Mr Simonet put it, with a view to much stronger cooperation than that existing at the present, that is to say, co-operation on everything that is connected with problems of energy and resources. I think we should be right to take very seriously indeed everything connected with the problems of energy and resources, and it is almost impossible to see how the problems can be solved either in the near future or in the long term. The decline in economic growth that is imminent will present us with problems in a great many sectors, and we must be ready to solve these—though so far we have done practically nothing in this direction.

I hope that the whole matter will be included in the business of the Summit. This is really a sector in which we have an opportunity to show the world that the Community can act positively, and I believe the various countries will recognize that here the Community has a very special and important task. Mr President, the American statesman Adlai Stevenson once said: 'Men are strange creatures—they cannot see the writing on the wall until they have their backs pressed up against it'. I think that we are in that kind of situation, and if there is any consolation it may well be in the fact that this situation may lead to the necessary action being taken.

President. — I call Mr Van der Sanden.

Mr Van der Sanden. — (NL) Mr President, the starting points of tonight's debate are, it is true, the reports made by Messrs Normanton and Bousch and the question put by Mr Flämig, but I do feel that a predominating role is being played in this debate by the declaration by the Paris Summit Conference, the declaration of the Nine ministers on a Community attitude with regard to the problems in the Middle East, and, last but not least, by the speech that the Federal Chancellor made this morning.

I heartily agree with the attitude taken by the Paris Summit Conference, that a Community energy policy is an absolute necessity for an assured and continuing provision of energy. This must be the starting point.

The lack of a Community policy has now come home to roost with a particular vengeance. The time when a national policy could be conducted in this regard is past.

It is a welcome fact that the Summit Conference should have said this before such an acknowledgment had to be exacted by political factors extraneous to the Community. Because—and I gladly leave on one side the situation in which my country finds itself at the moment—it is clear that unilateral actions in the supply of energy by the Arab countries can stab the whole Community in the heart. And to this the Community should have a collective reply ready.

Mr President, many experts and many politicians, too,—and there is a world of difference between them—talk about an energy crisis. But the question that I would still like to put to the Commission is to what extent there would be talk of a crisis if the political situation in the Middle East were stable. I certainly know that the sources of energy, also bearing in mind the continual growth in requirements, are by no means any longer inexhaustible.

But are we really concerned with so critical a situation that we have to get seriously worried about the next 10 to 15 years—on the basis of the question of peace in the Middle East? I in fact feel that the crisis situation is chiefly arising now that the Arab world is turning off the oil tap for reasons of pure power politics, or at least turning it partly off.

In this connection I should like to express my great surprise at the way in which the Member of the Commission, Mr Simonet, defended the oil sheikhs this evening. He put this as if the sheikhs were stewards of underdeveloped areas and not of countries that do not know where to go to next with their surplus dollars and who are thereby partly co-responsible for the monetary crises in which we have landed over the last eighteen months with clockwork regularity.

To supply part of our energy needs, a change-over to nuclear power is being considered. I should like to ask the Commission whether and within what period it will be in a position to contribute effectively to scientific research that can help to solve the problem of the safe disposal of radioactive waste.

If mankind is in a position to travel to the moon and to explore the far planets, it should also be in a position to solve this problem of waste.

In this connection I also have a second question. Mention is made in paragraph 5 of the resolution contained in the Bousch report of a continuation of prospecting. The prospecting for oil must certainly be continued. In the present situation, and also with an eye to the near future, the highest degree of precedence must, in my opinion, be given to prospecting of this kind. I should therefore like to ask the Commis-

Van der Sanden

sion to grant very high priority to this. There is no doubt that extensive reserves still lie on the continental plateaux of the various Member States.

I should finally like to make a few further remarks of a general nature. The declaration by the Nine Ministers of Foreign Affairs has been subject to particularly sharp criticism in the press, especially in that of virtually all countries of the Community. I must say that this declaration gave rise to very mixed feelings on my part too. Such a thing as 'morality' does after all still exist in political trafficking. Even in international relations, one must not forget that the credibility of politics and of politicians for the populace is directly related to the consequences that one wishes to draw from one's actions as a politician. I would therefore have considered it far more just if, in the declaration by the Nine ministers, point 2 and 3 relating to the question of the occupied territories and the question of safe and guaranteed borders had been put in another sequence. For peace and security in this ravaged Middle East—in my opinion this idea covers all the countries it could possibly comprise, including the refugees—one indispensable condition is that an independent state of Israel must feel safe behind internationally guaranteed borders. As a consequence of this the position will undoubtedly change—for those, too, who at this moment have particularly great difficulty with the present situation.

On the other hand, I should like to support what the Federal Chancellor, Herr Brandt, said this morning—namely, that sacrifices must be made if the ideal of a Community foreign policy is to be achieved. This may mean, as the Federal Chancellor said, that specific biases that certain states undoubtedly have imposed must be abandoned. I agree with this, but would like to add that, if the Community wishes to develop into a true community, the emphases cannot and must not always be the emphases of certain great powers, but that the smaller countries must also be able to accept them after due consultation. The rightful emphases of the small countries must and should carry the same weight in the balance.

If this is not the case, the Community may become the toy of the power policies of a few Member States, while they are in fact concerned with the creation of a Community policy for all Member States. Such a Community policy is, to me, not an object in itself, but can and may be useful only to the peace, the security, the welfare and the wellbeing of all nine Member States, who to this end will have to surrender some part of their sovereignty.

President. — I call Mr Taverne.

Mr Taverne. — Mr President, I want to start by congratulating Mr Normanton and his committee on their report. I basically agree with what he said. I want to speak on it briefly but frankly.

The past weeks have not exactly been the most glorious in the short history of the European Community. A question arose which is fundamental in relation to the Community's future and the wrong answer was given. In practice, it may not matter so very much because many hints have been dropped that there will be ways of seeing that the particular nation most affected will not be affected worse than it might be. Nevertheless, the question that arose was whether or not we should take a short-term view or a long-term view.

Most of the nations took a short-term view. The question arose whether or not we should take a national or a Community view and certainly as far as France and Britain were concerned they took a national view and a short-sighted one.

Perhaps I can show my complete impartiality by saying that when this matter was discussed in the House of Commons, Government and Opposition showed themselves equally lacking in vision.

It is perhaps worth turning to the reasons why this viewpoint is short-sighted and also why it is not in the end in the national interest. If this procedure is followed, we effectively grant a power of veto over individual national foreign policy. One does not have to be pro-Zionist or anti-Arab to regard this as a matter of regret.

Of course, the European nations, being dependent on Arab oil, face considerable difficulties, but the difficulties will be much greater if they allow themselves to be picked off one by one.

The sanctions were invoked by the Arabs because one particular nation supplied arms. But similar circumstances may arise when on another occasion it is felt that sanctions should be imposed because a nation exports capital. It may again be that if these sanctions prove successful on another occasion, sanctions will be imposed because a nation discontinues the supply of arms to an Arab State, and so on.

It should have been made absolutely clear that the Community stands together and shares the available supplies which it has because it cannot consider any other choice.

Nor is it just a question of reaction to the immediate crisis; it is also a longer term problem. Even if there were no Middle East war, as some speakers have pointed out, we are

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mostly still dependent on Middle East oil. Even if full production is resumed, it seems likely that in the course of the next decade we shall find that there is a scramble for limited supplies. If the Western nations act individually, they will find themselves as small clients at the end of a queue because certainly the United States and Japan will be there first.

The only hope is if we act together, as the report so rightly points out. It seems to me that the facts of international life should force us, and may force us, towards greater political unity.

The one more encouraging episode in the last few weeks was, I think, the noble and exceptional speech we heard today from the German Federal Chancellor. He showed us the direction in which we could go. I think we should approach these questions internationally. As far as I am concerned, my leader in this is Willy Brandt. I am sorry that someone from Britain could not speak in similar tones.

(*Applause*)

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, it has frequently been asked in the past few days whether the energy debate could be widened into a political debate in which fundamental problems of the Community could be discussed.

Well, we have this political debate. And that is a good thing! Energy supply means not only production, it means infrastructure, it means foreign trade, it means foreign trade policy, it means foreign policy—and not least security of supply and therefore also security policy.

We are talking about energy policy in an expanding crisis, after a war in the Middle East which could easily have developed into a widespread conflagration.

The outbreak of the war caught the alliance, caught our Community, unprepared.

And forgive me, dear colleagues, if I say that I gained the impression during the entire course of the war up to 6 November 1973 that during that time there was no Community. Each Member State lived according to its own egoistic interest, its own advantage.

The ideals of the Rome Treaties which unite us, the philosophy of European unity which is so often invoked, did not, God knows, illuminate the statesmen of the member countries. Of solidarity *vis-à-vis* those Member States affected by the Arab embargo we have so far seen barely a trace.

If a crisis has proved to what extent our institutional mechanisms function, then the Middle Eastern crisis has proved it. In cases of crisis cooperation ceases, particularly when the crises break out unexpectedly.

I do not merely wish to impute ill-will to the member governments, but that reactionary nationalism was evident here and there in our Community in October 1973, and to a certain extent still is, is beyond doubt.

This attitude has rightly provoked the question in wide circles of the European population how strong, how united, how resistant to crises the European Community in fact is. We, who over the past two years have repeatedly stressed our responsibility for the Mediterranean area, remained inactive as a Community.

We affirmed our neutrality although we knew not only that the events in the Middle East involved a confrontation between the Arab world and Israel, but also that in the background great power interests were converging in the direction of the oilfields. Now we must all pay the price together. It is at the same time the price of the dismal logic of a policy which followed the path of least involvement. In following it we disregarded morality, solidarity and reason in many respects. Short-sighted conduct of this kind leads inevitably, as we know from history, to a dead end.

This Parliament has repeatedly maintained that the Community should speak with one voice. We all expected it would happen in this crisis too. We had noted with satisfaction that free Europe spoke with one voice at the conference on European security and cooperation in Helsinki. With astonishment we saw that the nine Members of the enlarged Community advocated their policies jointly in Helsinki and in fact spoke with a single voice on the most serious points of dispute which arose. This was the greatest surprise which this conference produced.

No one, not even the Soviet Union, disputed the right of the Nine to act as a single political entity whether in the preparatory talks, at the opening session of the Ministers in Helsinki or in the plenary sessions. We ought to have transferred the principle of Helsinki to today's policies: then we should have done the Community the greatest service.

The political crisis, the energy crisis, involved not only Europe and the Middle East but also America. We understand that the Western world must act in concert if it wants to defend itself against a blackmail which may be extended to wider areas every day. Economically

Jahn

speaking, we are a great power. But during the Middle-East crisis we acted as though we had neither global nor regional responsibilities.

We must accept the reproach of the USA when they say that they gained the impression during the war in the Middle East that there was no alliance between the USA and Europe.

Mistakes have been made on both sides. This spring the USA offered to renew the Atlantic alliance. Dr Kissinger designated 1974 the Year of Europe. We have underestimated the seriousness of American intentions in their policy in this sector. We replied late and in general terms. The Copenhagen declaration by the Foreign Ministers is far too generalized. It avoids the real subjects which must be clarified between us.

It represents, like the Middle-East declaration—this is why I have mentioned it—agreement at the lowest common denominator. And I was not pleased to hear the Commission saying today that a minimum degree of agreement must be sought—a maximum degree of agreement should be sought. The Middle-East crisis and our energy situation make it clear that we must comprehensively rethink our relationship between ourselves and to the USA. When doing so, we should make an effort to give up the policy of agreement at the lowest prevailing common denominator.

Perhaps the French President, Mr Pompidou, has also realized that the lowest common denominator, which has been particularly influenced by him, cannot become the basis of Community policy.

The Summit Conference this December must make it clear that even in times of crisis Europe speaks with one voice.

(Applause)

President. — I call Mr Schulz.

Mr Schulz. — *(D)* Mr President, ladies and gentlemen, What a satire! This House is once again holding one of the most important and weighty political debates in recent times late at night. Once again we are imposing on ourselves, and also imposing on our indispensable helpers and translators, burdens which really no one can be responsible for.

We have sentenced ourselves to this night sitting in deference to the Commission and the Council. What is the result, Mr President? The Council is conspicuous by its absence; the Commission's representative speaks here for 25 minutes without any regard for the fact that time is running out, while the Members of Parliament have 10 or 5 minutes.

No one envies you, Mr President, your often desperate task of finding a way out of the blind alley of our shortage of time. But every Member of this House ought to ask himself whether the way out which we always take, namely the way of least resistance, the reduction of speaking-time in this House to an unacceptable level, is not the worst way out because it is an unworthy way out for a Parliament.

In the conduct of Commission and Council this evening I have seen renewed proof of their lack of regard for our work. But I think too that our own esteem in the eyes of the public cannot be enhanced if we do not immediately put an end to this procedure of permanent self-imposed parliamentary incapacitation.

My contribution to the debate, which was to have been a critical analysis of the results of Brussels, was planned for ten minutes. As it is impossible suddenly to patch together the draft to last five minutes, I would have preferred to waive my right to these five minutes. I must, however, say a few sentences because last week I promised the public in my country that I would speak. If these few sentences sound too fragmentary for many tastes, then it is not I who am responsible; it is the fault of the peculiar parliamentary customs of this House which I criticized in my opening remarks.

There are three reasons, Mr President, why I find the Brussels resolution of 6 November unacceptable. The resolution is not a document of solidarity, neither of internal solidarity nor certainly, of solidarity with a country that has again been unilaterally attacked, on the day of its most solemn religious observance, the State of Israel.

One can feel no satisfaction about this unanimity, because it is not the expression of a unity of the resolute but of the unity of helpless people who have yielded to a threat of blackmail which for me is without parallel in history. As an illustration of its effects, let me quote just one sentence from Radio Cairo's commentary of 7 November: 'Everyone who reads the main points of the EEC declaration on the Middle-East crisis will assume the fundamental fact that Europe is now firmly and permanently on the side of the Arabs'.

A second critical interjection, Mr President. This Brussels resolution is in my view also dishonest and contradictory. It speaks on the one hand of secure and recognized frontiers for all states in the Middle East; but at the same time it introduces an extraordinary new conception of the State of Israel by calling on the State of Israel to end its territorial occupation. One does not need to be a European Foreign

Schulz

Minister to realize that the frontiers of 1967 with the proverbial wasp-waist were not secure frontiers.

Not a single word in Brussels referred to an anxiety which is very serious and which must already have been recognized on 6 November the anxiety about the infringement of the Geneva convention, the possible murder of Israeli prisoners-of-war by the Syrians and the torture of prisoners-of-war by the Egyptians.

Thirdly: If democracy means the sovereignty of the people, then the representatives elected by the people, and the government elected by these representatives, cannot be forced to yield to every whim and every emotion of the sovereign power. It cannot work like this.

But on the other hand I believe that parliaments and governments have a duty to heed the serious, responsible and morally-based general expression of public opinion. As far as my own country is concerned, the Brussels resolutions are a slap in the face for public opinion and I only regret that I do not have the opportunity to prove it here with quotations which perhaps might have made a great impression.

A final comment, Mr President. The Federal German Chancellor himself, in his impressive and, for a Head of Government speaking to a parliamentary body to which he is not directly responsible, uncommonly substantial speech today, spoke with hesitation and with a definite and pleasing detachment of the Brussels resolutions. But he then said, if I recall his words correctly, that it was an attempt at a beginning. In my view, Mr President, it was a bad attempt at a bad beginning. The Europe which manifested itself on 6 October is worlds apart from the idea of the Europe for which I and many others in this House have been working, notwithstanding all set-backs, for all our lives and for which we shall continue to work.

President. — I call Mr Lange.

Mr Lange, Chairman of the Committee on Economic and Monetary Affairs. — (D) Mr President, honourable colleagues, I wanted again to refer to the fact that the Economic Affairs Committee has intentionally left it to the Energy Committee to point out the necessity for a Community energy policy in this House, because we have been speaking and warning about a Community energy policy in this House for more than ten years. I am therefore not wholly satisfied with what Mr Simonet earlier treated us to in reply to the Socialist Group's question. This was no answer, this was not even the recognizable will towards a Community draft

of a joint energy policy. To my regret, I must state this emphatically.

I hope the present crisis will also cause the Commission to do more than just implement the basis of the Normanton report. We need more. Our colleague Mr Patijn is indeed right when he states that it is not so useful at the present time to refer to the year 2000 or some similar time as to demonstrate the will to present action. In addition I must say something to Sir Tufton Beamish, which has already been said by others, but I will now say it rather more harshly perhaps: What you are doing with your proposed amendment constitutes appeasement policy and appeasement has already led once to a terrible recognition and a terrible awakening—appeasement in 1937-1938. I can say this with a clear conscience; you can ascertain this from the record of my life.

I now beg you emphatically to renounce appeasement. If this formulation of the counter-measures which may possibly be necessary is too strong for some, then I say: This Community, honourable colleagues, cannot allow itself even to give the impression of succumbing to blackmail. If the Federal German Chancellor, who spoke yesterday morning in Strasbourg and at today's sitting here, is at pains to act to a certain extent as chief witness on behalf of the proposed amendment, then I would just like to quote something that he also said there, namely: 'Threats and blackmail would only disturb constructive developments. This is not the way to make friends'.

I think, honourable colleagues, that if we demonstrate our will to take counter-measures under certain circumstances, as provided by this paragraph 7, those who would deal with us with threats and blackmail will have pause for thought. But: in order that such an intention be credible, the Community must naturally develop a unified energy policy on the basis of all sources of energy and at the same time ensure that the supply of energy to the economy functions, because if it cannot or will not function the foundations of the Community are imperilled.

So from this point, via the energy debate, the circle is completed to the proposals put forward by the Economic Affairs Committee in its resolution, and here the warning is now addressed not to the Commission but to the Council, which up to the present has failed—even in its last sitting last Friday—to take any decisions which would indicate that the Community's development is progressing in the direction of economic and monetary union. This is the warning which the Economic Affairs Committee would like, with its resolution, to address to the Council

Lange

and the Commission, and I wish to make an urgent request that, particularly on this ship or vehicle called 'Community', energy supply is perceived by the Commission, with a greater sense of responsibility than in the last ten years, to be one of the decisive problems. I am sorry that I also have to say this to those Commissioners who have not yet been in office for one year; but the Commission is a continuing Community institution, and you must in cases of doubt atone for the sins of the fathers. To that extent, honourable Members of the Commission, including the Commission's President, please accept this as well-meant advice so that we may reach agreement as quickly as possible on the Community's energy policy and thus on the guaranteeing of the Community's economic foundations and are no longer exposed to dangers which can indeed occur if there is failure to respond to such crises, for otherwise we shall no longer need to take decisions tomorrow and the day after tomorrow on a coordinated monetary policy and the like. I should be grateful if in this sense the resolution, which is also going to the Commission, would be correspondingly appreciated by the Council.

President. — I call Mr Simonet.

Mr Simonet, *Vice-President of the Commission of the European Communities.* — (F) Mr President, I should like first of all, if the Assembly will allow me, to make two preliminary remarks. The first is a rectification addressed to Mr Van der Sanden. I have never said that the countries led by certain 'Sheikhs'—that is the word be used—should be regarded as ranking with the developing countries. On the contrary, I made a distinction between the developing countries and those which are accumulating considerable surpluses of currency, and I established the connection between the two.

If I understand Mr Schulz aright, he transposed the saying of Alphonse Allais: 'More should be demanded of the tax and less of the tax-payer'. As far as he is concerned, he seems to demand less of the speaker and more of the speech, since I am required to deal both with the long-term problems, as Mr Normanton wished, and the short-term problems, as certain members requested, in five minutes—which is, moreover, what I am going to do.

The first point which was raised, in connection with the speech by Mr Brandt, concerns reference to general Community principles. I think everyone agrees about that.

The second point is one of information. What has been happening in the past few weeks? And the Commission is blamed for its inactivity.

Firstly, the Crises Committee of which Mr Blumenfeld spoke has indeed met and still meets periodically at the Commission's request. Secondly, measures for the limitation of consumption adopted in certain countries have been discussed by that committee under the chairmanship of a senior official of the Commission.

Thirdly, we put forward to the Council a long time ago, before the present Commission, a number of proposals for increasing stocks. We are today living on those stocks, thanks to the initiative of the previous Commission. Furthermore, we presented to the Council of Ministers three proposals which, if they are accepted, should enable the unity of the Common Market to be maintained. I think therefore that it is unwarranted to reproach the Commission for its passivity.

The third point is that there is a mood of ill humour in the Assembly which is very understandable but which is directed to the wrong speaker.

There are perhaps a number of things which can be criticized in what has been done during the past few weeks. You can rightly, if you feel you should do so, criticize the communiqué of the Council of the Nine. May I remind you that it met as a Council for political cooperation and as such without liaison with the Commission. May I also remind you that you are members of your national parliaments and that in this capacity you are at liberty to question your Ministers for Foreign Affairs about their participation. As for myself, I cannot accept on behalf of the Commission the responsibility for an act with which we have not been institutionally associated.

President. — Mr Bousch, it has been decided that speakers may take the floor no more than once.

Mr Bousch. — (F) May I nevertheless ask Mr Simonet a question?

President. — No, I am sorry, it has been decided that speaking-time should be limited to 10 or 5 minutes, as the case may be, and that speakers may take the floor only once.

Does anyone else wish to speak?

The general debate is closed.

We shall first consider the motion for a resolution contained in Mr Normanton's report.

Mr Fellermaier, do you wish to make an explanation of vote?

Mr Fellermaier. — (D) No, on a point of order, Mr President. I consider the proposal of the European Conservative Group to alter paragraph 7 of the motion for a resolution to be politically so significant in its effects because it could call in question the political substance of the whole concept and so as a final consequence the resolution itself.

For this reason, under Article 33 of the Rules of Procedure, I call for the House to vote by roll-call.

President. — I am wondering, Mr Fellermaier, whether your motion is compatible with Rule 33(4) of the Rules of Procedure. Have you the support of thirty members necessary for this?

Mr Fellermaier. — (D) Mr President, I have made the request. Under paragraph 33(4) of the Rules of Procedure, the request must be supported by ten Members of the House. I should be obliged if you would ascertain whether ten Members of the House support the request. I assume that the request will be supported.

President. — Mr Fellermaier, may I remind you that Rule 33(4) of the Rules of Procedure reads as follows:

'A vote by roll-call shall be valid only if one-third of the current members of Parliament have taken part in it. However, if so requested before the voting has begun by at least 30 Representatives present, it shall be valid only if a majority of the current members of Parliament have taken part in it.'

This is recorded in the minutes of proceedings of the Bureau meeting of 16 October 1973, at which this amendment was approved.

I put Mr Fellermaier's proposal to the vote. The vote will be taken by sitting and standing.

I note that only 21 Members have voted for Mr Fellermaier's proposal. Consequently, it is not adopted.

We shall now consider the motion for a resolution in Mr Normanton's report.

On the preamble and paragraphs 1 to 6 I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

The preamble and paragraphs 1 to 6 are adopted.

On Paragraph 7, I have Amendment No 1, tabled by Sir Tufton Beamish on behalf of the European Conservative Group and worded as follows:

'Paragraph 7

This paragraph should read as follows:

"7. In the light of the present situation

— calls upon the Council and the Member States to introduce the common energy policy on a basis of mutual cooperation between all Member States and in accordance with Article 34 of the EEC Treaty, and to devote particular attention to those Member States whose energy supplies are insecure;

— draws attention to the fact that the important contribution which the Community can make to the restoration of peace and of the prosperity of the countries of the Middle East depends on the establishment of relations of trust and goodwill between those countries and the Community as a whole."

I call Sir Tufton Beamish to move this amendment.

Sir Tufton Beamish. — Having already spoken on the main question, I will be very brief. I have already explained why, in the view of the European Conservative Group, the implied threat of political or economic sanctions has nothing to commend it today. It would, as I said, fly in the face of the position taken by Parliament on many past occasions and taken up most recently by the Council of Ministers, as well as ignoring the wise advice given us this morning in his most impressive speech by Chancellor Brandt, whose words warned us against

'... threats and blackmail which would only disturb constructive developments. This is not the way to make friends.'

I took this as applying equally to the oil-bearing Arab countries as to Members of the Community. I wish to move the amendment which involves deleting all the words after 'insecure', that is,

'... and in this connection not to exclude politico-economic counter-measures against third countries,'

and substituting the second paragraph of the amendment, which I move on behalf of the European Conservative Group.

President. — What is the rapporteur's position?

Mr Normanton. — Would you, Mr President, allow me to respond in similar terms—that is, for three minutes—on behalf of the Committee on Energy, Research and Technology?

However rushed the formulation of this report was by me as rapporteur, however rushed was the handling of the discussion of the motion, when we came to the last meeting of the Committee on Energy, Research and Technology, I must say on behalf of my colleagues in that

Normanton

committee that we were deeply concerned to underline and underscore the depth of feeling which was felt by a number of members of that committee. The words chosen, to which the Conservative Group is taking objection, were intended to be tabled in the spirit of contingency planning and not by way of acting as a Community blackmailing exercise in reverse. We felt that there should be words which showed that there was firm resolution and a will amongst the committee to be prepared to take the most serious measures which the energy situation might require.

It was therefore by way of reinforcing the other parts of the motion that those were inserted, and on behalf of my colleagues in the Committee on Energy, Research and Technology I must ask the Parliament to reject the amendment and to support the original version.

(Applause)

President. — I call Mr Broeks for a procedural motion.

Mr Broeks. — *(NL)* Mr President, I should like to say something about the order of the meeting. I feel that there is a misunderstanding. In my view, the point is that there is a difference between what the Legal Affairs Committee has proposed and what has been accepted by Parliament. During discussion it was expressly stated that Rule 33(3) remained unchanged. As you know, we have in fact changed the quorum and said that Parliament may resolve if one-third of its members is present. Formerly this was different.

We did indeed leave Rule 33(3) unchanged. In this it is laid down that all votes other than votes by roll-call are valid whatever the number of voters unless at least ten Representatives shall have requested the President before voting commences to establish the number of those present. This provision has therefore remained unaltered.

What has been changed, on the other hand, is the fact that, if before voting commences 30 Representatives shall have so requested, the quorum shall no longer be one-third but one-half of the number of members. The number of votes is needed for this purpose and not in order to ask for a vote by roll-call. I should be pleased to learn your view on this, Mr President. Here it expressly states that if 30 people so request before voting starts, the quorum is increased from one-third to one-half. I do not think that it matters so much whether or not this is right, but it would be a good thing for the future to shed some light on the procedure,

as we may otherwise end up in a mess on this point.

(Applause)

President. — I wish to draw the attention of all Members to Mr Broeks's observations. Mr Fel-lermaier has just asked for Rule 33(4) of the Rules of Procedure to be applied. For this purpose, however, he lacked the support of 30 Representatives, since only 21 supported his proposal. The question now is whether there are 10 Representatives who wish Rule 33(3) to be applied. If this condition is fulfilled, I must ascertain whether one-third of the current members of Parliament are present. If this number is not present, we must wait with the vote until it is. That is the proper procedure.

I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, as we are about to start voting I shall withdraw on this matter. It would however be a good thing in my view to agree amongst ourselves that if in a future case a roll-call vote is asked for, ten members will be sufficient for this. If we can agree on this, I shall be happy.

President. — Mr Broeks, we are agreed on the distinction which has to be made between Rule 33(3) and Rule 33(4).

I have not been able to ascertain whether 10 Representatives in fact request the number of those present to be ascertained. We can therefore proceed with the voting. The matter has now, I trust, been cleared up.

Mr Broeks. — *(NL)* I accept, Mr President.

President. — Mr Normanton, as rapporteur, has already stated his position on the amendment.

I call Mr Springorum, chairman of the Committee on Energy, Research and Technology.

Mr Springorum. — *(D)* I thank you, Mr President, but I must say the following on the voting procedure: You have called for a vote on the first paragraph of the proposed amendment. I should like to draw attention to the fact that in the Conservatives' proposed amendment the attitude of solidarity, which the Committee unanimously demanded should be included in the resolution, is deleted. This was precisely the task which, as chairman, I was given by the entire Committee and I then formulated this paragraph 7 accordingly. I would find it extraordinarily depressing if we were merely to rely on the goodwill of the other side and did not dare to say anything further.

(Applause)

Mr Fellermaier. — (D) Very true!

Mr Springorum. — (D) Therefore we should keep the old version of this paragraph.

President. — I put Amendment No 1 to the vote. Amendment No 1 is rejected.

On paragraphs 8 to 23, I have no speakers or amendments listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 8 to 23 are adopted.

I put the motion for a resolution as a whole to the vote.

The resolution as a whole is adopted.¹

We shall now consider the motion for a resolution contained in Mr Bousch's report.

I have no speakers or amendments listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — On a point of order. This is a technical point, Mr President. When we were considering the paragraphs of the Normanton report you put paragraphs 1 to 6 to the vote. They were adopted. You then put the amendment of my honourable Friend to paragraph 7 and that was rejected. You did not put paragraph 7 to the vote, so it has not been adopted. You then put paragraphs 8 to 23 to the vote and they were adopted. You then put to the vote the motion as it had been voted upon—that is to say, paragraphs 1 to 6 and paragraphs 8 to 23—and the resolution as such was adopted. As it has now been passed by this House, I submit that paragraph 7 has not been adopted and, therefore, that it should not and must not be included.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, this has been very nicely thought up. The game can only be played in this way, however, by putting words into your mouth that you did not speak. You did not propose that all paragraphs that were accepted be accepted as a whole but that the

resolution be accepted as a whole. That was the time for getting up and objecting and for saying that a vote should first be taken on paragraph 7. When you put the resolution as a whole to the vote it was accepted in the normal way.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Further to the point of order. I do not wish to prolong these proceedings at this time of the morning, but Parliament has voted on the report paragraph by paragraph, but not including paragraph 7. If we were not going to vote on this report paragraph by paragraph, why did the President put it to the vote in that way? The only reason is that that was how the paragraphs were passed. I submit to you that this resolution does not include paragraph 7.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, we are not prepared, just because the Conservatives have suffered a political defeat in the vote, to indulge in technical shadow-boxing with the help of special interpretations of the Rules of Procedure. The political will of the House was clearly and distinctly evident. The inevitable consequence of the rejection of the Conservatives' proposed amendment was the acceptance of the original version. Voting, my honourable colleague Mr Hopkins, would not have altered the proportion of votes. There will not suddenly be more Conservatives in the House for the final vote; your numbers do not grow that quickly.

Mr President, the House would really hold itself open to ridicule if it voted again on paragraph 7 simply because one colleague in the House stated this here, after the resolution had been passed in the final vote. I can state on behalf of my political group that I would not take part in such a vote.

President. — I call Mr Kirk.

Mr Kirk. — On a point of order, Mr President. Mr Fellermaier, with his usual charm and moderation, has put the point of view of the Socialist Group. He has not suggested for one moment that paragraph 7 was in fact voted on, nor has any Member of this House, nor have you, Mr President, suggested that we voted on paragraph 7 as a whole.

We have got into a mess. This is not unusual. One thing we certainly cannot do is vote on paragraph 7 now. There I agree with Mr Fellermaier. Therefore, we have two alternatives:

¹) OJ No C 108, 10. 12. 1973.

Kirk

either we have a resolution without paragraph 7 or we do not have a resolution at all.

President. — The incident is closed. According to Rule 32(3) of the Rules of Procedure, one speaker for and one against a procedural motion may be heard. I note that Mr Kirk has spoken for and Mr Fellermaier against the motion.

I note that the House, by deciding on the motion for a resolution as a whole, has adopted the resolution as a whole.

No motion for a resolution has been tabled on Oral Question No 149/73.

On the motion for a resolution tabled by the Committee on Economic and Monetary Affairs on the current situation in the move towards economic and monetary union, I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

18. Agenda for the next sitting

President. — The next sitting will be held today Wednesday, 14 November 1973, with the following agenda:

10.00 a.m.

- Statement by Mr Lardinois, Member of the Commission, on the adjustment of the common agricultural policy
- Scott-Hopkins Report on the extension of time-limits for granting aid from EAGGF
- De Koning Report on olive-oil prices for 1973-74
- Brugger Report on forest reproductive material
- Martens Report on the approximation of legislation concerning preservatives
- Oral Question No 148/73, with debate, on the limitation of lead content in petrol

3.00 p.m.

- Twentieth Joint Meeting of the Members of the European Parliament and the Members of the Consultative Assembly of the Council of Europe.

The sitting is closed.

(The sitting was closed at 1.15 a.m.)

¹) OJ No C 108, 10. 12. 1973.

ANNEX

Oral Questions, which could not be answered during Question Time, with written answers.

Oral Question No 122/73 by Mr Bro to the Commission to the Commission of the European Communities

Subject: Measures to protect the privacy of citizens of the Community in connection with the compilation of data-banks.

Does the Commission plan to submit proposals to ensure that personal data compiled in central data-banks at Community level and in Member States¹ is not put to incorrect use?

Reply

There is no central data-bank containing personal data at Community level and it is not at present planned to establish one. From this point of view, therefore, the question does not apply.

As far as central data-banks in the Member States are concerned, the Commission is fully conscious of the importance of the problem raised by the honourable Member but considers it to be basically a matter for the Member States in which such data-banks exist to take appropriate measures to safeguard people from the possibility of abuse.²

Oral Question No 143/73 by Mr Cousté to the Commission of the European Communities

Subject: European uranium enrichment capability

In the light of the work of the Standing Committee on Uranium Enrichment, does the Commission intend to submit in good time, i.e., very soon, its proposals for the creation of a European uranium enrichment capability, so as to enable enriched uranium users to determine their procurement policy?

Reply

In accordance with its instructions received from the Council on 22 May 1973, the Standing Committee on Uranium Enrichment (COPENUR) submitted its report to the Commission at the end of October. The Commission has already held a first discussion on this report and on the proposals to be made to the Council on the subject, and intends to make a decision at its next meeting.²

¹ The reference is, among other things, to labour exchange records in connection with the free movement of workers and future records relating to the Community's social policy.

² This translation has been done by the service of the European Parliament.

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IN THE CHAIR: MR BERKHOUWER

(President)

(The sitting was opened at 10 a.m.)

President. — The sitting is open.

1. *Minutes*

President. — For technical reasons, the Minutes of yesterday's proceedings have not yet been distributed. I shall submit them for approval as soon as you have all received them.

2. *Limitation of speaking-time*

President. — You are all aware that today's agenda is heavily charged. I therefore appeal to all speakers to be as brief as possible in order to avoid the necessity of deferring any items until tomorrow, Thursday, 15 November, particularly in view of the fact that tomorrow we shall have a long series of votes.

I therefore insist that all speakers keep to the time allocated to them, which is:

- 15 minutes for the rapporteurs;
- 10 minutes for a speaker on behalf of each group;
- 5 minutes for speakers on amendments.

Finally, all items not dealt with today will be deferred until Friday.

3. *Common agricultural policy*

President. — The next item is a statement by the Commission of the European Communities on the adjustment of the common agricultural policy.

I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, it is a pleasure for me to be able to provide information for Parliament at its plenary sitting on the state of affairs regarding the investigation undertaken into the improvement of common agricultural policy.

This matter was dealt with at length by Parliament last spring. It was then left that the Commission would come forward in the course of the present autumn with proposals in respect of improvements to the common agricultural policy.

The Commission has completed an important investigation of the matter, and has now produced a memorandum on the subject. This relates to an adjustment of European agricultural policy on a large number of points. The most important finding, in my opinion, is that the Commission has come to the conclusion that it is neither necessary nor desirable for the bases of the common agricultural policy to be touched. Nor is it necessary or desirable for common agricultural policy to be based on a different technical system.

We can arrive at substantial improvements if we make a number of adjustments, particularly to the various regulations that govern the market and production.

If Parliament and the Council adopt our proposals, we shall in the first place achieve an important simplification. It will therefore be possible, for example, to reduce the 200 or so basic regulations that comprise and define market and prices policy to a number in the region of 35.

Further, we can make substantial savings in administrative measures that have to accompany market and prices policy.

As far as the last is concerned, we have come to the conclusion that our proposals mean a

Lardinois

saving on balance of about one thousand million units of account.

This is not to say that we are already able to establish what the budget for the common agricultural policy, and particularly for the Guarantee Section of the EAGGF, is likely to be in 1977 or 1978. This is strongly dependent on a number of factors that no one has under control. The system in fact contemplates guarantees for a large number of products which together form an enormous sum.

If anything goes wrong in the market for any reason at all, we can say straightaway that this affects expenditure appreciably. All in all, I think I can say that we shall be able in due course to arrive at substantial savings in the order of the sum mentioned.

We do not believe that these alterations can be brought about within a single year. Various alterations, particularly those that relate to the improvement of price ratios and guarantees for various products, cannot be made all in one go for various reasons. It is aimed to introduce these in the course of a number of years. We have restricted the number of years to the transitional period for the three new Member States, partly in order to provide the producers in the Member States with quite different perspectives on the market than those existing at the time when they acceded to the Community. We therefore hope in any event to be able to direct investment in the new Member States in a specific direction, which may well in due course become the keynote of our policy once they have fully adopted the whole system.

We also felt it necessary to put proposals expanding marketing and prices policy and extending agricultural policy in general.

As far as the latter is concerned, we feel it necessary to propose to you that within the near future a conscious afforestation policy be adopted.

As regards marketing and prices policy, we intend to come forward with proposals at an early date with a view to making regulations for other goods too, in respect of which no regulation has applied so far. This is of particular significance as regards mutton and lamb, and also as regards potatoes.

There is one very important fact in this whole package, a fact that Parliament must be aware of.

The Commission is proposing this procedure to Parliament and the Council with regard to the way in which this matter is dealt with. We would appreciate it particularly if Parliament

and the Council could deal with this memorandum from the Commission in the appropriate committee and also in plenary sitting as quickly as possible. This would put us in a position to obtain some idea in the aggregate before the end of December as to how the various proposals that we have put forward have been received. I say an idea in the aggregate with some emphasis, because in the memorandum we do not yet propose any precise alterations to regulations nor exact formulations of the various new proposals. We hope to be able to do this, as far as the first section is concerned, at the end of December, together with the price proposals for 1974-75. We propose to do this as there is a very close relationship between the memorandum and next year's prices.

Again, we should appreciate it particularly if Parliament could refer this memorandum to the appropriate committees as quickly as possible and give it a first airing in plenary sitting during the first two weeks of December. We should then, in the first slice of the proposals that we hope to be able to submit before the beginning of January and which are based on the memorandum, be able to take into account the discussions that have been held on the subject in Parliament and the Council.

I understand that some criticism was made yesterday in Parliament as to the manner in which the memorandum was made public. The Commission drew up the final wording of this exactly a fortnight ago today. I have always made a point of not giving any information to the press, or at least not giving them any opportunity of publishing information, before having myself had the opportunity of apprising the appropriate committee of this Parliament. I thought that Parliament would welcome this procedure and would value it highly as a positive step, at least whenever it is impossible to keep information to ourselves until the plenary sitting takes place. In view of the fact that the plenary sitting was due to take place only a fortnight after the Commission had confirmed the final report, it seemed to me more practical not to hold this information back. Today it is in fact very difficult to maintain silence before the press on what the Commission has decided with regard to these points after its very lengthy deliberations. I feel that we were acting in the spirit of the discussions held in Parliament both this spring and more recently by placing emphasis in the action considered by us on a more effective management of the common agricultural policy and on greater consciousness as to costs. This does not entirely work—and I should like to stress this—without asking for certain sacrifices, from our producers, too. It is my firm belief that by bringing in

Lardinois

these changes we are asking for relatively light sacrifices from our producers, provided that agriculture adapts itself quickly to the guidelines relating to production that the Commission and Council lay down in their proposals.

If they in fact fail to do this or do so inadequately, the sacrifices asked of agriculture in our proposals will play a more important part. I trust, however, that the producers—and they may for the most part be found in the surplus sectors—have been offered adequate alternatives in our proposal to encourage them to change the direction of their production in a number of sectors.

President. — I thank Mr Lardinois for his important statement.

I remind the House that, in accordance with our Rules of Procedure, the following discussion must not last longer than 20 minutes, allocated as follows:

- 5 minutes for the chairman of the Committee on Agriculture;
- 15 minutes for all other speakers.

I call Mr Houdet.

Mr Houdet, chairman of the Committee on Agriculture. — (F) Mr President, ladies and gentlemen, I should first of all like to say how glad I am that the Commission kept, to within a few days, the promise made to Parliament to submit proposals concerning the common agricultural policy in October.

Mr Lardinois was anxious to present his memorandum to us this morning. The Committee on Agriculture listened to it at his request on 5 November, the very day on which the text appeared, and will continue this afternoon. What I wish to tell you is that we are not wasting time, but that however hard we try, we may not be able to meet Mr Lardinois's request and submit our report in time for the December part-session.

I should like to thank Mr Lardinois for this hearing and am very grateful to him for having initiated a discussion immediately the proposals were made public.

It is not my intention this morning to inform you of the ideas, criticisms or conclusions of the Committee on Agriculture. It will take us some considerable time to study the document fully, and the text itself will have to be clarified by proposals made to us on the specific measures to be taken concerning the various products and on the impact of these measures on the prices for the 1974-75 marketing year.

Mr Lardinois promised that we should have these proposals before the end of the year so that Parliament could examine them in good time in order to enable the next marketing year to start at the normal time on 1 April, as it has done every year so far with the exception of 1973.

I trust, Mr Lardinois, that this second promise will be kept as the first one was and that the 1973 report on the situation of agriculture in the enlarged Community will soon be made available to us, so that we can present our conclusions for the future. I should only like this morning to sum up in a few sentences the general tenor of this memorandum.

I would first point out that the common agricultural policy has always been of central importance to the process of European integration. The only proof I shall cite is the statement made to us yesterday by the Chancellor of the Federal Republic of Germany in his powerful speech. This common policy was based and developed on three basic principles: the unity of the markets, Community preferences and financial solidarity. We are glad that these fundamental principles are rigorously upheld, but we are also glad that this policy is not a static one and that it wishes to use the instruments available to it in the light of the experience which it has gained over a period of eleven years and of such new events as the enlargement of the Community and the rapid and unfortunate development of world market prices.

We also are very well aware that the agricultural policy alone cannot solve so many complex problems. It is intimately connected with other Community policies such as the policy on monetary union, regional policy and social policy. However, starting as it did from widely diverse agricultural systems and national legislation, the implementation of our agricultural policy is a unique example at present of economic integration which has enabled us to cover the various stages of the transitional period more rapidly than expected.

What are the Commission's ideas as to the objectives which will justify the arrangements suggested?

Firstly, to improve equilibrium by means of a better relationship between the prices of different products—and to complete this organization of the markets in a very liberal sense—and this point is very clear in the memorandum—for new products such as mutton and lamb and potatoes.

Secondly, to maintain the level of agricultural earnings by a prices policy linked with the pos-

Houdet

sibilities of the market and of farm productivity, by which is meant a prices policy closely linked with the structural policy laid down in our 1972 directives. The Commission does not support a policy of generalizing aid to producers because it considers this policy too burdensome, difficult to implement from the administrative point of view and entailing political repercussions difficult to forecast. We should like to express our reservations on this point without asking for any generalized aid since direct and specific aids linked to regional policy may be necessary. We should particularly like the Council of Ministers to reach a decision at an early date on proposals concerning hill farming and the deprived regions already approved by the European Parliament.

Thirdly, to strengthen the machinery for consulting the industrial organizations concerned, particularly on the measures for absorbing structural surpluses and the way in which they are to be financed.

Fourthly, to reduce the burden on EAGGF. This is obviously desirable if we consider the useless or superfluous costs and the diverting of funds from the purpose for which they were allocated, but we must not conceal from ourselves the relative importance of the expenditure of the Guarantee Section of EAGGF, namely 3,500 million units of account, as a proportion of the Community's total expenditure in order to condemn the Fund itself. This relative importance stems from the fact that no other regional or social policy has so far been given a budgetary allocation.

In order to assess more accurately the amount to be included in the annual budget, the Commission rightly proposes to postpone until 1 January the submission of proposals concerning prices for the next marketing year.

President. — Mr Houdet, your speaking-time was limited to 5 minutes. You have already been speaking for 7 minutes.

Mr Houdet. — (F) I am just finishing, Mr President. Fifthly, to consider the interests of consumers by improving the quality of food products and ensuring a reliable supply at suitable prices.

Sixthly, to simplify administrative machinery by codifying the numerous basic regulations.

These aims seem reasonable to us, but we cannot approve their implementation until we have analysed in greater depth the measures specific to the various sectors which are contained in the memorandum or will be submitted to us at the end of the year.

While confirming that we have received the Commission's memorandum, I should simply like to open the discussion between Mr Lardinois as a representative of the Commission and the Committee on Agriculture, and to inform Parliament that the Committee will spare neither time nor hard work in order to submit a report as soon as the necessary information is fully available.

President. — The entire debate may last no longer than 15 minutes. Speakers already entered on the list therefore have a good 1½ minutes each at their disposal. According to the Rules of Procedure, only very brief, concise questions may be put.

I call Mr de Koning.

Mr de Koning. — (NL) I welcome this opportunity of being able to compliment Mr Lardinois on the proposals he has made. In doing this he has been able to adhere as closely as could be expected to the prospective timetable laid down by him. I appreciate it particularly that he has succeeded in convincing the Commission that the bases of our present system of agricultural policy must be maintained in the years to come.

We have indeed at times heard other noises from the Commission. I feel that the objections to other systems are so convincing that I am pleased to support him on this point. I feel that the Commission's proposals will be able to confront a good deal of the criticism over the past few years—whether this was just or unjust.

It is clear that final comment must await thorough-going examination. The memorandum is in the first place a financial document. It is chiefly concerned with the limitation of expenditure to about one thousand million units of account. It is particularly important to know to whose detriment this will be done.

As far as agricultural policy is concerned, too, there is no magician's hat from which one can pull a thousand million units of account. If less is paid out of general funds, this will have to be done to the detriment of the consumer or otherwise of the producer. On this point especially I should like to have further information. This must be given particular attention when we come to study the memorandum.

President. — I call Mr Frehsee, on behalf of the Socialist Group.

Mr Frehsee. — (D) In one and a half minutes there is not much else one can do but be brief. On behalf of the Socialist Group may I say that the memorandum certainly carries the correct title—'Adaptation of the Common Agricultural

Frehsee

Policy'. From that I gather that no decisive measures for modifying the agricultural policy are envisaged. There is one question which will still have to be discussed, and that is whether or not more restrictions by the market guarantee should be applied than are here suggested. If one disregards the levy on milk producers, no mention is made of this sort of provision, which has here received so much support. These measures are also greatly limited by the 10 000 litre exemption on the levy for milk producers. A series of production support measures are planned in place of the restriction of the market guarantee, which is also not without its problems. Now, Mr Lardinois, we agree that the deficiency payment system is indeed no substitute for the agricultural market system in force until now. We certainly also agree with you that it will be useful to thin out the jungle and create a mere 25 or 30 basic directives in place of the more than 200 framework directives. We also welcome the savings which this programme will bring, i.e., up to 1 200 million u.a. by 1978.

That is all I want to say at the moment, Mr President.

President. — I call Mr Baas, on behalf of the Liberal and Allies Group.

Mr Baas. — (NL) Mr President, the Liberal Group will judge the proposals on the basis of the producers' position, the consumers' position, the transparency of the system, and acceptance of the political aims of the system.

I should like to ask Mr Lardinois to quantify the savings concerned in relation to the world market prices resulting therefrom, to the price ratios, and to the unsatisfactory functioning of the system. Parliament is entitled to know what element in the savings can be attributed to the unsatisfactory functioning of the system hitherto.

We can then look and see where the savings will occur.

I would mention, finally, that we take a positive view as to participation by the producers, particularly by milk producers.

We are certainly curious, but shall reserve our final opinion until we have been provided with clear proposals on this point.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I welcome the statement by Commissioner Lardinois. Would he not agree that the purpose of the memorandum is to help eliminate surpluses? What drop does the Com-

missioner expect in the liquid milk production flowing from his proposals? At what level does he propose to fix the first tranche of the milk levy on producers? Finally, does he not agree that by setting a 10 000 litre limit he could be eliminating the most efficient at the expense of those who are the least efficient?

President. — I call Sir Tufton Beamish on behalf of the European Conservative Group.

Sir Tufton Beamish. — As Mr Lardinois knows, there are very strong feelings indeed in the United Kingdom, fully shared by the European Conservative Group, about the damage that could be done to the New Zealand economy, which, in spite of strenuous efforts to diversify, is still very heavily dependent on the export of sheep meat and especially of dairy products.

Is the Commissioner entirely satisfied that the Community's new sheep meat arrangements and the new policy for dairy products are both broadly acceptable in New Zealand and conform in spirit and letter with the clear undertakings given to New Zealand by the Community?

President. — I call Mr John Hill.

Mr John Hill. — I welcome the prospects of greater savings and simplification. Following what Mr de Koning has said, how, broadly speaking, does Commissioner Lardinois expect 1 000 million units of account of savings to be made up and from what sectors?

With regard to the discouragement of the overproduction of unwanted surpluses, would it not be both simpler and better to concentrate any financial disincentive upon the intervention price instead of these more elaborate arrangements so that the margin of 2% within which the Commissioner would operate could be temporarily and flexibly applied to the intervention price itself?

President. — I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, did I understand aright that savings will relate only to the marketing and prices policy and not to expenditure on structural policy?

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I shall start by replying to the last question. We have indeed sought to curb expenditure in the marketing and prices policy and certainly not in the structural policy.

Lardinois

I should particularly like to thank Mr Houdet for his introduction and for his attitude on a matter of principle. He asked a precise question: when will the report be issued on the condition of agriculture in the nine Member States? I can inform Parliament that this report is ready. I hope that it will yet reach Parliament before the end of this week. Parliament will have sufficient time to study it before the price proposals are made.

I thank Mr de Koning for the compliments that he paid the Commission and me personally. Naturally he, like anyone else, reserves all his rights.

I now turn to the question who must pay for the savings the consumer or the producer. I have already said that we do not propose during the present period of inflation to lay a sum of this kind at the door of the consumer. And that is why we have avoided proposals that would contemplate placing a heavier load on goods that now enter without import duty or levies.

We have made no proposals of this kind at this stage, chiefly because of inflation and also because of our relations with non-Member States. We propose making the, in itself substantial, sacrifice of not suggesting any levy on vegetable oils and fats as this is not in line with the rest of common agricultural policy. In my opinion, this is the most important reason why the funds that we need every year are so extensive. We have tried to find these funds in other ways. We have therefore in the main attempted the following method.

We have tried in the first place to give positive indicators and alternatives for the kinds of production that produce surpluses. In the second place, for goods of which there already are surplus stocks, we have tried to indicate targets that will have negative consequences on income unless the alternatives are adequately explored.

In other words, we shall be throwing a pile of money away if we continue to produce goods that are already in surplus. If agriculture, on the other hand, reacts to the indications that we give, the savings will not come out of the pockets of the farmer but will be brought about by a means of production conforming more closely to the market situation. This is the aim of all of us.

Mr Frehsee remarked that the Commission is making proposals only with regard to milk and cereals. This is not true. To give the whole more balance we have set up alternatives for a number of sectors: for protein production, for a market regulation for sheep and lambs, and a market regulation for potatoes. In doing so we

widen the field of common agricultural policy, and thereby hope to achieve better balance in our production as a whole.

I should furthermore like to remind Mr Frehsee that only a few months ago we made proposals for sugar. These proposals were partly intended to introduce better financial management into that sector. We shall have to make some changes to twenty or so regulations for our marketing and prices policy. We shall then be dealing with details which from a political point of view will not always be so easy. It was our opinion that the widest opportunity for better management exists in the cereals and dairy sectors.

Our proposals for the sectors I have just mentioned in fact cover 500 million units of account for each of the two sectors. Not so much of this will have to be borne by the taxpayer if our proposals are carried out. It is our intention to make a saving of several hundred units of account in the dairy sector, too, by means of a form of direct taxation.

We have not opted for a simple reduction of intervention prices as the Community has already had some experience of this in 1968 and 1969. Our experience was such that we felt that this was not the time for a reduction in intervention prices, certainly not in a period characterized for producers by an uncertain rate of inflation. We felt that the system we are now proposing is more flexible. With this system we have the opportunity of applying the levy independently of progress in production.

We shall no doubt come back to this question later, but already now I can say that when adopting the system now proposed we made a carefully-considered choice, because in our opinion this presents a better means of shepherding production than the means proposed by Mr Frehsee, a means that was tried out by the Community at the end of the sixties.

Mr Scott-Hopkins put a question on the reduction in liquid milk.

We do not propose any reduction in milk production intended for the consumer market, the cheese sector, the full-cream powdered milk sector or any other sector whatever; all that we want is a levy on basic milk production which has various possibilities of application and which within the scope of our dairy policy can be adjusted quite freely. In other words, if we have an intervention system relating to the designation of milk to butter and to skimmed-milk powder this means, within the scope of our system, an automatic subsidy for all other basic milk production whatever its designation.

Lardinois

Mr Baas asked a number of very precise questions and also stated a number of figures. I should like to ask him if he would agree to our going into this rather more closely when we deal with this matter in the appropriate committee this afternoon.

Mr President, I think that I have now answered the questions on broad lines. I am particularly grateful to Parliament for the opportunity it has given me to discuss this matter.

One important matter is, indeed, still outstanding. This concerns our relations with non-Member States in connection with the alterations that we have proposed.

I can answer Sir Tufton Beamish in one sentence: our proposals at no point whatever embrace anything that could be unpalatable to a country such as, for example, New Zealand.

President. — I thank Mr Lardinois for answering the questions put to him.

The debate on Mr Lardinois' statement is closed.

The text of this statement will, if there are no objections, be referred to the Committee on Agriculture and will be laid before the House again at a later part-session.

4. Regulation extending certain time-limits for EAGGF aid

President. — The next item is a debate on a report drawn up by Mr Scott-Hopkins on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation extending for the years 1972, 1973 and 1974 certain time-limits for granting aid from the Guidance Section of the European Agricultural Guidance and Guarantee Fund (Doc. 199/73).

I call Mr Scott-Hopkins, who has asked to present his report.

Mr Scott-Hopkins, rapporteur. — The report which I am presenting to the House is not the first of this series, which has been coming before the House over many years. Over the years the Commission has found it difficult to keep to the time schedules laid down in the original directive, and it has therefore been forced to come to the House seeking an extension of time to allow it to consider applications for grant aid from the guidance sections.

This time the Commission is asking the House for two sets of proposals. The first is retrospective. It is to allow the Commission greater time, up to 31 October of this year. The second con-

cerns proposals for grant aid for the year 1973, and for this purpose the Commission is asking for a further extension of time—to the end of October 1974.

In the past, this House has rejected proposals from the Commission for an extension of time. It seems to me that the present circumstances are different in that the Commission is asking us for what turns out to be a retrospective extension for applications put forward for grant aid for structural reform and help on an individual basis in respect of 1972. The Commission is asking for an extension from June to the end of October 1973. As that date has already passed, it seems to me that this House would be foolish to say that the Commission cannot have that extension. In fact the Commission has already had it.

That is one way in which the proposals in my report differ from those made in the past and from those of our colleagues in the Budget Committee, when they call attention to certain matters with a note of criticism in their voices. The date mentioned in the request for retrospection has passed and there is no point in our seeking to go back.

I turn to the substantive point, which concerns the coming year. As the House knows, applications for grant aid on an individual basis for 1973-74 had to be in by June of 1973. The Commission, in the very short space of time available, should examine these applications for grant aid, vet them through the national agencies, then give a decision whether grant aid should be paid—and then, in due course, as work progresses on the farm, payment should be made.

It has been found impossible to do that, partly because there is a shortage of staff and partly because some national governments, unhappily, are perhaps not as rapid or as thorough as they should be in vetting the proposals which pass through them to the Commission. But the effect is that these applications now suffer a time lag before the determination or decision is made. It is incredible to me that someone who applied in June 1973 for a grant aid will not be told, if the Commission's proposals are followed, whether his application is accepted until October 1974. I am sure the House agrees that that is a very long wait.

It is therefore my proposal that we should change the date. We should not allow the Commission to have the extension of time to the limit which they want, and we should bring the date back to June 1974. That still gives them 12 months. To give them a further four to five months is, in my view, quite wrong.

Scott-Hopkins

Therefore, my proposal briefly is that we should not accept the proposals of the Commission to extend the time-limit for determining applications for 1973 up to October but that we should bring the date back to 30 June 1974. I appreciate that this could mean the Commission's working under great pressure. Therefore, I have included in my proposals the suggestion that we should grant to the Commission—that they should apply for and we should grant—an increased amount of units of account in order to enable them to increase their staff to carry out this work more expeditiously. This is fair. We must remember—and Commissioner Lardinois said this himself—that inflation unhappily is with us. Although there may be built into the applications for grant aid—structural, building, and so on—an element to deal with the inflationary aspect, in these unhappy days that is not sufficient. To wait 18 months, or even 24 months, before payment of any kind is made is a monstrous burden to ask the farmers of the Community to bear. Therefore, I hope that the House will agree that we should bring back to the end of June the date by which these applications of 1973 must be determined by the Commission.

There is a final point. I know that you, Mr President, wish us to be brief, and I shall be so. In all these matters of moneys being paid out in grant aid through national agencies from the Commission and from the Community funds, particularly in the guidance sector as well as in the guarantee sector, the element of fraud creeps in. It is the duty of this Parliament to be absolutely certain that there are no loopholes, so far as can be seen, by which fraud can be perpetrated upon the taxpayers of the Community.

Therefore, I suggest that every effort should be made when the Commissioner increases his staff to ensure that there are enough supervisory staff to oversee, check, and even double-check if necessary, that these funds from the guidance sector for individual projects of structural reformation are properly applied, that the regulations are properly applied and that the moneys actually go to the works which are designated and laid down in the application as per the criteria which this House passed many years ago.

With these few words, I hope the House will accept my proposal. I can understand my colleagues of the Budget Committee wanting to be more difficult concerning the proposals, but I ask them, in view of the retrospection which has already taken place over the 1972 applications, to accept my proposals as I feel sure that this will benefit our farmers and, I hope, contribute

to the smooth running of our agricultural machine and the guidance section.

President. — I insist that, in the general debate, speakers respect their allocation of speaking time.

I call Mr Laban, on behalf of the Socialist Group.

Mr Laban. — (NL) Mr President, I should like to make a few short remarks on Mr Scott-Hopkins' report. I thank Mr Scott-Hopkins for his comments on his report and particularly for his remarks regarding improvements of controls.

My contribution to this debate may also be regarded as a guide to the Socialist Group's vote. Together with the rapporteur, I should like to draw attention to the fact that since the regulation took effect in 1964, the time-limits to which the Commission is bound for making decisions and the time-limits within which Member States must submit their applications for a subsidy from the Guidance Section of the EAGGF have never been kept to. When a proposal of this kind was dealt with last year, the Committee on Agriculture and this Parliament were not at all pleased about this. They then rejected the proposal. We are now again confronted with an extension to the time-limit. It seems as if the matter has acquired a structural character. In the Scott-Hopkins report reference is correctly made to the fact that the consequences may be a reduction in credits available for the improvement of agricultural structure. What is more, the projects are becoming more expensive owing to increases in wages and prices. The Committee on Agriculture has decided on a majority, subject to one alteration that I myself consider worth recommending, to advise in favour. My group is of the opinion that substantial measures to improve the situation have been taken since last year. I would therefore think it odd if Parliament were to decide for the extension in time-limits. My group is not prepared to give its vote to proposals of this kind in the future. It wishes to continue to express its conviction that it is more than high time for both the Commission and a number of Member States to take effective steps towards an altogether more expedite handling of affairs.

(Applause)

President. — I call Mr Liogier, on behalf of the Group of Progressive European Democrats.

Mr Liogier. — (F) Mr President, ladies and gentlemen, the proposal by the Commission to the Council concerns a regulation extending certain

Liogier

time-limits in connection with aid from the Guidance Section of EAGGF for the years 1972, 1973 and 1974.

The requests for assistance from EAGGF for 1971 were the subject of decisions of the Commission in June, July and December 1973, i.e., one year after the scheduled date.

The requests for 1972 could not be considered until December 1972 onwards.

The Commission had hoped that the delay of a year in considering applications filed for that year might be reduced to three months.

It was relying on increased staff, which it in fact did not obtain in time. As a result, the time-limit fixed by the EEC Regulation as 30 September 1973 could not be kept to, and the Commission is asking that it should be postponed until 31 October 1973, so that the improvement will be one of two months only.

As to applications for 1973—and there are about 1 400, which means an increase of 40% over the 1972 figure—the Commission cannot begin to study these before 1 November 1973, and asks that the time-limit be put back to 31 October 1974. Since it will not be possible to consider applications for 1974 until after this date, the Commission proposes that the final date for submitting applications for 1974 be postponed to 30 June of that year. In its report, the Committee on Agriculture regrets that the situation is as it is and would like to see the Commission increase its staff so as to be able to eliminate the delay. It is surprised that no mention is made of the costs incurred as a result of such delay.

In its motion for a resolution, the Committee on Agriculture approves the postponement of the 1972 date to 31 October 1973 and that of the final date for submitting applications to 30 June 1974. On the other hand, it requests the time-limit for decisions on applications relating to 1973 be fixed at 30 April 1974 and not 30 October 1974. The Group of European Progressive Democrats is fully in agreement with the report presented by Mr Scott-Hopkins, on which it congratulates him, and will be voting in favour.

President. — Mr Spénale, do you wish to speak in your capacity as chairman of the Committee on Budgets or as draftsman of the opinion, in which case you only have 5 minutes at your disposal?

Mr Spénale. — (F) I am speaking in place of the draftsman of the opinion, and in any case do not need five minutes.

I should like to state that the Committee on Budgets saw no reason to take a different stand

today from that in the past. Indeed, by refusing to put back the dates for credits the Committee on Budgets and Parliament as a whole have refused to become associated with the Commission's delays, which, although they may be excusable as long as they exist, constitute an irregularity aggravated by the fact that we are constantly being asked to do something by way of exception, which ultimately has the effect of limiting the usefulness and effectiveness of credit allocations.

There is no real reason why this year should be any different from any other year. If we were intending to reverse the position of previous years, this would mean that, having taken everything possible into consideration, Parliament had finally discovered that these delays were not such a bad thing and that it might approve them from now onwards. This is the conclusion one would make were one to compare solutions adopted in the past and those adopted today.

I should like to add that there is not only the matter of the past, but also of the future. We are not backward-looking. We think that this type of delay should cease and that the Commission will be more encouraged to make efforts in this direction if it knows that Parliament is categorically opposed.

I cannot accept the excuse that the number of available staff is not sufficient for the following reason. The Commission has 6 000 or 7 000 officials and has always asked—and we have unfailingly given it our support—to be in control of its staff and its organization. Consequently, it can, if necessary, second additional staff to this task. I would add that since the Commission agreed with the Council on the proposals for budgetary appropriations made by the Council in the preparatory stages of the 1974 budget, we cannot now turn round and say things are not working owing to a lack of personnel. This argument is thus also destroyed and as a consequence the Committee on Budgets has unanimously requested that Parliament should this year maintain its previous attitude.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I should in the first place like to thank Mr Scott-Hopkins for the attention that he and the Committee on Agriculture have devoted to this question. Mr Scott-Hopkins has made a number of very positive comments on structural policy both in his report and at this plenary sitting.

Lardinois

Discussion has now centred on the postponement of the date for a decision. I, too, regret that the machinery is working more slowly than we would all of us have wanted. I regret the fact that the data originally collected appeared somewhat too optimistic. If, however, a delay has been incurred at any given time in dealing with these dossiers, it is then virtually impossible to make good this delay in a subsequent year. This is certainly not possible at a time when work is expanding appreciably, particularly in consequence of the enlargement of the Community. We now have in fact to start learning how to work with three new national administrations who themselves have to prepare such work on a national scale for the first time.

I can therefore understand that Parliament is not particularly pleased that the time-limits are continually being exceeded and should find that in this way things go from bad to worse. I trust, however, that Parliament will bear in mind the particular difficulties with which we are faced this year. In normal circumstances the administration has to process 900 dossiers per year. Owing to the enlargement of the Community this number has risen from 900 to over 1 400, an increase of about 50%. I feel that it is essential not to pass judgement too lightly in this case. The Commission has absolute responsibility for allocation. On this point we have to delegate responsibility to the European Parliament, and for this reason it is of prime importance that this should be done in a judicious manner. I feel that in view of this appreciable expansion in dossiers Parliament must have some understanding for the fact that we can do no more than we can. I should, however, like to make one condition namely, that Parliament should be well aware of the fact that we are doing everything to tie this matter up within the original time-limits. In this connection I should like to put the following proposal to Parliament:

I would gladly accept Mr Scott-Hopkins' proposal, but on one condition. I have gone into this matter deeply and I believe that, if we pull out all the stops, it may well be possible to save three months over the following year when dealing with the 1973 budget. This therefore means not the end of October but the end of July. It is not possible, however, to settle this matter as early as now. I can promise Parliament that this question will be looked at on a long-term basis. If Parliament could agree to the limit being advanced by three months I could then inform Parliament within the short term how I can see this matter being dealt with in the years to come, for I am thinking of a multi-year programme. In this way a solution may be found. It is quite impossible for the original time-limits to be observed within the space of one year.

I hope that Parliament understands this. I can only do this within the scope of a multi-year programme. I will gladly promise that I shall pull out all the stops in any event in order to make it possible to make this saving of three months this year. I ask Parliament to give me time to do this. Once again, I can do no more than I can, because I must proceed on the basis that we stand by what we lay down. We are concerned here with individual budgets that mostly lie within the area of the processing of goods. Here millions of units of account are allotted to one single undertaking. I hope that it will be understood that the position as far as this is concerned is sufficiently difficult for me to request as a minimum that the proposals made by the national governments be properly considered.

Otherwise we shall end up with a system that is in fact much worse, namely with decisions without the matter being properly investigated. Once again, Mr President, what I propose is a multi-year programme. In the short term I shall indicate in what way and at what speed we shall be able to return to the time-limits originally indicated. I promise Parliament that as far as this is concerned I shall gladly change my proposal by shortening the limit by three months as early as next year, in order to attain a properly working system thereby.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins, rapporteur. — A very brief reaction, Mr President, if I may have permission to speak again. I welcome what Commissioner Lardinois has said and I am very pleased with the way he has dealt with this matter. The fact that he will come back to the House with new proposals in the near future should be welcomed by us all. I understand our colleagues' reluctance to accept the proposals that I put—those of the Budget Committee—but Mr Lardinois's proposal for the current year, 1973-74, moving it back by three months, although not as good as we would want, should, I suggest with reluctance, be accepted.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I thank Mr Lardinois for his reply.

As I understand it, we all regret the way things are going.

It is not true that our group lacks understanding for the difficulties that exist. But we have been talking about these difficulties for ten years. The shortage in staff can no longer be a valid excuse

Laban

after so many years. There are a number of new Member States, granted, but these, generally speaking, have particularly good administrations.

The number of applications has certainly increased, but in my opinion the three new Member States will be able to submit their applications in the proper way and at the right time.

It is much more a matter of the administration of one or more of the original six Member States.

I noted with appreciation what Mr Lardinois has promised, that he will come forward with a multi-year plan and that he will keep Parliament informed on this. We hope that we shall no longer be confronted with extensions of this kind in the future. But this does not give us any cause for voting in favour of this proposal now, after tangible results have for so long been wanting.

President. — Does anyone else wish to speak?

The general debate is closed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

5. *Regulation fixing olive-oil prices for the marketing year 1973-74*

President. — The next item is a debate on a report drawn up by Mr de Koning on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation fixing the market target price and the intervention price for olive-oil for the marketing year 1973-74 (Doc. 200/73).

During the October part-session, a motion to refer this report to the Committee on Agriculture was tabled by Mr Houdet and others.

The authors of this motion have informed me that they intend to table it a second time. This is why the text has been distributed.

I propose to Mr de Koning that he should state his position on this motion when presenting his report.

I call Mr de Koning, who has asked to present his report.

Mr de Koning, rapporteur. — (NL) Mr President, fixing prices for olive-oil is a sensitive matter, and misunderstandings can easily arise in this

connection. That it is a sensitive matter is understandable as we are concerned here with the income of about one million producers, producers running very small businesses with a very low income. We are concerned too with very substantial funds. Last year, fixing the price for olive-oil involved about 200 million u.a. If the Commission's proposal is accepted the sum will be somewhat lower this year, but still very substantial.

Misunderstandings can easily arise as the method for fixing prices for olive-oil is technically relatively complicated and differs from the system used to fix prices for other agricultural products.

It would perhaps be a good thing to explain briefly how the price for olive-oil is arrived at. Last spring we dealt with the target price for olive-oil. This price is fixed in conformity with the proposal made by the Commission and with the approval of Parliament. In fact, when fixing the price, we defined what realized price would be aimed at for the olive-oil producers, what price, therefore, the producer should eventually hope to get for his products.

The question under discussion is how this price should be achieved. The production target price will have to be achieved in the first place by the actual market price as it may happen to develop in the coming months and additionally by a subsidy from the European Agricultural Guidance and Guarantee Fund. This subsidy therefore forms a supplement to the price that the producer obtains on the market for his olive-oil.

Materially, we are concerned at this moment with fixing this subsidy. If we in fact fix the market target price the subsidy follows from this. This subsidy is, namely, the difference between the production target price as already fixed and the market target price that now has to be fixed. The market target price is based on a forecast of developments in the price of olive-oil in the Community.

Therein lies an element of uncertainty. It is in fact unsatisfactory for the market price that one may expect the producers to be able to achieve to be laid down beforehand.

The Commission has submitted new proposals. I shall come back to these when dealing with Mr Houdet's amendment. These new proposals contemplate putting an end to this uncertainty, or turning this subsidy into a flexible sum that can follow actual developments in the market.

However unsatisfactory the present system may be, we have to work with this system and fix the market target price. Despite the fact that Italy

¹) OJ No C 108, 10. 12. 1973.

de Koning

is expecting a better crop than last year, the Community will still have to continue importing. In consequence, the actual market price in the coming years will to a large extent be defined by the development of olive-oil prices on the world market. The world market is predominantly influenced by exports from Spain.

The actual price on the world market at the present time is high and in all probability will stay high. I should like to mention that the market target price was fixed at a substantially lower level last year than now. It is now proposed to increase the market target price by 25 u.a. per 100 kg. This does not mean, however, that the subsidy must now be proportionately reduced. The production target price was fixed about 10% higher last spring. Within the scope of the monetary measures relating to the fixing of agricultural prices in theory, the Italian producers will additionally receive a 4% higher production target price this year and a corresponding market target price, while next year they may expect an increase of 3.5%. The actual reduction of the subsidy is therefore a reduction from 45 to 32 u.a. per 100 kg.

Despite this reduction a relatively strong increase may be expected in the price that the producer will have paid over to him for his products.

When this proposal was being dealt with in the Committee on Agriculture, wide-ranging discussion took place which has been expressed in an amendment by Messrs Vetrone and Cipolla. I gladly agreed to include this in the comments on the draft resolution. This morning, however, I found, that, owing to technical difficulties, there is so far only a French text of this amendment, and this text has not yet been included in the new edition of the report. If this continues to be considered important, we shall include the original amendment by Messrs Vetrone and Cipolla in the final report.

This amendment is superseded by two new amendments, one by Mr Vetrone and friends, and one by Mr Amendola and friends. Relying on a number of arguments stated in the amendment itself, Mr Vetrone and his friends proposed that the Commission's proposal be reviewed. Such a review will, in their opinion, have to take the direction of a reduction in the market target price and will consequently have to lead to an increase in the subsidy.

The proposal by Mr Amendola and friends concerns an increase in the subsidy to last year's level—namely, a clear 45 u.a., which will similarly lead to a reduction in the market target price.

I am sure that those submitting these amendments will themselves wish to speak to their amendments. We are concerned chiefly with the phenomenon of the present market price being predominantly influenced by measures adopted in Spain, the chief exporting country of olive-oil. In the opinion of those submitting the amendments, insufficient account has been taken in the Commission's proposal of the expectations regarding the Italian crop; part of the crop has already been harvested. They further feel that the Commission's proposal takes no account of the strong campaign against inflation that the Italian government has instituted, in which a reduction in the market price for olive-oil would be of particular importance. Further, in the Commission's proposal the ratio between seed oil and olive-oil, fixed at 2.2 : 1, has been abandoned. Price developments on the world market have induced the Commission to abandon this ratio. I admit that this ratio has often been put forward in the past as an ideal, without it being possible to say that formal agreements have been made on this point.

Finally, those submitting these amendments feel that the Commission's proposal takes insufficient account of the increase in production costs incurred by producers owing to inflation.

Mr President, I think that in these few words I have represented what moved those submitting the amendments to press for a reduction in the market target price, and therefore for a substantial increase in the subsidy when compared with what the Commission proposes.

The majority of the Committee on Agriculture certainly did show understanding for the problems with which the Italian economy, and Italian agriculture in particular, is faced. Nonetheless, it was not the general feeling that prices for olive-oil have to be fixed within the framework of the rules laid down in this respect in the regulation. If these rules are to be kept to, it must be noted that the production target price has now been fixed and that we are concerned with fixing a market target price whereby the only yardstick will have to be the forecast relating to actual market prices as anticipated for the coming months.

The European Commission was able to convince the majority of the Committee on Agriculture of the correctness of its forecast. It was similarly able to convince the majority of our Committee that there is little chance of the actual market price lying below the market target price now proposed and that the chance of prices rising is very appreciable. This latter fact will certainly benefit producers.

de Koning

I should like to make one further remark on Mr Houdet's amendment. When the report and this draft resolution were drawn up, the European Commission's proposals regarding a review of agricultural policy were not yet known. This is why it is remarked in a critical vein in the draft resolution that other proposals will quickly have to be made.

In the meantime Mr Lardinois has informed the Committee on Agriculture that new proposals have been elaborated and that we may expect that the system to which our criticism was directed will already have been improved by next year. Hence our feeling that we must now replace our critical remarks in the draft resolution by a clause to the effect that we have noted that the Commission is now again putting proposals forward regarding the improvement of the system of producer subsidies.

The majority of the Committee on Agriculture recommends Parliament to approve the European Commission's proposals in the matter of olive-oil.

IN THE CHAIR: MR BERSANI

(*Vice-President*)

President. — I call Mr Frehsee, on behalf of the Socialist Group.

Mr Frehsee. — (*D*) Mr President, ladies and gentlemen, I won't even need to use up the 10 minutes. May I say that the Socialist Group of this House is practically in complete agreement with what the rapporteur has had to say here on the subject of his written report.

The Socialist Group too is of the opinion that this document involves more than simply fixing the prices for olive-oil in 1973 and 1974. That was dealt with by the proposal on the fixing of prices for agricultural products in the 1973-74 marketing year. At that time an increase in the price of olive-oil by 10% was made. What is now important is simply the establishment of criteria for the principles governing olive-oil subsidies.

The Commission has proposed establishing a standard market price for the determination basis for olive-oil subsidies, which should be fixed at about 30% above the standard market price which prevailed in the marketing year just ended. Now that is the price which is expected on the market.

At the same time a price is being put forward in this proposal, a price which is wanted for the producers and is considered politically cor-

rect. The price intended for the year 1973-74 is 137.17 u.a. per 100 kg. This subsidy of 32.17 u.a. results from the difference between the politically desirable olive-oil price for 1973-74, as fixed in the decision of last spring, and the expected market price of 105 u.a. per 100 kg. That figure is approximately 13 u.a. less than last year, which will save the EAGGF 58 million u.a. in the coming budgetary year.

In this connection, may I also point out that the amendments, particularly the specific amendment by Mr Amendola and friends, is not covered by the budget. As far as I can gather, these 58 million u.a. were not planned for in the budget.

Mr President, we are obviously dealing here with a measure that also has to be seen from the social point of view, as indeed the rapporteur has just made clear. Even if one grants such a point of view—and the Socialist Group is obviously prepared to accept any type of social measure—one has to admit that it has been given the consideration by the Commission in its proposals.

I want to emphasize again that it is not the prices as such that we are fixing today, but simply the determination basis for olive-oil subsidies, which will, taken together, result in a somewhat higher price for olive-oil than the Commission document calculates. This is a point which the rapporteur also brought out, and I should like to underline what he said.

Mr President, I would still like very briefly to comment on the proposed amendments. The Socialist Group is in agreement with Mr Houdet's amendment, Document 200/1, although it does not consider that a word or two of censure, as originally contained in the rapporteur's written report, would have been completely out of place. But in view of the information we have since received this amendment to paragraph 2 of the motion for a resolution, which the rapporteur has submitted on behalf of the Committee on Agriculture, can be accepted.

As to the proposal by Mr Vetrone and his colleagues, here too I support what Mr de Koning said. We do not believe that the Commission can re-examine its proposal for a regulation yet again. The Commission has already had to prolong the 1972-73 regulation by one month as a result of the re-referral of the document to the Committee at Parliament's October part-session. It is now high time that this regulation was adopted so that it can come into force on 1 December. For these reasons the Socialist Group cannot accept proposed Amendment No 2.

Frehsee

However, it shares the Commission's opinion that the price ratio of 2.2:1 is no longer correct. This was incidentally also not included in the 1972-73 regulation.

We believe that the production prices, which are undoubtedly rising at a very rapid rate, should not be considered here; that is, on the other hand, something that should be taken into consideration when the agricultural prices are fixed, something we are going to do for the coming marketing year in the very near future.

For all these reasons the Socialist Group is not able to support Amendment No 1 to paragraph 1 of the Motion for a Resolution (Doc. 200/3) by Mr Amendola and colleagues. For one thing this amendment would not be covered under the budget, and for another there is no justification for this amendment if one regards the matter not as one of fixing the prices but simply of finding criteria for the determination basis of the olive-oil subsidy.

I admit, Mr President, that I was somewhat surprised to have been given the floor right now, since in fact those concerned really should have justified their amendments first. But since you did call me, I have used the opportunity to deal with them in my speech.

President. — I call Mr Liogier, on behalf of the Group of Progressive European Democrats.

Mr Liogier. — (F) Mr President, ladies and gentlemen, since we are dealing here with oil, and what is more, with olive-oil, whose excellent qualities there is no need to prove, you will understand that we are treading an extremely slippery path.

(Laughter)

However, although the way may be slippery the wheels of our Community machinery are—in the opinion of our Italian friends at least—turning rather slowly.

On behalf of the Group of European Progressive Democrats, therefore, I shall try to achieve a certain balance and to oil the wheels.

To do this, one must first clarify ideas on the Community machinery which will be controlling the market, prices and aid to producers. This machinery is not very complicated and may be summarized as follows. Long in advance of the marketing year, an EEC regulation fixes what we call the producer target price, which is a policy price fixed somewhat euphorically as an optimum and which takes considerable account of the various factors available to the Commission in making its estimate, including the way in which the last marketing year went, past production and estimated future produc-

tion, the actual price trends, any increases in other agricultural products and the legitimate interests of producers. It is largely inspired by the aims set out in Article 39 of the Treaty establishing the EEC. Later, it is necessary to fix the market target price, which cannot be just an approximation. Indeed, the idea is to forecast, as accurately as possible and on the basis of statistics and all the data available to the Commission, the actual price, which will be the purchase price actually paid on the free market during the coming marketing year, even before it begins. Everything will depend on this *a priori* estimate, since the difference between the producer target price and the market target price is the amount of aid which must be given to producers by the Community. For the 1972-73 marketing year, the producer target price was 124.70 u.a. per 100 kg and the market target price 79.60 u.a. per 100 kg, making a difference, and therefore an aid figure, of 45.10 u.a. For the coming marketing year, that is for 1973-74, the producer target price has been fixed by EEC Regulation No 1355/73 at 137.17 u.a., and it is the Commission's intention to fix the market target price at 105 u.a. We must therefore now discuss this price of 105 u.a., which is not acceptable to our Italian partners, because there is no possibility of revising the producer target price of 137.17 u.a. already fixed by the Council by an EEC Regulation. The difference between 137.17 and 105 u.a. is 32.17, so that we can see immediately that the aid to producers per 100 kg of olive-oil will fall from the 1972-73 figure of 45.10 u.a. to only 32.17 u.a. for the 1973-74 marketing year—a decrease of 12.93 u.a. per 100 kg—hence the very understandable feelings of farmers and of our Italian friends who are expressing their feelings to us today.

As last year, the intervention price differs by 7.25 u.a. from the market guide price, a fact which leaves us completely cold, since we are more or less sure that it will be substantially exceeded.

Now to the various ideas on the subject, and first of all, the Commission's. It considers that since there is a shortage of olive-oil on the Community market, its actual price level should not be below world market prices. It therefore considers it necessary when fixing the market target price to take account of world market price levels, which in 1972 were higher than those on the Community market. This situation, moreover, resulted in olive-oil being subject to an export levy at that time, of 5.5 u.a. per 100 kg, and this figure was raised to 28 u.a. in March 1973, whereas the world market price rose to a peak of 108.5 u.a., mainly as the result of the unilateral export policy of Spain, which is the Community's main supplier.

Liogier

As a result, the Commission does not feel able to maintain the ratio of 2.2:1 between the price of olive-oil and that of corn oil, which would, it considers, lead to producers being paid more than the production target price.

This is why, having regard to the information available to it, the Commission can only propose for the 1973-74 marketing year a market target price of 105 u.a. per 100 kg, representing an increase of 25.40 u.a. over the present target price. It also points out that in view of the good harvest, which is expected to amount to as much as 500 000 tons, the expenditure required in order to grant aid at the rate of 32.17 u.a. per 100 kg for the 1973-74 marketing year would be approximately 168 million u.a. if the aid were maintained at the present rate of 44.10 u.a.

Mr de Koning, speaking on behalf of the Committee on Agriculture, has presented a report which is admirably clear and concise. He points out that where the market target is based on forecasts of subsequent market trends, which are of necessity uncertain, it may differ in practice from the real market price, but nonetheless trusts the Commission, which has available the maximum of information on which to base its estimates, and thus agrees with the Commission on a market target price of 105 u.a. for the 1973-74 marketing year.

He is also aware of the fact that this proposal, which is of particular concern to Italy, is made at a time when the agriculture in that country has to cope with very serious problems. He considers, however, that these undeniable difficulties must be solved by a general approach and in this connection refers to the Commission's proposals, which are being worked out.

However, Mr de Koning greatly regrets, as do we ourselves, that there is no mention in the explanatory memorandum of the simplification and improvement of methods for calculating and granting subsidies to producers, an important problem which was the subject of proposals made in 1972 and subsequently studied in depth by our Parliament. He considers that the achievement of the aim of efficient management of the olive-oil market should not be put off any longer and should be linked with the proposals for price fixing.

To put the Italian point of view at this point might look like impertinence, since our Italian colleagues have put it to us clearly and movingly in the Committee on Agriculture and will soon be doing so to Parliament as a whole.

They put their whole hearts into their statements because what they say concerns the legitimate interest in keeping on the land and ensuring the survival of nearly two million

Italian families who are among the poorest and most backward in the Community.

This is why we cannot remain indifferent to their moving appeal.

Mr de Koning has told us very clearly that the problem of the backward areas should be the subject of an overall approach and a matter of social policy. Unfortunately, the specific measures are rather slow in coming, and until they have all been implemented a number of farmers or others within the Community will have experienced even greater poverty or will have left the regions, which need a minimum population, in order to take their rancour and their despair to the slums or cheap housing of our over-populated cities, where they will further increase the number of the drifters and misfits.

The problem raised today is a specific one, and we cannot be so selfish as to refuse to admit the sad truth that in certain regions of Italy it is often the olive trees that constitute the greatest source of income of the purely arable and mixed farms, hence the importance for olive-oil producers that these regions be given maximum aid.

I am well aware that the increase in the production target price from 124.70 to 137.17 u.a. gives rise to a certain amount of hope. But the much sharper rise in the market target price from 79.60 to 105 u.a. will be reflected in a substantial reduction in aid, which will thus fall from 45.10 in 1972-73 to 32.17 in 1973-74 and will be greatly missed by the people concerned, even if only psychologically, at a time when Italy is experiencing galloping inflation and enormous difficulties in a number of sectors, particularly in agriculture.

We shall therefore vote for the amendment, which we consider to be both relevant and moderate, tabled by Mr Vetrone, who asks the Commission to re-examine its proposal without stipulating any figures.

I am also convinced that in its present form and in this context, the amendment would have been favourably received by the Committee on Agriculture had it been submitted.

However, to make things quite clear, if this amendment were to be rejected, the Group of European Progressive Democrats would consider itself obliged to reject the report put before us despite its otherwise excellent content.

(Applause)

President. — I call Mr Cipolla, on behalf of the Communist and Allies Group.

Mr Cipolla. — (1) Mr President, distinguished colleagues, I feel that the speeches we have heard so far show that Parliament took the right decision in postponing discussion of the Commission's proposals, not only to enable us to go more closely into certain aspects which were not included in Mr de Koning's first report but also for more general legal and constitutional reasons. We must give due recognition to the Council for having, this time at least, shown respect for the prerogatives of Parliament. The Council rejected the arguments put forward by certain not altogether disinterested jurists who were advising them to go ahead without obtaining the views of the Parliament, and agreed to stand on a provisional decision while waiting to hear our opinion, which is indeed obligatory even if the Council is not bound by it. Consequently the doubts expressed in this House after the Commission had voted to refer back have proved to be groundless.

Before going into the merits of the regulation I should like to make a statement of principle. We Communists have always been very critical, and still are, about the organizational aspects of the regulation and the way it is administered by the Commission and the Italian Government. So we are not only disposed to consider modifications, as we showed last year, for instance, over the proposal by the Andreotti government on the modifications which the Commission had suggested should be made in the regulation, but we are actively pressing for them to be effected, and we want a full investigation to discover who is responsible for the intolerable delays and administrative irregularities, and actual swindling. The archives of this Parliament and of all Community institutions are not lacking in well-documented accusations, and in some instances charges have been brought, as in the case of the sugar manufacturers, for irregularities and swindles in applying marketing regulations. It would really be most strange if in the case of olive-oil everything were in order—as smooth as oil, as the Italian saying goes.

But what is strange is that the Commission (from the bulletins put out by the press office and from what is said at unofficial gatherings) appears to be looking at these irregularities not as a reason for modifying the regulation and trying to nail the culprits but as a reason for lowering the intervention price for a million Italian small-holders.

But since this kind of assumption cannot possibly be advanced, recourse is being had to a proposal which in our opinion is against economic logic and against the letter and the spirit of the Community regulation on olive-oil, even in the light of the facts which have been

supplied by the Commission's representatives at these last two meetings.

As my colleague Mr Liogier has observed (I cannot because of shortage of time enter into a detailed analysis of the regulation in question), the price we have to fix is a target market price, which means that we have to try to forecast what is going to happen next year in the olive-oil market.

Now what facts have been supplied by the Commission as a means of predicting the behaviour of the market? The first fact, which was confirmed to us at last Monday's sitting, is that this year the production of olive-oil in Italy will exceed the previous year's by 120 to 130 thousand tons. Now, by the simple fact of the way in which the laws of a market economy operate, increased production does not send prices up, but down.

Secondly, as has been observed, there is not a free market in olive-oil in Italy at the present time, but it is subject to controls and very strict supervision; the whole political line-up in Italy, from the unions to the government itself, is committed in varying degrees to curbing the rise in prices.

So here we have two facts which make it difficult for us to agree with the increase of 30% in the price of olive-oil forecast by the Commission. On the contrary, we are faced with two facts (very large production and a price control policy) which must surely lead to the conclusion that the price for olive-oil will certainly not be higher than last year's; now that harvesting has begun, this is in fact the situation which is beginning to make itself apparent.

The Commission has commented that Spain will be acting with a view to sending up prices; the Commission's representative has in fact said that it has come to his official notice that this is the Madrid government's intention. This is in fact an advance warning that Spain is about to wage a trade war against a country in the Community, and so against the Community as a whole, in an attempt to send up the price of olive-oil. And this is already showing signs of happening.

Apart from the fact that it is the duty of the Community, at a time when it is negotiating fresh trading agreements, not to allow itself to be the subject of a trade war, particularly where the country concerned has declared its intention of establishing a policy of liberalization in its trade with the Community, it is thought all the same that this particular action on the part of Spain, though it might have been put into effect last year, is unlikely to succeed this year, when

Cipolla

Italian imports are bound to be very restricted (4 to 7%) because of the higher production of olive-oil in Italy.

In these circumstances, what means are there for imposing higher prices? The Commission's forecasting comes up against economic logic, and, above all, against the fact that it has a duty to take intervening action in any case against Spain, particularly at a time when the Spaniards are in the process of negotiating trade agreements with the Community, to prevent the imposition of any forms of embargo or other commercial measures which might harm the interests of the Community countries.

The Commission's proposal is therefore contrary to the spirit and the letter of the regulation. There is a passage in the 1966 Regulation which says that 'the difference between production prices and those which are acceptable to the consumer represents the amount of intervention which it is appropriate to grant in order to achieve the declared objective'. Article 6 of the Regulation (which is a legal instrument of the Community—it is not for the Commission to accept it or reject it, but it has to implement it) establishes further that 'the target market price is fixed at a level allowing for the normal sale of the production of olive-oil, bearing in mind the price of competitive products'. It is not within the competence of the Commission to heed or to ignore these specific dispositions in the Regulation. That is why the Commission's proposal is illegal.

Why?

Because the philosophy behind the Regulation, as one says, meaning the idea which inspires it, has been instrumental in keeping up the consumption of olive-oil in Italy. If the ratio of 2.2:1 in relation to seed oil had not been maintained, we should have had the same situation in Italy as has been seen in Holland, where the maintenance of a high price for butter, beyond the reach of the average Dutch consumer, has almost halved the *per capita* consumption of butter in favour of margarine. This has not happened in Italy, and the fact that it has not been in the interests of the Italian consumer, and also in the interests of the Community funds which worry my colleague Frehsee so much. If we had not respected the spirit of the regulation, we should not now be consuming 600 thousand tons of olive-oil but very considerably less, and the Commission would have to purchase at the intervention price and stock-pile—as with butter—tons upon tons, hundreds of tons of olive-oil which had not been used by the Italian consumer, and there would also be fresh imports of seed oil. And that is why, at a time

when we are once more debating the Community's trading policy, the contrast, Mr Lardinois, with what has happened in the olive-oil market is a very good pointer to the direction in which we should be going; after all, you provide help over the sale of butter, and help over keeping down the price of butter on the market. As I say, this ruling in the regulation must be respected and implemented. And we shall continue with this discussion. I did not speak in the name of the Communist Group at the time when the Lardinois memorandum was published, because, as we say all along, we are not interested in any adjustments of marketing procedures. We want a radical and thorough-going change in the whole market system, which has never succeeded in finding a solution to the problem of poverty but has instead created problems of surplus, without doing anything worthwhile for the European worker on the land.

Therefore, Mr President, distinguished colleagues, we feel that Community intervention for Italian land-workers should not be touched. We all say this, French Communists as well as Italian. It is not only an Italian problem. This is necessary not only so as to avoid nullifying the efforts of the unions to keep down the cost of living, but also because, just at the moment when we are submerged in questions of regional policy, it would be plain daft to reduce intervention in the poorest areas just when they are being promised aid under the regional policy, and also, Mr President and distinguished colleagues, because this debate is not only helpful in the defence of these particular interests, however legitimate, but in showing us and confirming our need for a deep-rooted and radical change in Community policy.

President. — I call Mr Vetrone.

Mr Vetrone. — (1) Any argument about technicalities, Mr President and distinguished colleagues, must take second place; this debate is above all a discussion on policy.

First, there are over a million producers in Italy concerned with the cultivation of the olive, most of them small and concentrated in the less favoured regions, such as the South. Secondly, these producers, because of the severe pressure of inflation, have undergone a heavy increase in production costs, particularly in labour, which accounts for more than 60% of the total. And lastly, it should be observed that the production price which was fixed last April has undergone some adjustment by the action of the Council of Ministers, in view of the need to combat the effects of inflation.

Vetrone

Now, if these three facts are not contested, surely a political assembly such as ours, which tomorrow is to set about approving an important resolution on regional policy in favour of the less developed areas, cannot adopt a contradictory attitude by approving today a motion for a resolution on olive-oil which would involve the reduction of the intervention price by some 30% and thus deal a heavy blow to the economy of one of the poorest regions in the Community.

These are the reasons of policy which should be enough to explain any opposition to the Commission's proposal. But there are technical reasons too, which are no less decisive. I will explain what they are one by one.

Above all, the Commission, when fixing the target market price for olive-oil, has ignored the criterion established in Article 6 of the Basic Regulation; Mr Cipolla has already given you the text, so I shall not repeat it now. If the Commission had held to this criterion, since the average price of seed oils, which are in competition with olive-oil, was established at 40 u.a. per 100 kg by the Commission itself, and since there must be, as the Council of Ministers has always recognized, a ratio of 2.2:1 between the prices of the two products, it ought to have proposed a target market price for olive-oil of 30 u.a. per 100 kg. This it did not do, but chose instead to follow a different criterion, though not one provided for at all in the regulation, based on the movement of prices in the world market in olive-oil and on the effect of this on the price structure inside the Community. This notwithstanding the fact that on the Commission's own statements the world market in olive-oil is virtually non-existent, as it is constituted by one country only, namely Spain; so that price movements in this phantom market invoked by the Commission, which is supposed to influence price trends inside the Community, would be subject to the dispositions of that country alone.

And in fact this is how it is, because Spain will not allow the price to establish itself in a free market, but fixes it by decrees issued through a state institution which makes use of fiscal export measures incorporating rates of taxation which vary according to the nature of the product, and in this way favoured treatment is given to exports of the finished product, by way of dumping, at the expense of the raw product, which has been a traditional export to Italy—so much so that the Community is compelled to apply at one and the same time a levy on exports, a levy on imports and a compensation tax to do away with the disparity in price between the raw and finished product.

And at this point there is a question which comes up almost of its own accord. Can the EEC,

which seized on the opportunity presented by the recent upheaval in the prices of agricultural products in world markets to silence once and for all the fierce criticism levelled against its price support policy, saying quite correctly that circumstances had shown that it was valid both in the interests of the producer and of the consumer, now forget all that, and be ready to leave to the mercies of the world market, which in this case means the monopolist policy of one country only, the fortunes of the market in olive-oil produced by the Community?

President. — Mr Vetrone, you are speaking to the amendment.

Mr Vetrone. — (1) Yes, I am also dealing with the amendment.

The Commission also refers to the price levels in the Italian market as a justification for its proposals.

It makes the assumption that in the first ten months of the 1972-73 season the average price in Italy exceeded by some 26 u.a. per 100 kg the target market price which had been fixed for this season.

But it is important to point out in this connection that this was a year in which production in Italy was poor both in quantity and quality, and that the effective returns of the small cultivators were conditioned by the sales which they were able to achieve in the first three or four months, when bids were smaller than those recorded later.

Besides this, so-called high prices, in the absence of any adjustment from imports, discounted the effects of the devaluation of the lira, so that, in view of the effective rate between the lira and the unit of account (750 instead of 625), the effective market price should have been 90 to 93 u.a. per 100 kg, and not 110 to 112 as the Commission maintains. It is to be hoped that the Commission will come to realize that it was wrong to estimate the behaviour of the market by applying to prices expressed in devalued lire the official conversion rate in units of account, which remained anchored at 625 lire and which has only recently been adjusted by 4%.

Briefly, then, honourable members, these are the policy and technical reasons which, in my opinion, make the Commission's proposal unacceptable.

If, of course, there is anyone who feels that there are other ways of reducing costs in this particular sector, since the present measures of production control have been ineffective, then let him by all means say so loud and clear, because

Vetrone

we are only too ready to accept more effective and stricter means of control over speculation. Italy has come up with the suggestion of a land register for oil producers, but if there are other suggestions then please let us have them. But let us see that the very large numbers of honest small producers are not unfairly penalized by a whole series of artificial technicalities which have nothing to do with the basic regulation and which fall down, as I hope I have shown, when confronted with the more practical realities of the many different factors which have gone into and will continue to influence the market situation.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I should first of all like to express my particularly grateful thanks to the rapporteur for the report that he has made. I associate myself with everyone in this Parliament saying that the Committee on Agriculture and the rapporteur have laid a particularly excellent piece of work before us.

I am pleased that this piece of work has obtained the approval of a majority of the Committee on Agriculture. I am equally sorry that not all members of the committee were able to associate themselves with it. I was present at part of the discussions on this subject in the committee. I think it important to stress this as I feel that it deals with a particularly important subject. It appears from a number of other contributions made here today that this is certainly a politically loaded subject.

This subject is in fact also a kind of touchstone for Parliament. Will it be able to find the courage to tailor its policy over the next few years in such a way that we shall keep to the regulations and to the promises made to agriculture and the consumer? Will Parliament also be able to find the political courage to say that obligations must run to a certain point and no further?

What have we in fact done this year as regards olive-oil? In the first place, we have fixed a price increase of 10%, subject to a further increase of 1%, altogether therefore of 11%, the highest price increase in comparison with any other product, as a guarantee for the olive-oil growers. In addition, a fortnight ago we allowed an additional price increase, expressed in Italian lire, of 4%, partly to diminish the effects of devaluation. We are therefore concerned with a total of 15%! And that in one year! No one can tell me that we have not dealt with this product in a way that we have done for no other product within our Community in the past.

One of the reasons why we did so—in circumstances that were anything but easy—is that market developments in the Community were of such nature that there was not only room for an increase of this kind but, particularly, both the Commission and the Council in May last year foresaw the political difficulties that might flow from our having, owing to these developments in the market, to abolish or more than halve our premiums.

This was one of the most pressing reasons why the olive-oil product was dealt with within the prices arrangement in a way that no other product has been dealt with in our marketing and prices policy. Those who assert that nothing has been done for one of our most backward regions in the Community should take a look at this. I would add that we have not shown the same leniency to any other product with regard to the occasional omission to apply our regulation fully. We do this as we are here concerned with products grown in regions of our Community which from the agricultural point of view are hardly fruitful.

In reply to Mr Vetrone's comments, I would gladly be prepared to reduce the market target price. I would welcome a drop to 100, 90 or even 85 u.a. if there were any indication that market developments justified this. All the indications I have received so far, however, indicate that the number of 105 u.a. will evidently still be too low, despite the fact that this year's crop is better than last year's. If I can, however, be convinced that 105 u.a. is too high and that actual developments in the market in the coming months indeed justify the fixing of a lower number, I shall be the first to say yes to this, despite the fact that every unit of account that we remain below the figure of 105 will mean at least an additional 5 million u.a. by way of expenditure. Similarly, if proposals can be made that convince me I am sure that the Commission would take a corresponding direction. But we do have the experience of previous years behind us. Last year, we fixed the market target prices at 75 u.a. We then were forced to note that the market target price in fact lay closer to the production target price than *vice versa*. In other words, we granted a premium of more than 200 million u.a. last year, which we were not in fact obliged to do. This would not have been necessary had we anticipated the level of the market target price more exactly last year. I have little room for manoeuvre when departing from market indications. If this were the first year in which an increase might be mooted it would be possible to wait and see whether this phenomenon continued. Last year, however, the market target price at one period actually rose beyond the production target price.

Lardinois

Nevertheless, we gave 45 u.a. per 100 kg by way of subsidy.

I hope it will be clear to you that the Commission has various obligations. We do not just have obligations towards the producers. As far as they are concerned, we must stand by what we guarantee. And this we shall do.

We also have an important obligation—I have already discussed this with the present Parliament on at least ten occasions—as regards proper management of the means of administration. In the agricultural sector in particular we are especially sensitive to criticism by Parliament and public opinion on this point.

Please give us the opportunity, please give us the political means to put into effect what we promise the producers. From a political point of view, too, we must in fact be able to put this into effect as regards public opinion, by managing the means of administration in the way they ought to be. Parliament and its Committee on Budgets continually press us on this point.

If there are indications that the market target price is too high, if it should prove possible to propose measures that could lead to a market target price in the Community dropping to below 105 u.a., the Commission would be prepared to revise its proposal.

We should even be prepared, this year, should it be administratively possible, to fix this sum for a later period, once we have seen at what prices the producers have been able to sell and what the market target price has been. Then we shall know whether it has been 100 or 95 or 115 or 125 u.a. I would be prepared to do this.

We have stated this in our proposals to improve agricultural policy. Whether it will be possible this year does not depend on me. It depends in particular on the Italian State. We shall see whether, in this respect, the Italian Government has the capacity and also the desire to take this initiative before the end of this year.

I should, however, like to offer Parliament something new in this respect, something that goes at least some way to meet the wishes of those who consider the premium too low. We have calculated that the adjustment of the 4% formula produces the following difference owing to the devaluation of the Italian lira as compared with our original proposals:

According to our original proposal the premium would, expressed in lire, have amounted to 201 lire per kg of olive-oil. In order to keep abreast of the 4% due to the revaluation, we had to increase this premium from 201 to 212 lire per day. Last year the premium was 281 lire.

It is true that we are now not working at this level, partly because market prices have developed in such a way that there is no justification in putting the premium at such a level. I do feel, however, that the difference of 10 lire is not insignificant and does deserve mention. If it is administratively possible, we shall increase the rate at which the improvements are brought about.

I am also prepared, should valid arguments be brought to support it, to reduce the sum to something less than 105.

We have allowed the effects of the revaluation to apply as from 1 November, the date on which the market regulations became effective.

I hope and expect that Parliament will support the report and the draft resolution. I should once again like to express my compliments to the rapporteur.

(Applause)

President. — Thank you, Mr Lardinois.

Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble, I have no amendments or speakers listed.

Does anyone wish to speak?

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1, I have two amendments which may be discussed jointly.

— Amendment No 2, tabled by Mr Vetrone, Mr Antoniozzi, Mr Bersani, Mr Noé, Mr Vernaschi, Mr Brugger, Mr Boano and Mr Gi-raudo and worded as follows:

‘Paragraph 1

This paragraph should read as follows:

“1. Cannot approve the Commission’s proposal concerning the fixing of the market target price for olive-oil for the 1973/1974 marketing year since this proposal is based on forecasts of the market situation resulting from unilateral measures adopted by an exporting country, Spain, and since above all it takes account neither of the increase and improvement of olive-oil production in Italy in 1973, nor of the price freeze and control policy implemented by the Italian State in agreement with the Community Institutions, nor of the ratio between the

President

price of seed oil and the price of olive-oil at the time repeatedly adopted by the Council as 2.2:1 nor, finally, of the rapid increase in production costs resulting from strong inflationary trends which, moreover, led the Council of Ministers last year to use the utmost moderation in fixing the new agricultural prices, including the production target price for olive-oil, and therefore invites the Commission to reconsider its proposal”.

— Amendment No 3, tabled by Mr Amendola, Mr Bordu, Mrs Caretoni Romagnoli, Mr Cipolla, Mr D’Angelosante, Mr Fabbrini, Mrs Lotti, Mr Lemoine, Mr Leonardi and Mr Marras and worded as follows:

‘Paragraph 1

This paragraph should read as follows:

“1. Cannot approve the Commission’s proposal concerning the fixing of the market target price for olive-oil for the 1973/1974 marketing year since this proposal is based mainly on forecasts relating to unilateral trade policy measures adopted by an exporting country (Spain), and since above all it takes account neither of the increase in olive-oil production in Italy in 1973, nor of the price freeze and control policy implemented by the Italian State in agreement with the Community Institutions, nor of the ratio between the price of seed oil and the price of olive-oil (2.2:1) adopted repeatedly by the Council; considers therefore that, in view also of the increase in production costs, subsidies for producers in 1973/1974 should not be less than 45.10 u.a.”.

I call Mr Bermani.

Mr Bermani. — (I) I should prefer to speak later for an explanation of vote.

President. — Good, Mr Bermani.

Mr Vetrone has already moved Amendment No 2.

I call Mr Cipolla to move Amendment No 3.

Mr Cipolla. — (I) I went into this amendment, really, in my previous speech. I should like instead to reply to one or two remarks made by my colleague Mr Frehsee, who was worried about questions of the budget, just to point out to him that in the recent alterations in the budget the appropriations have also been increased...

President. — I am sorry to have to interrupt you, Mr Cipolla, but you may only move Amendment No 3.

If Amendment No 3 is maintained, I shall first put to the vote Amendment No 2, which departs furthest from the text of the Committee on Agriculture.

I call Mr Cipolla.

Mr Cipolla. — (I) Amendment No 3 is to all intents and purposes a representation of the amendment which I and my colleague Mr Vetrone put forward in committee. Although one or two points were brought out more clearly in our amendment, the same objectives can be achieved by the amendment tabled by my colleague Mr Vetrone and others, so I think that we can certainly vote on Amendment No 2, and I withdraw the other one.

President. — Amendment No 3 is accordingly withdrawn.

I therefore put Amendment No 2 to the vote.

Amendment No 2 is adopted.

Mr Fellermaier. — (D) Grand coalition of de Gaullists, Communists and our Italian friends!

D’Angelosante. — (I) No comments on the voting, please!

President. — I put paragraph 1, so amended, to the vote.

Paragraph 1, so amended, is adopted.

On paragraph 2, I have Amendment No 1, tabled by Mr Houdet, Mr de Koning and Mr Héger and worded as follows:

‘Paragraph 2

This paragraph should read as follows:

“2. Notes that the Commission now offers the prospect of new proposals for improved operation of the system of subsidies for producers”.

I call Mr Houdet to move this amendment.

Mr Houdet. — (F) Mr President, our rapporteur has just moved the amendment perfectly satisfactorily. I have nothing to add to what he has said.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

President

I put paragraph 2, so amended, to the vote.

Paragraph 2, so amended, is adopted.

On paragraphs 3 and 4 I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 3 and 4 are adopted.

Before voting on the motion for a resolution as a whole, I call Mr Bermani for an explanation of vote.

Mr Bermani. — (I) I had wanted to make an explanation of vote on the amendments, but now the votes have already been passed.

President. — I apologize, Mr Bermani, for the misunderstanding.

You still have the floor if you have anything to add.

Mr Bermani. — (I) I should nevertheless like to declare that, together with my colleagues Messrs Della Briotta and Ariosto, I voted in favour of this amendment, taking advantage of the fact that my group had declared a free vote.

President. — I put to the vote the motion for a resolution as a whole incorporating the various amendments that have been adopted.

The resolution so amended is adopted¹.

6. Approval of the Minutes

President. — The minutes of proceedings of yesterday's sitting have now been distributed.

Are there any comments?

The minutes of proceedings are approved.

7. Time-limit for tabling amendments

President. — I propose to the House that we should set the time-limit for tabling amendments to the second report by Mr Delmotte on regional policy (Doc. 228/73) at 5 p.m. today, in order to enable the political groups to discuss these amendments tomorrow morning.

Are there any objections?

That is agreed.

8. Second Directive on the marketing of forest reproductive material

President. — The next item is a debate on the report drawn up by Mr Brugger on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a second Directive amending the Council Directive of 14 June 1966 on the marketing of forest reproductive material (Doc. 215/73).

I call Mr Brugger, who has asked to present his report.

Mr Brugger, rapporteur. — (D) Mr President, forests cover over one-fifth of the total area of our Community. It is therefore in the interests of the Community to increase forest production. This is something which depends primarily on the improvement of forest reproductive material. The Directive of 14 June 1966 on the marketing of forest reproductive material established joint rules on the genetic value of reproductive material which can be marketed within the Community. The fixing of standards for the quality of forest reproduction material is not dealt with by the proposal which has been submitted to us for evaluation.

It would be going too far here if we were to deal with the multitude of technical definitions which apply to the production of forest reproductive material and to their source-identification from the production stage right through to consumption. These definitions make up a considerable part of the content both of the original Directive of 14 June 1966 and of the present proposal for the modification of this directive.

Discussion of the specialized field dealt with by the document would really require a specialized scientific knowledge of forestry.

Still, in view of the good results of the application of the Directive of 14 June 1966 we can probably trust the Commission specialists who drew up this draft proposal. This trust is probably further justified by the fact that it is very easy to see that the draft we have before us represents a completion and certainly also a perfection of the original directive.

The Committee on Agriculture was unanimous in this view and approved the document after a brief discussion and with only one proposal for an amendment, to Article 13. Only the British representatives in the Committee on Agriculture abstained, wanting to give further study to the new provisions contained in the text by today's plenary sitting.

¹ OJ No C 108, 10. 12. 1973.

Brugger

The present draft directive on the marketing of forest reproductive material aims at an improved harmonization of the provisions with those governing marketing of agricultural seed material. It furthermore adapts as far as possible the regulation on the marketing of forest reproductive material to the OECD system for the control of forest reproductive material as intended for joint international trade.

In particular, the present proposal contains a new category for reproductive material of even higher quality than the previous 'selected reproductive material' namely, the category 'tested reproductive material'. The basic material for this superior 'tested reproductive material' has to be submitted to special tests regarding its genetic background, as well as comparative tests, in accordance with Community regulations, in order to establish and prove genetic superiority. The relevant minimum qualifications are set out in Article 19 and also in Annex II.

From now on, then, two categories of reproductive material will be accepted in respect of all types of reproductive material as listed in the Directive of 14 June 1966: these are the 'selected' and the strictly controlled 'tested' reproductive materials, as provided for under Article 5(b). Only in the case of poplars will 'tested reproductive material' be accepted to the exclusion of the lower-quality 'selected reproductive material'.

Particularly significant is the change to Article 6 of the old directive. In the present text, Member States are obliged to issue lists of the officially-registered basic materials, separated according to whether 'selected' or 'tested' reproductive material is being produced.

These lists issued by the individual Member States and any changes to them are to be communicated immediately to the Commission, who will then forward them to the other Member States. The Commission is responsible for seeing that this information provided by the individual Member States is published in the 'Joint Catalogue of Basic Materials Used in Forest Reproductive Material' in the *Official Journal of the European Communities*. If a Member State appeals against a particular procedure, this too must be publicized in the same manner. Under the existing provisions it has been possible for Member States to reject unilaterally under certain conditions reproductive material made from certain basic materials.

According to the proposal, the existing procedure for agricultural seed material shall apply similarly to forest reproductive material. Whenever a Member State, after a certain period of time following the registration of a particular

basic material, wishes to prevent the use in its territory of forest reproductive materials made from these basic materials. According to this procedure a Member State can only limit or exclude the marketing or the use of particular reproductive materials in its territory when it can be shown that the use of such reproductive material would have an unfavourable effect on the forestry of the Member State concerned.

In this connection a brief word on the amendment by the Committee on Agriculture to Article 13 would be appropriate.

The Committee on Agriculture shares the opinion of a renowned organization of experts that the time-limit laid down by the Commission in the first paragraph of Article 13 could be reduced in order to achieve a more rapid removal of the general restrictions on marketing. In addition to this, the responsibilities of the Committee provided for under Article 17 of the present proposed directive would be widened to include other measures so that these could be dealt with as quickly as possible.

In view of the short amount of time at our disposal I do not want to make any detailed comments on certain specialized definitions, and I hope that the discussion can be kept as short as possible since we are dealing here with a text which the Committee unanimously approves.

President. — I call Mr John Hill.

Mr John Hill. — Mr President, may I first assure the Parliament and Mr Brugger that there was nothing sinister in the British abstention in committee. It arose from the fact that these complicated documents came to us at short notice and it was impossible for me, at any rate, to give a valid judgement on something so specialist. In general, we are in favour of the purpose of the directive, since it is certainly in the interests of all of us that higher-quality stock should be the subject of marketing and that agreement should be reached on common procedures and standard criteria. But these very technical matters, as Mr Brugger has rightly said, are best left to the specialist standing committees and working groups going into the aspects.

One comment that I should like to make refers to the timing of the introduction of these proposed amendments. The three new Member States had to take on board the existing two regulations, and began to implement them from July of this year. This directive amends the 1960 directive, so we are currently in the position that new members and their horticultural trades are attempting to master some unfamiliar

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European procedures. When one bears in mind that this is not being done by civil servants who are experts in these matters—this is being done by 'men of the trees' and their customers—I question whether it is desirable, at any rate from the point of view of new members, that they should have superimposed upon them amendments to a system which they are just trying to bring into operation. Therefore, the British certainly would prefer that these amendments should come into force one year later. That would enable the present system to go round smoothly, and then the amendments could be digested better by those who have to operate them.

I did not think it was worth putting down an amendment, but I hope that notice will be taken of the view I have expressed. The standing committee has to discuss these matters further later this month. I therefore stress that if such a postponement were agreed it would have no bearing on the amendments which Mr Brugger wants to put forward, because we are agreed that if it is practicable to facilitate the compilation of the common catalogue, so much the better.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I should first of all like to compliment Mr Brugger on the well-thought-out investigation on which his report is based, and equally on the well-thought-out way in which he has presented this fairly technical and complicated matter. Because of this, I can be brief in my reply, all the more as I have some sympathy for the proposed amendment that he has put before Parliament and also in view of the Committee's attitude.

If Parliament accepts this proposed amendment I shall be prepared to alter the regulation correspondingly and submit the draft to the Council in this altered form.

I am prepared to do this despite the objection to the regulation as a whole by Mr John Hill.

We have been in contact with the experts and the government departments concerned in the three new Member States on this subject. From this it did not appear that there was much objection in the Member States to these changes at a technical or at a Civil Service level.

Should it be the case, however, that some Member States object to these being applied, I can set Mr Hill's mind at rest. It is in fact a matter based on Article 100 of the Treaty.

This provides that the Council must be completely unanimous if it is to adopt the draft. It cannot be left to the vote. It is not possible to accept the draft by means of a quantitative or other type of majority.

I therefore have the impression that Mr Hill's fears of difficulties arising in application at a national level are unfounded. This also applies as regards the Civil Service.

If difficulties do in fact arise at ministerial level, this will show. Then there will be no doubt that this directive will not, or not yet, be adopted, as this must be done on the basis of Article 100. In view of all the circumstances, I hope and trust that Mr Hill will yet be able to support this report at this stage.

Again, if Parliament accepts Mr Brugger's proposed amendment, I should be quite happy to adapt the regulation on this point.

President. — Thank you, Mr Lardinois.

I call Mr Brugger.

Mr Brugger, rapporteur. — (D) Mr President, I thank Mr Lardinois very much for his explanatory and complementary remarks on my report. But there is one more thing that I should like to say in respect of what Mr John Hill said: I think he wants to postpone by about 6 months the entry into force, specified in Article 21, of this directive in the Member States, in other words instead of choosing 1 July 1974, which I would consider, choose instead 1 January 1975. I think that is what he would like to have taken into consideration.

If this could be cleared up, we could perhaps achieve unanimity in this matter.

President. — I call Mr John Hill.

Mr John Hill. — I thank both Commissioner Lardinois and Mr Brugger for what they said. My caveat related entirely to the timing for introducing these further amendments which traders have to incorporate in their own practice and marketing. Mr Brugger wondered whether I would be satisfied with a six months' postponement. In fact, I asked that the implementation of these amendments by Member States be deferred for 12 months—that is to say, until 1 July 1975.

We have no basic objection to the directive as such. Our objection relates entirely to the difficulty of asking the horticultural and forestry trades who are not experts in these matters, to try to amend an unfamiliar process while they are still bringing it in. If it were possible to

John Hill

postpone the new proposals and then to add the changes, it would make for better administration.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now continue the motion for a resolution.

Mr John Hill has made a number of observations, but he has tabled no formal amendment. I cannot therefore take them into account.

I accordingly put the motion for a resolution as a whole to the vote.

The resolution as a whole is adopted.¹

9. Directive on a ninth amendment to the Directive on preservatives for use in foodstuffs intended for human consumption

President. — The next item is a debate on the report drawn up by Mr Martens on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a Directive on a ninth amendment to the Directive on the approximation of the laws of the Member States concerning the preservatives authorized for use in foodstuffs intended for human consumption (Doc. 201/73).

I call Mr Martens, who has asked to present his report.

Mr Martens, rapporteur. — (NL) Mr President, the present proposal for a directive is the ninth alteration to the basic directive of 9 November 1963 concerning the adjustment of the laws of the Member States relating to the use of preservatives in foodstuffs intended for human consumption. The proposed directive comprises three amendments, namely: to be added to the list of preservatives contained in the schedules to Article 1—formic acid and its derivatives hexamethylene-tetramine, boric acid and salts of boric acid. The second amendment concerns the use of these products. This is subjected to a double restriction concerning the foodstuffs listed and the indicated maximum doses as stated in the schedule to Article 1.

The Commission proposes, in order to clarify the conditions under which boric acid and its derivatives may be used, to specify that additional treatment of caviar by means of hexamethylene-tetramine will be prohibited if boric

acid or its derivatives have already been added. This is the proposed amendment of Article 1 accepted by the Committee. The third amendment concerns the use of boric acid and its derivatives. Use thereof is permitted until 1 July 1976.

The Committee on Public Health and the Environment nevertheless thought it necessary to clarify the proposed Article 1a by adopting a stronger wording. This runs as follows:

'The Council shall before 1 July 1976 after an enquiry instituted by the Commission and *after consulting the European Parliament*, pursuant to the provisions of Article 100 of the Treaty, as regards the substances listed in the schedule against numbers E 240 and E 241, decide to maintain or abandon these or to make any alteration whatever in their status.'

The draft resolution principally expresses three objections. The most important of these is that the application of the basic directive demands too much time, as the standing committee has to support its proposals by time-consuming experimental research on living animals. Ten years after the promulgation of the basic directive of 1963, the first implementary phase of which had to comprise harmonization of the laws of Member States, it has still not yet been found possible to attain the second phase, which must comprise the actual harmonization of the body of regulations relating to authorized preservatives per foodstuff. Your committee is unhappy on the matter, and feels that the second phase should be effected as soon as possible.

Secondly, it has declared its approval of the present proposal on condition that a mandatory identification shall be prescribed for all authorized preservatives so that the consumer will thereby be informed that the said preservatives have been used.

Thirdly, your committee has stated a requirement in principle that the acceptable quantities of preservatives should be as small as possible, that scientific research into less harmful preservatives should be promoted, and particularly that the development of technology in this field should be such that the use of preservatives will become unnecessary.

The last requirement is that Public Health shall take precedence over the interests of producers and the whims of certain consumers.

In the name of the Committee on Public Health and the Environment, I now have the honour of asking Parliament to adopt the present draft resolution unanimously and without any abstention.

President. — I call Mr Lardinois.

¹ OJ No C 108, 10. 12. 1973.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President I should like to compliment Mr Martens on the way in which he has brought this problem out into the open and on the seriousness with which he has studied the matter. As regards the proposed amendment, I should like to come to an agreement with the rapporteur. I am unfortunately not in a position to accept everything put forward in the amendments just like that. The proposed amendment to Article 5, in particular, relating to the simultaneous use of various substances such as borax and hexamethylene-tetramine, for which no provision is made in the directive, is, in the opinion of our department, not sufficiently precise; as far as this is concerned we feel that a normative study has still to be made.

I must therefore suspend my opinion on this, as I do not yet have sufficient information available to make a correct assessment of all aspects of the case. We are concerned with a purely technical matter on which I am no judge. I can recommend acceptance of this draft resolution on general lines, albeit subject to the views of the Commission as regards the matter referred to in paragraph 3.

The resolution contains an encouragement for the Commission to come forward in the near future with proposals for labelling all food-stuffs with a view to having these checked more easily.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

I put the motion for a resolution to the vote.

The resolution is adopted unanimously.¹

10. *Oral Question No 148/73, with debate, on the lead content in petrol for motor vehicles*

President. — The next item is Oral Question No 148/73, with debate, by Mr Della Briotta on behalf of the Committee on Public Health and the Environment to the Commission of the European Communities.

The question is worded as follows:

'Subject: limitation of lead content in petrol.

For what reasons was submission of the Commission's proposal to the Council for a directive on the limitation of the lead content in petrol

blocked by certain members of the Commission, although this proposal had been adopted at the end of September according to the normal written procedure of the Commission, and when is the proposal likely to be released?'

I would remind the House that pursuant to Rule 47 (3) of the Rules of Procedure the questioner is allowed 20 minutes to speak to the question, and that after the institution concerned has answered Members may speak for not more than 10 minutes and only once. Finally, the questioner may, at his request, briefly comment on the answer given.

I call Mr Müller to speak to the question.

Mr Müller. — (D) Mr President, may I very briefly and precisely explain why this question by the Committee on Public Health and Environment is being put. We are in fact repeating down to the last word a question which was put here by Mr Jahn in his capacity as vice-chairman of the Committee. The question was not answered then because of lack of time. At a committee meeting in Brussels, we tried to get to the bottom of what we are here asking in question form. This did not prove possible owing to a lack of information. That is why the Committee is once again trying to make clear what it has stressed in the past, namely, that it supports fully the Commission's environmental programme, but will also watch it critically. That means that we wanted to insist that the measures provided for under the environment programme are actually implemented. The programme itself considers the first directive, which I will refer to briefly as the petrol-lead-directive, as a very significant part of the programme, to be given priority treatment, and we regret that difficulties have obviously arisen within the Commission; these now simply need explaining.

We in the Committee are very interested—and I want to emphasize this in conclusion—in achieving fruitful cooperation. But we have absolutely no interest in being used as lighting effects on the environmental stage or for that matter even as scene-shifters. We want to participate actively. We want to support the programme, and fervently hope that our criticism will be understood as it is intended, and that is, as the Commission itself wants, to get things moving in the interests of public health, considerations which have always been of importance to this House.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, I shall also answer fairly briefly.

¹ OJ No C 108, 10. 12. 1973.

Gundelach

The reason why Mr Jahn's written question—which was originally an oral question which there was not time to answer at the last question time—did not receive a written answer is that I received at the same time the written question now under consideration and the fact that the matter was not given further elucidation in the committee is due entirely to a misunderstanding. There is complete agreement between the Commission and the committee about the desirability of close cooperation.

I wish to state, Mr President, that the Commission's proposal for a directive on the lead content of petrol is in many respects a far-reaching proposal. It is in the first place an important element in the series of measures which the Commission has already proposed and intends to propose in the future with a view to limiting the air pollution caused by car exhaust gases.

In many ways, then, the proposal for a directive will point the way for future work in the environmental sector.

However, the proposal has not only environmental but also economic consequences. A reduction in the lead content of petrol means increased petrol consumption and it may also necessitate considerable new investment in the refinery sector and the car industry.

These various and complex aspects could not of course fail to cause deep reflection on my part and I found it necessary, in addition to the usual technical discussion within the Commission and with interested circles in the Member States, to have a thorough discussion of policy with my colleagues in the Commission itself—not only—and perhaps even not in the first place—about the actual proposals to be implemented when the directive enters into force, but rather more about the drawing up of a satisfactory review clause or procedure that can make allowance for future changes in conditions, including technological advances or changed environmental conditions.

This possibility of continued work in the future in this sector is something for which I have a very special interest.

This discussion in the Commission is now nearing its conclusion. If it has not been possible to conclude it earlier, this is solely due to the fact that other—and as Parliament will undoubtedly appreciate in the present situation—more urgent problems have occupied the Commission's time and that of the other Community institutions. It follows from what I have already said about the importance of the proposal for a directive that I fully appreciate Parliament's eagerness

to get started on its consideration of the proposal. When the Commission has finished dealing with the proposal—which, as I mentioned, will be in the very near future—the Commission's representatives will not only be ready but also eager to discuss the proposal with the Committee on Public Health and the Environment and other responsible committees. The Commission wishes that there will be a thorough discussion in Parliament, for such a discussion can have the greatest importance for the way in which the matter is further dealt with in the Community institutions.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen. First of all, I should like to disassociate myself clearly from certain views which state that Parliament ought not to involve itself in the internal affairs of the Commission; I was concerned in asking my Oral Question to establish whether an already adopted proposed regulation would be delayed by an objection in the Commission and would now have to be completely re-discussed. As far as I can gather from the remarks by the Member of the Commission, that is indeed the case. We were concerned if possible to see our ideas on the lead regulation accepted. I should like to say that of course we were interested—and I believe that I am talking now on behalf of many of my colleagues—in being minutely informed as to the way environmental problems are being dealt with.

The European Parliament has in fact not only the right to form opinions and suggest improvements to the contents of Commission proposals, but is also entitled and indeed obliged to see that time-limits are met, and here we are dealing with a very serious problem.

As you know, the Commission proposal we are dealing with is an integral part of the Community Action Programme on environmental protection adopted by the Council on 19 July 1973. The word 'programme' signifies a plan to carry out an intention within a certain time-limit.

The Commission, in its environment programme, refers specifically to its supplementary proposal of 21 March 1972 on the General Programme for the removal of technical barriers to trade, which was adopted by the Council on 21 March 1973—you will find it in the *Official Journal of the European Communities* No C 38 of 5 June 1973.

This supplement adds a fourth phase which applies largely to the environmental and public health sectors. This includes among other things the question of the composition of motor-vehicle

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fuels, and thus without doubt also the present proposed directive on the lead content of petrol. The timetable for this fourth phase—that is, the composition of motor fuels—was fixed as follows:

- submission of the proposed directive to the Council: not later than 1 January 1974; (Mr President, ladies and gentlemen, this deadline is only weeks away);
- Council decision: not later than 1 July 1974.

In paragraph 3 of the resolution contained in this report, the European Parliament requested the Commission 'as far as possible to adhere to the timetable provided for in the programme for the removal of technical barriers to trade and if necessary to strengthen the responsible departments'.

If we are ever to get away from the pressure of time, Mr Gundelach, we must insist that the time-limits are adhered to. As things now stand, we can hardly begin consideration of the Commission's proposal on the lead content of petrol until the beginning of next year. The Commission will then have formally adhered to its deadline, but the Council will then have to make its decision by 1 July 1974 if we want to stick to the programme. That does not leave Parliament a great deal of time, since it must meet the Council—if I may so express myself—halfway. This means that we would have to submit our opinion on the Commission proposal at the March 1974 part-session.

In this connection it must be borne in mind that the Council will only begin its consideration of the Commission proposals when it has received Parliament's opinion. Please forgive me for bringing up these technical matters here. This emerges from the communication by the Council on 16 October 1973 to the European Parliament on the improvement of relations between the Council and the European Parliament. In that document the Council emphasized its 'intention' having regard to its obligations, not to give consideration to any proposal forwarded by the Commission to the European Parliament for its consideration prior to receipt of the European Parliament's opinion, providing that such opinion is delivered within a reasonable space of time, which in certain cases can be fixed by mutual agreement'. You will find this Council communication in the European Parliament *Bulletin* No 34/73.

At the meeting of our committee of 11 September, Mr Scarascia Mugnozza, at the behest of several of our colleagues, expressed his willingness to forward future Commission proposals on environmental protection and consumer protection as quickly as possible; following this,

on 4 October, the chairman of our committee, our colleague Mr Della Briotta, wrote to Mr Scarascia Mugnozza putting forward suggestions for improved cooperation. We hope to receive a positive reply to this letter from Mr Scarascia Mugnozza.

We are convinced that the procedure we have proposed in this letter could save a lot of valuable time, and at the same time represent a decisive contribution to improving the quality of our committee's work and that of the entire European Parliament.

We therefore expect an answer, and we hope that it will be a positive one. Above all, we have every right to expect—and with this I should like to conclude my remarks—that the Commission's proposal for a directive—Mr Gundelach said that the discussions were almost at their end—will be rapidly adopted and directly forwarded in the usual manner and as soon as possible to the European Parliament or its responsible committee, and possibly to an advisory committee.

President. — I call Lord O'Hagan.

Lord O'Hagan. — I am not a member of the committee that deals with this subject, but I have followed its work for some years. I should therefore like to endorse what Mr Jahn has said and to put to Mr Gundelach a question arising out of his statement. I want to ask this question because there is a grave danger that those within the Commission entrusted with responsibility for environmental matters may be in some difficulty if the Middle East crisis and its effect on energy supplies is used by other people within the Commission as an all-embracing argument for delaying environmental progress.

Knowing, as I do, after having investigated this subject, the pressures that there are from within the oil and motor industries to prevent the improvement of the environment in regard to lead in petrol, I wonder whether the Commissioner could reassure us that the energy crisis and its ramifications will not be used to hold up progress on environmental matters in general, and that the fate of this draft directive, which has been floating around for a long time, will not be decided by energy considerations alone. Of course I accept, as everyone does, that the Middle East crisis and energy policy affect many other areas of Community activity—the Commission's draft directives no less than anything else—but it is somewhat worrying to hear the Commissioner's rather vague statements about the future of this directive, especially when he seemed to give credence to the suspicion of some people that these energy difficulties will lead

Lord O'Hagan

to a setback in the Commission's plans for improving the environment.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, I should like first of all to assure this House once again that it is the wish and intention of the Commission to collaborate closely with Parliament and especially with the Committee on Public Health and the Environment on all aspects of our environmental programme. There can be no doubt at all on this point.

I likewise agree with Mr Jahn that haste must be made with a number of matters concerning environmental problems and technical obstacles to trade. These two matters are, of course, often connected. I am pleased that Mr Jahn in this special case acknowledged that the Commission has always met the time-limits set. I do not, therefore, find myself in disagreement—save on one point—with what Mr Jahn has said. The one point on which I disagree with him is a purely academic question which we do not need to spend any more time discussing here—namely, whether the Commission had made a decision on this issue. And here I must say, like the member of the responsible committee, that it had not.

To Lord O'Hagan I should like to state most emphatically that in my view my statements were not at all vague as regards the Commission's intentions in this matter. There has been no delay in dealing with the substance of the matter because of some connection with the present energy crisis, nor will I accept that there is any such connection. That there are general energy problems in the longer term, as Lord O'Hagan himself acknowledged, is another matter. Account has been taken of them in the deliberations and they have been given their due place in the overall picture. No changes will be made to that in the coming weeks.

If the matter has been made a subject of further discussions at my instance this has been for quite a different purpose—namely, with a view to ensuring that greater progress is made in reducing air pollution in the coming year. My intentions have been the exact opposite of those which Lord O'Hagan must have feared, and I can therefore without any trouble give him

the assurance he desired, and also repeat that assurance, that there will be no further delay in the adoption of this proposal. Any hold-ups there have been have—I can assure Parliament—been in the best interests of the matter. You will be getting a better proposal than you would have got in September.

President. — Does anyone else wish to speak?

I have no motion for a resolution on this debate.

The debate on this item is closed.

11. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Thursday, 15 November 1973, with the following agenda:

10.00 a.m., 3.00 p.m. and 9.00 p.m.

- Vote on the motion for a resolution contained in the report by Mr Gerlach on modifications to the estimates of revenue and expenditure of the Parliament for 1974.
- Vote on the draft general budget of the Communities for 1974 and on the motion for a resolution contained in the report by Mr Pounder.
- First and second Delmotte reports on a Regional Development Fund.
- Joint debate on
 - Report by Mr Flämig on scientific and technological policy;
 - Report by Lord Bessborough on a common policy on technology.
- Joint debate on
 - Report by Sir Tufton Beamish on the recommendation adopted in Istanbul on 10 September 1973;
 - Report by Sir Tufton Beamish on a Supplementary Protocol to the EEC-Turkey Association Agreement.
- Without debate: report by Mr de la Malène on hazelnut imports from Turkey.

The sitting is closed.

(The sitting was closed at 1.10 p.m.)

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IN THE CHAIR: MR DEWULF

Vice-President

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following documents:

(a) From the Council of the European Communities, requests for an opinion on:

— the proposal from the Commission of the European Communities to the Council for a decision adopting provisions for the dissemination of information relating to research programmes for the European Economic Community.

This document has been referred to the Committee on Energy, Research and Technology;

— the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for frozen beef falling within sub-heading ex 02.01 A II

President

(a) 2 of the Common Customs Tariff (1974) - (Doc. 238/73).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on External Economic Relations for its opinion;

(b) From the committees, the following reports:

- report by Mr Lothar Krall on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to cold-water meters (Doc. 235/73);
- report by Mr Helmut Kater on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to continuous totalizing weighing machines (Doc. 236/73).

3. Membership of committees

President. — I have received from the European Conservative Group a request for the appointment of the Marquess of Lothian

- as member of the Committee on External Economic Affairs to replace Lord Mansfield,
- as member of the Committee on Public Health and the Environment to replace Sir Douglas Dodds-Parker,
- as member of the Committee on Regional Policy and Transport to replace Lord Reay,
- as member of the Delegation to the Joint Parliamentary Committee of the EEC-Turkey Association to replace Lord Mansfield.

Are there any objections?

The appointments are ratified.

4. Statement by the Commission on the transition to the second stage of economic and monetary union

President. — Ladies and gentlemen, I have received a request from the Commission of the European Communities to allow Mr Haferkamp to make a statement on the transition to the second stage of economic and monetary union.

I am grateful to the Commission for taking this step, which is in accordance with Parliament's own wish.

I propose that the House allows Mr Haferkamp to make his statement at the beginning of this sitting.

Are there any objections?

That is agreed.

I call Mr Haferkamp. We shall listen to his statement with interest.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, ladies and gentlemen, I should first like to thank Parliament on behalf of the Commission for affording me the opportunity of making this short statement. The Commission asked for this because it considered it important to inform the House immediately of the decisions which it had taken in connection with further progress towards economic and monetary union.

The Commission decided on a number of proposals yesterday evening and will be submitting these to the Council and to Parliament today. These proposals are for a resolution to realize the second stage of economic and monetary union to be put to the Council, secondly a directive to promote stability, growth and full employment in the Community, thirdly a proposal for a decision of the Council on the further approximation of the economic policies of Member States and fourthly a proposal for a Council decision on the European Fund for Monetary Cooperation and finally a decision on the setting up of a committee on economic policy within the Community.

Mr President, these proposals constitute a whole and their purpose is to achieve substantial progress towards an economic and monetary union. The Commission's immediate proposal is that the Council should reach a decision to begin the second stage of economic and monetary union on 1 January 1974 and to end it not later than 31 December 1976.

Permit me, Mr President, in this connection to recall the answer I gave Mr Radoux before this Parliament when he asked a question concerning transition to the second stage. I tried to make clear in my answer—and this is in line with the Commission's ideas on the subject—that everything cannot begin simultaneously on 1 January 1974. We see what we are doing as a continuous process and are concerned to ensure that the decisions which will take us further along the road to economic and monetary union are reached before the end of 1973.

Haferkamp

We consider it to be comparatively unimportant whether these decisions form part of the ending of the first stage or of the programme of action for the second stage.

The effect of all these decisions must however not simply be to prolong the first stage. It is important that definitive progress should be made and that this progress should help us to make good the deficiencies of the first stage. It must also prove that entry into the second stage means a further step towards economic and monetary union.

The measures concerning the legal texts which the Commission approved yesterday relate to the following main points.

First a more intensive coordination of economic and monetary policy in the Community. Hitherto we have had consultation procedures which then had to be used *ad hoc* when certain events occurred or when certain events or governmental decisions were expected.

We would propose that from now on provision be made for a process of permanent consultation both on matters of economic and of monetary policy.

In the sphere of economic policy we propose that the coordination group—by which we mean the working party which was set up about a year ago at approximately secretary of state level—should meet at least every fourteen days in order to discuss the economic policy of the Member States, to coordinate this policy and where appropriate to make further proposals. The Commission would be involved in this and would if appropriate develop from these discussions formal proposals to be submitted to the Council.

There is also provision for much closer coordination in the monetary field and particularly as regards the coordination of the policies of the Central Banks. To this end it is intended to set up a group at senior level within the Fund for Monetary Cooperation to meet on a weekly basis and coordinate the policies of the Central Banks particularly on matters concerning discount rates, liquidity and the like.

The coordination of monetary policies referring to parity changes and the conduct of the Community in relation to other countries, particularly in connection with the reform of the world monetary system, will continue to be dealt with by the Monetary Committee as laid down in the Treaty. The Commission is of course convinced that *ad hoc* consultation must take place for particularly important reasons and this applies especially to changes in monetary matters.

The Commission is of the opinion that closer coordination will make it necessary for the Finance Ministers to meet regularly. It is therefore convinced that the Economic and Finance Ministers should fix a meeting date for every month a year in advance so that they can meet if necessary without having to try to find a suitable date just a few weeks beforehand. What we are asking therefore is for a permanent complex of consultations which provide an opportunity for the regular discussion of economic and monetary policy and for immediate decisions to be made where appropriate.

We also suggest that Member States should ensure that they have the appropriate instruments available to be employed immediately whenever required by decisions at Community level. This is set out in detail in the directive on stability, growth and full employment.

It is the Commission's belief that the bringing into action of the Monetary Cooperation Fund is of decisive importance for progress towards economic and monetary union. It is therefore submitting proposals to amend the statutes adopted early in the year whereby the Fund would first be given a complete administrative structure and secondly to enable the coordination group which I have already mentioned and which will meet weekly to act within the Fund. The Fund is to be responsible for management of short-term currency resources and the multilateralization of intra-Community settlements on the basis of a European unit of account as already stated by the Paris Summit.

To give this operation a sound foundation, the Commission proposes that as a start currency reserves should be pooled and that at the beginning of next year 10% of currency reserves should be made available to the Monetary Fund. The contributing Central Banks would receive, in return for these reserves, the equivalent value in units of account which would be used *inter alia* for a multilateral arrangement for settlements. Obviously a decision of this kind by the Member States and by the Community would be of great political importance for the achieving of a Community identity.

It is our opinion that our credit facilities should be increased in this connection.

We propose that quotas be increased appropriately. At the same time we propose that when quotas or time limits are exceeded certain procedures should make possible the enforcement of conditions concerning the economic policy of the country obtaining the credit. This would mean in the first place an examination of the economic situation of the country concerned

Haferkamp

and secondly requirements in connection with economic policy which would be decided upon by the Council at the Commission's proposal.

In the monetary sphere we also suggest that in future any stands relating to other countries should be taken exclusively on a Community basis and should be expressed by a Community spokesman.

I shall restrict myself here to saying what these most important subjects are. Obviously each of them would need separate treatment.

I would point out that the Commission is of course, as stated in its report of April of this year, of the opinion that progress in the more narrow sphere of economic and monetary union must go hand in hand with progress in those areas relating to structures, particularly in the fields of regional policy, social policy, the harmonization of taxation and the capital market. Proposals have already been made in this connection and others will be made in due course.

Obviously so important a step gives rise to the question of institutional organization. Clearly the Commission has also given consideration to this matter when taking the decisions to which we have already referred. It will make its ideas known in the near future. The Commission is convinced that if its proposals are accepted the Community will have taken a definite step forward.

President. — On behalf of you all, I should like to thank Mr Haferkamp for the statement which he has made on behalf of the Commission.

I call Lord O'Hagan on a point of order.

Lord O'Hagan. — On a point of order. Could I ask for your guidance, Mr President? I understand that the Commission held important discussions in this building yesterday on enriched uranium. Have any arrangements been made for the Commission to make a statement to the Parliament, or will they return to Brussels and hold a Press conference there?

President. — I call Mr Ortoli, who can perhaps give an answer to this.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, in presenting to Parliament, before the press and before the governments, its conclusions on the subject of economic and monetary union, the Commission, has, I hope, given sufficient proof—this in answer to Lord O'Hagan's last remark—of its respect for Parliament and its concern to keep it fully informed.

We have had discussions on other subjects from which we are now drawing conclusions. You will understand that we cannot offer information until such conclusions have finally been reached. But this will not take long. We shall then make an additional statement, most probably to one of the parliamentary committees.

But I should like, Mr President, to make a more general observation on this point and I shall finish very quickly what I have to say on the relations between Parliament and Commission.

There was a little unpleasantness here because we presented extensive documentation, documentation on the common agricultural policy, which was explained yesterday by Mr Lardinois, before presenting it to Parliament in plenary session. On this, I must say very frankly that we simply cannot go on at this rate of once-monthly contacts. There is absolutely no ill will on the part of the Commission which does inform the parliamentary committees whenever that is possible, and Parliament itself when it has completed its decisions.

In this particular case, only a few points remain to be cleared up. But in a wider context, I would not wish to come before you with information about matters which are not completely concluded; it would be wrong. On the other hand, we cannot allow two or three weeks to pass without doing our job, which is to present proposals and submit information: give information to Parliament—which we do in the committees, give information to the press and give it to the governments who are the most immediate addressees of the proposals made by us.

As it happened, the question did not arise. So it was natural that we should give you new clarifications on proposals which are the conclusion of a considerable task accomplished by us.

President. — I think Lord O'Hagan too is satisfied with what Mr Ortoli has said.

The incident is closed.

We shall now continue the debate on the statement by Mr Haferkamp.

I would remind you of how speaking time is allocated: 5 minutes for the chairman of the committee responsible, Mr Lange, and a total of 15 minutes for the other speakers, including Mr Haferkamp.

I call Mr Lange.

Mr Lange, chairman of the Committee on Economic and Monetary Affairs. — (D) Mr President, ladies and gentlemen, on behalf of

Lange

the Committee on Economic and Monetary Affairs I should like to thank the Commission for its statement, not so much from the point of view of the contents as for the fact that immediately it reached its decisions it chose to inform Parliament of what it had decided and I believe that, as Mr Ortoli just tried to make clear to us, we should continue with this practice. It would certainly substantially ease relationships between Parliament and the Commission.

But let us get down to the subject in hand. Mr Haferkamp's remarks sounded convincing and seemed to be in line with what Parliament itself has always told the Commission. I want to avoid going into details at the moment, but if upon further examination it proves that the Commission's proposals are as they have been presented by Mr Haferkamp here, this would be a very important step towards economic and monetary union, regardless of whether one calls the second stage a second stage or not and what this second stage involves. In any case—and I think we can here refer back to the statements made by the German Federal Chancellor—it would seem to me that we must do something that we have always wanted to do, namely to bring forward the time limits and not keep obstinately to pre-scheduled dates but draw the necessary conclusions from the situation as it is and then take the appropriate steps. If the Commission's proposals are on these lines and if, particularly in anything connected with the monetary fund, we are able to avoid thinking in terms of prestige and only take decisions with a definite purpose in view I think we shall have done very much.

Mr President, ladies and gentlemen, I do not wish to use the full five minutes allotted to me. The Committee on Economic and Monetary Affairs will have the opportunity at 2 o'clock this afternoon to listen to a detailed explanation from Mr Haferkamp on these subjects and I hope, Mr President, that Parliament will give its opinion on the Commission's proposals as soon as possible—by which I mean the end of the year and thus at the December part-session—so that Parliament can also give the Commission some idea of its opinions, if there should be any divergence, which is something we cannot know in advance, so that these may be taken into account in discussions with the Council. All in all, Parliament will help to advance the Community along the road to full economic and monetary union.

(Applause)

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, speaking as rapporteur on economic and

monetary union for the Economic and Monetary Affairs Committee, I should like to give the warmest possible welcome to Mr Haferkamp's important statement, which will be widely welcomed in our committee and in Parliament and also in financial and monetary circles throughout the Community. I welcome the fact that he has given this statement to us this morning. I also welcome the fact that it contains so much that will have to be very closely studied.

I noted a number of points as he spoke which fit in with points which members of my committee and, indeed, Mr Lange and myself have made consistently in the course of the past year. I am delighted that we are to have a regular basis of coordination of policy-makers in monetary and interest-rate affairs. This is particularly important, and I am very gratified that it is to happen within the framework of the European Fund for Monetary Cooperation because now this bank, which has such an important future ahead of it, is beginning to take shape and to have real functions which will influence all the Community countries.

In his statement, Mr Haferkamp was naturally not able to give us all we shall want to explore particularly when we meet this afternoon. But I think it is important to ask him, if he has the opportunity to tell us now, how he envisages parity changes will be decided, because we cannot escape from the fixed but adjustable formula where parity changes are concerned. Is he prepared to be specific over the formula to be employed in determining the value of the European unit of account? This obviously must be the central pivot for economic and monetary union. Although it is a highly technical matter, I wonder if he is able to give us any indication this morning of his thinking on this point.

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the European Communities. — *(D)* Mr President, I will try to keep my answers brief. Firstly as regards the changes in parities the Commission has made proposals in connection with decisions on economic and monetary union as I have already mentioned. It has provided for a very strict rule whereby a Member State may not officially or unofficially alter the parity or central rate of exchange of its currency, may not cease floor and ceiling interventions and may not fix new parities, central exchange rates or the like without previous consultation. This means that a member country taking such steps must immediately ask for consultation within the Committee on Economic and Monetary Affairs. The committee will then discuss the question. Every

Haferkamp

Member State and the Commission will have the right to request consultation with the Council. Once this request has been made, the Member State wishing to take such measures must postpone its decision for a period of 72 hours to enable consultation to take place within this time.

If this period expires without any consultation having been requested, the Member State concerned is free to act.

I have only mentioned a few essential points but obviously very detailed rules of procedure must be laid down for so complicated a matter and an important principle is that such questions must be treated with the necessary discretion and discussed in secret as is appropriate and as occurs in the governments.

Turning now to the matter of the value of the unit of account, this was fixed in the statutes of the fund which was passed early this year and was expressed in relation to a certain quantity of gold. The statutes also contained rules concerning the influence of parity changes on the unit of account and the procedures to be followed in changing its value. I do not want to go into technical details here but the arrangements are complete and workable.

Mr President, allow me to make one more point concerning the treatment of the Commission's proposals. Last Friday the Council decided that the working party in conjunction with the Permanent Representatives' Committee should jointly examine the Commission's proposals and report to the Council. This will be done at the Council meeting on 3 and 4 December. On 9 November the Council expressed its intention of deciding on this matter if possible on 3 and 4 December.

In case this should not be feasible, two alternative dates were fixed, namely 17 and 18 December.

The working party responsible for the preliminary study of the Commission's proposals will meet in Brussels for the first time tomorrow. It has also allowed the whole of the following weekend from Friday to Sunday inclusive for its work so that the necessary arrangements can be made within the Council and its associated groups to ensure that decisions are still reached before the end of the year.

President. — The text of the statement will be referred to the committee responsible.

I call Mr Spénale.

Mr Spénale. — (F) I would hope that in connection with what happened this morning the

Commission will take note of the extent to which Parliament is accommodating and co-operative towards the Commission.

We are to discuss this morning a matter of great importance to us: the budget of our institution and that of the Communities; we have trains to catch shortly; we have a fixed programme. And yet it is enough for a Commission Member to indicate that he wishes to make a statement, to make us agree and listen to his statement and try to derive from it as much benefit as possible.

I am only asking the Commission to make an effort to reciprocate. Because, in fact, if such willingness is demonstrated in official statements, it is not always evident in day-to-day practice.

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, there has been reciprocity in advance: we finished our work during the night and we asked to be allowed to speak to you today at the risk, I know, of disturbing your agenda, but to satisfy what seemed to be a very urgent desire of Parliament, and justly so: to be immediately informed of the important decisions we have taken.

The reciprocity that Mr Spénale asks for was there all the time.

(Applause)

5. *Estimates of the European Parliament for 1974 (vote)*

President. — The next item is the vote on:

- the European Parliament's estimates for 1974 (Section I of the draft general budget of the European Communities) (Doc. 187/73);
- the motion for a resolution contained in the report drawn up by Mr Gerlach on behalf of the Committee on Budgets (Doc. 230/73).

Rule 23A(6) of the Rules of Procedure requires Parliament to take separate and successive votes on:

- each proposed modification;
- each section of the draft budget;
- the draft budget as a whole;
- any motion for a resolution concerning the draft budget.

President

Pursuant to these provisions and in order to clarify the voting procedure, I propose, as regards individual sections, to put to the vote only proposed modifications and the section as a whole. The titles or other subdivisions of each section in respect of which no modifications have been proposed will therefore not be put to the vote separately; they will be taken when the section as a whole is put to the vote.

If Members wish to explain their voting intentions on a specific title, chapter or article on which no modification has been proposed, they may of course do so when the section is put to the vote.

I would also like to point out that in accordance with the procedures laid out in the booklet on budgetary provisions, proposed modifications will be put to the vote as follows:

— in the normal way, in the order of nomenclature of the draft budget;

— if two or more proposed modifications are tabled to the same article of the draft budget, the one that departs furthest from the text of the draft shall be called first, in compliance with Rule 29(4) of the Rules of Procedure;

— if two or more proposed modifications to the same article depart in an identical way from the draft budget, the proposed modifications that compensate one item of expenditure by correspondingly reducing another shall be put to the vote before those compensating that item of expenditure by an increase in revenue;

— lastly, if two or more proposed modifications to the same article depart in an identical way from the draft budget without it being possible to make the distinction referred to above, they shall be called and put to the vote in the order in which they have been tabled.

We shall now vote on the European Parliament's estimates, that is to say Section I of the general budget of the Communities.

On Title 1, Chapter 10, I have Proposed Modification No 39, worded as follows:

Section I — PARLIAMENT**(A) Expenditure**

Title I, Chapter 10 - Members of the Institution

Article 100a: Secretarial allowance of Members

Enter for this purpose appropriations amounting to 712,800 u.a.

(B) Revenue

Increase revenue accordingly

JUSTIFICATION

These appropriations provide for a personal allowance for Members, calculated at 300 u.a. per Member per month.

This proposed modification has been withdrawn and replaced by Proposed Modification No 50, tabled by the Committee on Budgets. The same committee has also tabled Proposed Modifications No 48 and 49, which deal with the same problem, and on which the Bureau has also commented.

The proposed modifications are worked as follows:

— Proposed Modification No 50, tabled by the Committee on budgets:

Section I — PARLIAMENT**(A) Expenditure**

Title 1 - Chapter 10 - Members of the Institution

Article 100a: Secretarial allowance of Members

Enter for this purpose appropriations amounting to 712,800 u.a.

(B) Revenue

Increase revenue accordingly.

JUSTIFICATION

Provision needs to be made for a personal monthly allowance of 300 u.a. for each Member of Parliament; it consists of:

- (a) 100 u.a. paid to the Representative without his being requested to account for it; it is intended to cover the costs incurred in the performance of his European mandate; these funds are non-transferable;
- (b) 200 u.a. which must be accounted for; this amount is intended to cover the costs incurred in engaging an assistant on the basis of a private contract.

It is understood that every Representative is entitled to refuse this amount or to make it over to his political group.

FINANCIAL IMPLICATIONS

Under the provisions currently in force, the proposed modification will affect the budget as follows:

Section I — PARLIAMENT**Expenditure**

Title 1 - Chapter 10 - Article 100a 'Secretarial allowance of Members'

Enter for this purpose appropriations amounting to 712,800 u.a.

Title 2 - Chapter 29 - Article 290

Increase these appropriations by 8,200 u.a.

Revenue

Title 1 'Own resources': increase by 82,087 u.a.

Title 5 'Financial contributions'

President

Article 550: increase by 628,790 u.a.

Article 560: increase by 10,132 u.a.

— Proposed Modification No 48, tabled by the Committee on Budgets:

Section I — PARLIAMENT

Add the following posts to the Establishment Plan for temporary posts:

- category A 1 A 3
5 A 5/4
19 A 7/6
- category B 2 B 3/2
- category C 3 C 1
6 C 3/2

	A 3	A5/4	A7/6	B3/2	C1	C3/2	Total
Christian-Democratic Group		1	5			2	8
Socialist Group		1	6			1	8
Liberal Group			3		1		4
Conservative Group		1	2	1		2	6
E.P.D. Group		1	1		1	1	4
Communist and Allies Group	1	1	2	1	1		6
							36

FINANCIAL SCHEDULE

Section I — PARLIAMENT

(A) *Expenditure*

Chapter 11 - Staff

Increase the amount entered under this chapter by 473,000 u.a.¹

(B) *Revenue*

Chapter 40

Increase the appropriation entered under this chapter by 42,400 u.a.

Chapter 41

Increase the appropriation entered under this chapter by 32,900 u.a.

SECTION III — COMMISSION

(A) *Expenditure*

Title II - Chapter 29

Article 290

Increase this appropriation by 4,580 u.a.

(B) *Revenue*

Article 550

Increase this appropriation by 350,827 u.a.

Article 560

Increase this appropriation by 5,653 u.a.

¹ Within Chapter 11 the appropriations are broken down as follows:

— item 1100 <i>Basic salaries</i>	+ 324,960 u.a.
— item 1101 <i>Family allowances</i>	+ 24,950 u.a.
— item 1102 <i>Expatriation allowances</i>	+ 56,600 u.a.
— item 1103 <i>Temporary fixed allowances</i>	+ 3,000 u.a.
— item 1130 <i>Sickness insurance</i>	+ 11,300 u.a.
— item 1331 <i>Accident insurance</i>	+ 3,290 u.a.
— article 116 <i>Weightings</i>	+ 48,900 u.a.
	473,000 u.a.

Expenditure

Modify expenditure accordingly

Revenue

Modify revenue accordingly

JUSTIFICATION

This increase in posts concerns the Establishment Plan of the political groups. These increases are the result, on the one hand, of the creation of a new group, and on the other of the decisions to enlarge the secretariats of the groups taken by the Bureau on 18 October and in particular on 13 November 1973.

These 36 new posts would be distributed among the different groups as follows:

Title I - Own resources

Article 190

Increase this appropriation by 45,800 u.a.

— Proposed Modification No 49, tabled by the Committee on budgets:

Section I — PARLIAMENT

(A) *Expenditure*

Title 3

Chapter 37

Article 370

Item 3705 'Contribution to secretarial expenses of political groups of the European Parliament'

Increase appropriations for this item by 156,230 u.a.

(B) *Revenue*

Increase revenue accordingly.

JUSTIFICATION

These additional appropriations are found to be necessary following the decisions taken by the Bureau of the Parliament on 18 October 1973 concerning the contribution to secretarial expenses of political groups of the European Parliament.

(a) *Fixed amount*

30% increase in relation to 1973. Consequently this amount would increase for each group from 700,000 FB to 910,000 FB.

(b) *Proportional amount*

30% increase in relation to 1973.

(c) Gradual increase of the proportional amount depending on the number of languages spoken in the groups:

President

- 2 languages spoken 10%
- 3 and 4 languages spoken 20%
- 5 languages and more 30%

FINANCIAL SCHEDULE**Section I — PARLIAMENT****(A) Expenditure**

Title 3 - Chapter 37 - Article 370	
Item 3705	
Increase the appropriations for this item by	156,230 u.a.

Section III - COMMISSION**(A) Expenditure**

Title II - Chapter 29	
Article 290	
Increase this appropriation by	1,799 u.a.

(B) Revenue

Article 550	
Increase this appropriation by	137,816 u.a.
Article 560	
Increase this appropriation by	2,221 u.a.
Title I - Own resources	
Article 190	
Increase this appropriation by	17,992 u.a.

I also have Proposed Modification No 45/rev., tabled by the Communist and Allies Group, on the establishment plan.

This proposed modification is worded as follows:

Section I — PARLIAMENT

Add the following posts to the Establishment Plan for temporary posts:

- category A 1 A 3
1 A 5/4
2 A 7/6
- category B 1 B 3/2
- category C 1 C 1

Expenditure

modify expenditure accordingly.

Revenue

modify revenue accordingly.

JUSTIFICATION

This proposed modification corresponds to the principle adopted by the Committee on Budgets at its meeting of 9 November 1973; it is intended to provide for the creation of the Secretariat of the Communist and Allies Group (which is composed of thirteen Members of three different nationalities). The number of posts envisaged is that agreed between the Chairmen of the Groups and specified in the proposed modification tabled by the Committee on Budgets: consequently, if the Committee's proposal were adopted by Parlia-

ment this proposed modification would immediately lose all purpose.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section I — PARLIAMENT**(A) Expenditure**

Title 1 - Chapter - Article	
Increase appropriations by	81,570 u.a.

(B) Revenue

Chapter 40 'Proceeds of taxation on the salaries, wages and allowances of officials and other servants' increase by	3,270 u.a.
Chapter 41 'Staff contributions to the pension scheme' increase by	3,270 u.a.

Section III — COMMISSION

Title 2 - Chapter 29 - Article 290	
Increase appropriations by	845 u.a.

Revenue

Title 1 'Own resources' - increase by	8,453 u.a.
Title 5 'Financial contributions'	
Article 550: increase by	64,749 u.a.
Article 560: increase by	1,043 u.a.

Since Proposed Modifications No 50, No 48 and No 49 are all connected, I shall put them to the vote together, with the consent of the rapporteur and the chairman of the Committee on Budgets.

Proposed Modifications No 50, No 48 and No 49 are adopted.

In view of the result of this vote, I would ask the Communist and Allies Group whether Proposed Modification No 45/rev., tabled by the group, is maintained.

Mr Marras. — (I) I withdraw it.

President. — Proposed Modification No 45/rev. is withdrawn.

On the establishment plan of the Secretariat of the European Parliament I have several proposed modifications.

The Committee on Budgets has tabled Proposed Modification No 36/rev., which is worded as follows:

Section I — PARLIAMENT

Parliament's establishment plan to be amended to allow the following changes and new posts to be entered in the 'permanent' column:

President**A - Conversion of posts**

- Category A 1 A 5/4 into A 3
 1 A 5 into A 4
 (temporary post in the President's Office)
- Category B 1 B 3 into B 2
 (temporary post in the President's Office)
- Category C 1 C 1 into B 5/4
 1 C 3/2 into C 1
 1 C 5/4 into C 3/2
 i.e. 6 post conversions

B - New posts

- Category A 1 A 3
 6 A 7/6
- Category LA 1 LA 3
- Category B 1 B 1
 5 B 3/2
 7 B 5/4
- Category C 3 C 1 principal secretary
 2 C 1 principal technician
 1 C 1 assistant chief usher
 7 C 3/2 secretary
 1 C 3/2 clerical officer
 1 C 5/4 assistant clerical officer
- Category D 4 D 1 Parliamentary usher
 i.e. 40 new posts

Expenditure

Adjust expenditure accordingly.

Revenue

Adjust revenue accordingly.

JUSTIFICATION

Paragraph 1 of the resolution on the estimates of the European Parliament for 1974¹ stated that the Parliament 'resolves to postpone any changes in its establishment plan until the draft budget of the Communities is considered, so as to take account of the situation as it stands after the current procedure of filling available posts, particularly in view of the enlargement of the Community'. The changes and new permanent posts shown above are the result of decisions taken under the Rules of Procedure by the Bureau and the Committee on Budgets.

FINANCIAL SCHEDULE**Section I — PARLIAMENT****(A) Expenditure****Chapter 11 - Staff**

Increase total appropriation by 418,000 u.a.²

¹ Doc. 86/73

² In chapter 11 the breakdown of appropriations is as follows:

— Item 1100 Basic salaries: + 14,250,000. — BF =	+ 285,000 u.a.
— Item 1101 Family allowances: + 1,100,000. — BF =	+ 22,000 u.a.
— Item 1102 Expatriation allowances: + 2,500,000 BF =	+ 50,000 u.a.
— Item 1103 Temporary fixed allowances: + 200,000 BF =	+ 4,000 u.a.
— Item 1130 Sickness insurance: + 500,000 BF =	+ 10,000 u.a.
— Item 1131 Accident insurance: + 150,000 BF =	+ 3,000 u.a.
— Article 116 Weighting: + 2,200,000 BF =	+ 44,000 u.a.
	+ 418,000 u.a.

(B) Revenue

- Chapter 40: Proceeds of taxation on the salaries, wages allowances of officials and other servants
- Increase appropriation by 28,000 u.a.
- Chapter 41: Staff contributions to the pension scheme
- Increase appropriation by 16,500 u.a.

Section III — COMMISSION**(A) Expenditure**

- Title 2 - Chapter 29
- Article 290:
- Increase appropriation by 4,301 u.a.

(B) Revenue

- Article 550:
- Increase appropriation by 329,479 u.a.
- Article 560:
- Increase appropriation by 5,309 u.a.
- Title I - own resources
- Article 190:
- Increase appropriation by 43,013 u.a.

I call the rapporteur to move this proposed modification.

Mr Gerlach, rapporteur. — (D) I think, Mr President, that you should keep to the procedure you prefer. We have discussed this in detail in the political groups and should soon reach an agreement.

President. — I put Proposed Modification No 36/rev. to the vote.

Proposed Modification No 36/rev. is adopted.

On the establishment plan I also have Proposed Modification No 18, tabled by Mr Bertrand, Mr Dewulf, Miss Lulling, Mr Radoux, Mr Brégégère, Mr Delmotte and Mr Hougardy and worded as follows:

Section I — PARLIAMENT**Establishment Plan**

Change four B3/2 posts to B1 in the Directorate-General for Information and Public Relations.

JUSTIFICATION

The workload of the assistants responsible for organizing and operating the Brussels, Paris and Rome Offices is constantly growing.

The same situation can be expected to arise at the London Office.

The Committee on Budgets has delivered an unfavourable opinion on this proposed modification. The adoption or rejection of this proposed

President

amendment will affect proposed modifications No 42 and No 43.

I call Miss Lulling.

Miss Lulling. — (*F*) Mr President, I and my colleagues have tabled this proposed modification in order to put an end to the obvious discrimination in the treatment of staff of the Directorate-General for Information and Public Relations whose work we have all been able—both here and in the various capitals—to appreciate. There is no good reason for refusing the upgrading of these posts, as other similar posts in other directorates-general have been upgraded.

It is true that at the moment these posts are filled by women. I should not like to think that anybody felt this to be a reason for refusing upgrading. If men were doing this work they would undoubtedly have long since obtained the regarding of the posts to B 1, if not to A, in view of the variety and difficulty of the work.

I known from personal experience in Parliament how difficult it is for women, doing exactly the same amount of equally difficult work, to be promoted. But I trust that, recalling the principle of equal pay for equal work, Parliament will adopt this amendment.

In any event, in view of the fact that in this administration, as in other Community administrations, the women are relegated to lower grades, it is time to examine the causes of this state of affairs and to follow the example which I was able to see quite recently in the United States, of a very capitalist enterprise, the Bank of America. This firm has an 'informative programme' whereby, through very objective criteria, it is ensured that for equal qualifications the women have the same promotion chances as the men. It is time a similar 'informative programme' was introduced in the administration of our Parliament to ensure that there all women with equal qualifications — for we certainly would not wish to discriminate against the men in any way—have equal chances of promotion.

Having said that, I hope this House will adopt the amendment which is fully justified, particularly in view of the more favourable treatment which similar posts in other directorates-general have enjoyed.

(*Applause*).

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, I should be deeply contrite after this attack from Miss Lulling. But none of us knew that only women were

involved. In committee we kept to the principle adopted last year whereby decisions concerning budget allocations for personnel were to be on a two yearly basis and anything which was not absolutely necessary for new activities was to be carried out on a two year basis so that we should get some stability as regards personnel both in relation to women and men.

I am contrite, Miss Lulling, but would ask you not to assume any deep and dark intentions such as our not wanting to give women equal rights.

President. — I call Mr Bordu.

Mr Bordu. — (*F*) Mr President, I just want to say very quickly that I support Miss Lulling's proposal, and particularly the point that we must not give the impression that there is discrimination against these four candidates for higher posts because they are women.

President. — I call Mr Gerlach.

Mr Gerlach, rapporteur. — (*D*) I should like to support Mr Aigner in what he has said and add that we did not give any thought to the fact that the people concerned were women. Moreover the sub-committee of the Committee on Budgets decided to check questions of public information for 1974 on the actual spot and then decide whether next year the grading of the jobs should be raised. This was the only reason why the Committee on Budgets rejected the proposals by a majority.

President. — I apologize.

I call Lady Elles.

Lady Elles. — We have had a typical example of how discrimination against women operates, because the fact of the sex of the job has been covered by nomenclature which is asexual. In view of the fact that the social action policy, among its high priority items, includes the removal of discrimination in career structures for women, I suggest that this is a typical case in which the European Parliament might for once take a lead in social action policy for its own Members as well as for other members of the Community.

President. — I call Mr Rivierez.

Mr Rivierez. — (*F*) Mr President, I just want to say that for the reasons explained in the proposed amendment, which I have before me, the Group of European Progressive Democrats has decided to vote for the amendment. Our

Rivierez

resolve has been strengthened by the arguments which we have just heard.

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, I feel that this debate is taking a wrong turn.

I was not present at the meeting of the sub-committee on the budget of the European Parliament, where this matter was discussed, but I can assure you that nobody worried there about the sex of the officials filling these posts. The sub-committee simply recalled the earlier decision in principle that changes in the establishment plan should be made at two-yearly intervals.

I should add that, as regards other directorates-general, the Committee on Budgets has taken more generous decisions. That is why we asked for a second vote on this question in Copenhagen; but there has never been any anti-feminist racism because I believe that most of the members present did not even know whether the persons concerned wore skirts or trousers. It is simply that this failed to gain the support of a majority.

I am willing to leave this matter entirely to the wisdom of the House, but I want to make sure that there is no impression left that there has been discrimination in this case against our female staff.

President. — Miss Lulling, do you maintain your amendment?

Miss Lulling. — (F) Mr President, I maintain it, and I should like to add a further argument to support it. The fact is, that by working outside Luxembourg these women have their chances of promotion blocked, unless they are prepared to leave their families behind and return to Luxembourg to get back into the promotion stream.

If, in drawing up the establishment plan, a proper regrading of these posts was overlooked, I do not think that we should be breaking a principle in making good the omission.

I therefore maintain my amendment.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, despite all the charm of the ladies in this House we cannot accept so faulty an argument. Lady Elles, you put things very charmingly but if we allow the

statement to pass without contradiction we might support the impression that the majority of men are discriminating against women in the positions. You may be assured that the Copenhagen discussions, which I attended on behalf of my political group, did not take this into account at all. And if any of my colleagues said that we were making no distinction between trousers and skirts I can only say thank goodness because trousers and skirts are no longer a sex symbol.

President. — I put Proposed Modification No 18 to the vote.

Proposed Modification No 18 is adopted.

On the same part of the establishment plan, I have Proposed Modification No 43, tabled by Mr Gerlach and worded as follows:

Section I — PARLIAMENT

Establishment Plan

In the Directorate-General for Information and Public Relations, upgrade one post in career bracket B 3/2 to a B 1 post.

JUSTIFICATION

The post concerned is in the Press Office in Rome. The upgrading is felt to be justified in view of the length of service of the official in question.

However, since Proposed Modification No 18 has been adopted, Proposed Modification No 43 becomes void.

We now come to Proposed Modification No 42, tabled by Mr Gerlach on behalf of the Socialist Group and worded as follows:

Section I — PARLIAMENT

Establishment Plan

In the Directorate-General for Information and Public Relations, downgrade four posts in career bracket A 5/4 to posts in career bracket A 7/6.

JUSTIFICATION

These downgradings concern the Press Offices of the geographic sectors Brussels, Rome, London and Paris. In view of the upgrading of the four posts in career bracket B 3/2 to B 1 posts in these Press Offices, such a downgrading is felt to be necessary from an economic point of view.

I call Mr Gerlach.

Mr Gerlach. — (D) I withdraw this proposed modification.

President. — Proposed Modification No 42 is withdrawn.

President

I now call Proposed Modifications Nos 40 and 41, both tabled by Mr Gerlach on behalf of the Socialist Group.

The proposed modifications are worded as follows:

— Proposed Modification No 40:

Section I — PARLIAMENT

Establishment Plan

In the Directorate-General for Administration, Interpreting Service, upgrade one LA 4 post to an LA 3 post *ad personam*.

JUSTIFICATION

This upgrading, which involves a meritorious official in the Interpreting Service, corresponds to the relevant rules laid down by the Bureau.

— Proposed Modification No 41:

Section I — PARLIAMENT

Establishment Plan

In the Directorate-General for Administration, Salaries Office, upgrade one post in career bracket A 7/6 to a post in career bracket A 5/4.

JUSTIFICATION

The increase in staff in the Secretariat has resulted in a sharp rise in work load and responsibilities.

The Committee on Budgets has delivered an unfavourable opinion on these proposed modifications.

I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) It is always extremely difficult to go into great detail to justify decisions connected with personnel because it might be thought that this involved a negative attitude towards other people, men and women, who might also be affected. This is not so. The point raised relates personally to a woman who has really proved her worth in the cabins behind us. The directives given by the Bureau regarding promotion are not sufficient to take into account the Bureau's decision. I would therefore ask you to treat this promotion as an exception.

President. — I put Proposed Modification No 40 to the vote.

Proposed Modification No 40 is not adopted.

I call Mr Gerlach.

Mr Gerlach, rapporteur — (D) As the author of this proposed modification I would ask you to allow it to be put to the vote. It concerns an official who has done a lot of good work for us and been here for many years. Because of his

age he can no longer be promoted and I would therefore ask that the Proposed Modification be adopted.

President. — I put Proposed Modification No 41 to the vote.

Proposed Modification No 41 is not adopted.

On Title I, Chapter 11, Article 116, I have Proposed Modification No 51, tabled by the Committee on Budgets and worded as follows:

Section I — PARLIAMENT

(A) *Expenditure*

- (a) Title I 'Expenditure relating to persons working with the Institution'

Chapter 11 'Staff'

Article 116 'Weightings'

Increase these appropriations by 775,000 u.a.

- (b) Title 9

Chapter 98 'Non-allocated provisional appropriations'

Increase these appropriations by 778,000 u.a.

(B) *Revenue*

Increase revenue accordingly.

JUSTIFICATION

It was announced by the Commission that the salary increase at the end of 1973 would probably amount to 7.5% (3.5% purchasing power - 4% weighting).

Moreover, decisions will be taken in the course of the year on the increase of salaries according to the following schedule:

— At the beginning of 1974, 4% increase for the entire year

— In the middle of 1974, 4% increase for six months and, in addition, 3.5% for six months.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III — COMMISSION

Expenditure

- (a) Title 1 - Chapter 11 Article 116:
increase by 775,000 u.a.

- (b) Title 9 - Chapter 98: increase by 778,000 u.a.

Title 2 - Chapter 29 - Article 290

Increase these appropriations by 17,885 u.a.

Revenue

Title 1 'Own resources' increase by 178,845 u.a.

Title 5 'Financial contributions'

Article 550 increase by 1,369,964 u.a.

Article 560 increase by 22,076 u.a.

I call the rapporteur.

Mr Gerlach, rapporteur. — (D) Mr President, ladies and gentlemen, we are dealing here with the coefficient of correction which is used when during the budget year 1974 developments make it necessary to increase the salaries of our staff. The administration had proposed a 10% coefficient of correction and this seemed to me to be a little high so that I suggested that this coefficient be reduced by half, but that the other half should be placed in a reserve fund in chapter 98 since we can have no idea—today apart—whether it will be 6.6, 7.4 or only 4.8. So we did take the administration's wishes into account here. And it is a guarantee for us that if necessary we can draw from our reserves.

President. — I put Proposed Modification No 51 to the vote.

Proposed Modification No 51 is adopted.

On Title 3, Chapter 59, Article 374, I have Proposed Modification No 35, tabled by the Committee on Budgets and worded as follows:

Section I — PARLIAMENT

(A) Expenditure

Title 3 - Expenditure resulting from the institution carrying out special functions

Chapter 37, Article 374 - Expenditure of the Audit Board

Increase the appropriations by 40,610 u.a.

(B) Revenue

Increase the revenue accordingly.

JUSTIFICATION

This modification is intended merely to adapt the share of appropriations provided for in the estimates of the Council.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section I — PARLIAMENT

Expenditure

Title 3 - Chapter 37 - Article 374

Increase appropriations by 40,610 u.a.

Title 2 - Chapter 29 - Article 290

Increase appropriations by 468 u.a.

Revenue

Title 1 'Own resources' increase by 4,677 u.a.

Title 5 'Contributions'

Article 550: increase by 35,824 u.a.

Article 560: increase by 577 u.a.

I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) Mr President, ladies and gentlemen, I should like to make an explanatory comment on Proposed modification No 34 at the same time since it is almost identical, the only difference being that it has to be entered differently in the budget. This is a compulsory levy on the expenditure of the Audit Board half which is included in the Council budget and half in the European Parliament budget. The same applies to the cost of the ECSC auditor which is also treated in this way. The Committee on Budgets recommends that both requests be complied with.

President. — I put Proposed Modification No 35 to the vote.

Proposed Modification No 35 is adopted.

On Title 3, Chapter 37, Article 375, I have Proposed Modification No 34, tabled by the Committee on Budgets and worded as follows:

Section I — PARLIAMENT

(A) Expenditure

Title 3 - Expenditure resulting from the Institution carrying out special functions

Chapter 37 - Article 375

Contribution to expenditure of ECSC Auditor

Enter an appropriation of 80,988 u.a.

(B) Revenue

Increase the revenue accordingly.

JUSTIFICATION

At the time the European Parliament established its estimates for the financial year 1974, the appropriations for the ECSC Auditor's expenses were not yet known.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section I — PARLIAMENT

Expenditure

Title 3 - Chapter 37 - Article 375

Contribution to expenditure of ECSC Auditor

Increase appropriations by 80,988 u.a.

Title 2 - Chapter 29 - Article 290

Increase appropriations by 933 u.a.

Revenue

Title 1 'Own resources': increase by 9,328 u.a.

Title 5 'Contributions'

Article 550: increase by 71,442 u.a.

Article 560: increase by 1,151 u.a.

I put Proposed Modification No 34 to the vote.

Proposed Modification No 34 is adopted.

President

On Title 4, Chapter 41, Article 413, I have Proposed Modification No 20/rev., tabled by Mr Schuijt on behalf of the Committee on Cultural Affairs and Youth and worded as follows:

Section 1 — EUROPEAN PARLIAMENT**(A) Expenditure**

Title 4 - Chapter 41 - Article 413 'Scholarships' - item 4139

Insert an appropriation of 22,000 u.a.

Insert the following remark:

'This appropriation is intended to help guarantee the inter-institutional and functionally independent political character of the programme for inviting young American citizens to Europe (Schuijt proposal)'

(B) Revenue

Increase the revenue accordingly.

JUSTIFICATION

The programme for inviting 'potential leaders' of American nationality has its origin in a proposal made by the European Parliament. It is therefore appropriate that Parliament should make a financial contribution to its implementation. It is also important to assert the inter-institutional character of the operation as well as the functional semi-independence of the department responsible for the administration of the programme.

Item 4139 'Other scholarships' always appeared in the draft budget of the European Parliament for the good reason that appropriations were made under this heading in the early sixties. It could now well be reactivated.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section I — EUROPEAN PARLIAMENT

Title 4 - Chapter 41 - Article 413 'Scholarships'

Increase this appropriation by 22,000 u.a.

Section III — COMMISSION**Expenditure**

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collection of own resources'

Increase this appropriation by 253 u.a.

Revenue

Title 1 - 'Own resources'

Increase these resources by 2,533 u.a.

Title 5 - 'Contributions'

Article 550 :

Increase these contributions by 19,407 u.a.

Article 560 :

Increase these contributions by 313 u.a.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I call Mr Schuijt to move the proposed modification.

Mr Schuijt. — (NL) Mr President, I should like to give a brief explanation. The basic idea of this modification arose during the first visit paid by a delegation from this Parliament to Washington in May 1972, which is why initially only American citizens were mentioned. However, the aim is politically a broader one, namely to foster better mutual understanding between the Community and those countries and continents with which it maintains relations. This initiative was welcomed, not only by the Committees of Parliament and by the groups, but also in South America and Canada. I should therefore like to make it clear that this programme must be extended in the near future to include citizens of other countries such as Canada and the South American countries, who have the same responsibilities in their countries as that required according to the justification of the proposed modifications. Obviously an agency enjoying functional autonomy within the framework of the Communities will have to be set up fairly soon for this.

President. — I put Proposed Modification No 20/rev. to the vote.

Proposed Modification No 20/rev. is adopted.

I call Mr Aigner.

Mr Aigner. — (D) Mr President I would not like to miss this opportunity of asking the Commission to meet a request even though it has not been set out as a formal motion.

At the Commission we have two liaison offices, one for liaison with the Council and one for liaison with Parliament. Both offices have a similar function but completely different staff. The office responsible for liaison with the Council has almost double the number of executive positions that the Parliament liaison office has. We would therefore ask the Commission to see that some sort of balance is achieved here and that cooperation in joint tasks is improved so that work may be successful. I would be very grateful if the Commission could at least consider so important a point.

President. — We are now voting on the whole of the European Parliament's estimates of revenue and expenditure.

I call the rapporteur.

Mr Gerlach, rapporteur. — (D) I would simply like to say that this really should have been raised during the discussion on the Commission's budget. I am sorry to have to put that right, but now that I have explained the position I cannot say anything during the present discussion.

President. — I think the rapporteur is right. The incident is closed.

I put to the vote the European Parliament's estimates of revenue and expenditure for the 1974 financial year, as a whole, incorporating the modifications which have been adopted.

The whole of the European Parliament's estimates, so modified, is adopted.

I declare the estimates of the European Parliament for the financial year 1974 finally adopted, and Section I of the draft general budget of the European Communities modified in consequence.

In accordance with the modifications which we have voted, the European Parliament's estimates for the 1974 financial year now amount to 33,236,383 u.a.

I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) Mr President, for safety's sake, I should like to state verbally that this figure must be accepted subject to a re-check and I would ask you to remember that these figures were drawn up last night and with the staff as overworked as it was an error may have crept in.

Perhaps you would allow this addition at least to be included in the protocol.

President. — We are in agreement; I think I said that after the overnight provisional calculations we arrived at this figure, which is not exact.

I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, I should like to say on behalf of the Committee on Budgets that we are very pleased with the vote just taken, which showed almost complete unanimity.

It is the fruit of much work done in a very satisfying relationship between the Bureau, which was the body responsible in this case, and the Committee on Budgets.

Particular thanks are due to the chairmen of the political groups who were prepared to come and take a very real part in the work of the

Committee on Budgets, who supplied data, which have been incorporated in the budget, on adapting our Parliament to its new tasks following enlargement, the increased number of languages and the greater volume of work, and who have thus prepared the ground for Parliament's development in the years after 1975.

In concluding, I want to address a very special word of thanks to the services we see around us. It really is an extraordinary achievement to have been able, after a debate which went on until 8 o'clock last night, to produce the various changed amendments in the different languages. Without these people we could not have done this work.

President. — I share your feelings, Mr Spénale, and I am glad that you have used your authority to express them.

We shall now consider the motion for a resolution contained in the report drawn up by Mr Gerlach (Doc. 230/73).

On the preamble, I have no amendments or speakers listed.

Does anyone want to speak?

I put the preamble to the vote.

The preamble is adopted.

After the preamble, I have Amendment No 1, tabled by Lord O'Hagan, Mr Covelli, Mr Premoli, Mr Noè, and Mr De Sanctis, worded as follows:

Insert a new paragraph worded as follows:

'Proposes that non-attached Members be given a permanent and adequate allowance similar to that granted to the Members attached to the different political groups.'

I call Lord O'Hagan to move the amendment.

Lord O'Hagan. — Mr President, I must explain that in an extraordinary display of solidarity between the various groups last night in the Budget Committee the amendment as printed was defeated without a single supporter.

However, I now propose that the second half of the wording given should be omitted so that the amendment reads in the form I now move: 'proposes that non-attached members be given a permanent and adequate allowance'.

This alteration underlines the fact that any provision for non-attached members would in no way be rivalling or removing what the groups have for themselves. Some of the assistance provided for non-attached members might well be on some informal basis through

Lord O'Hagan

people whose main duties are within the Secretariat of Parliament.

I wish to make it plain I am not seeking to attack the position of the groups. Not only would that be stupid of me but I recognize Parliament will be dominated and controlled by the groups, and this is right and proper. All I am saying, without extending a begging bowl, is that people who for one reason or another are sent here by their national parliaments to work as parliamentarians should be given something approaching the sort of services that we see are now to be increased by this cornucopia of money that will be showered on the groups, as contained in Amendment 187/48—473,000 units of account.

I do not want to make exaggerated statements, but I think it is a little unfair that people who wish to work hard outside the groups are not provided for in nearly such a generous manner as those who are within a political group, and, while I do not think the time has yet come for this Parliament to insist that the newly-enlarged Social Fund of the Commission should be extended towards handicapped and migrant parliamentarians, it is a pity that I get my research money from a charitable foundation in England, which gives me that money because the Parliament does not. I am very grateful to the Rowntrees for giving me the money, but it is not good for the Parliament that they have to give it to me because the Parliament does not.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, the last comment regarding charity for a Lord of the British Upper House will certainly go down in the history of Parliament; but it certainly cannot be taken very seriously. In this House we have the Directorate-General for Research and Documentation which does outstanding work and is not concerned to which group a Member belongs. This service provides assistance for initiatives in the plenary sitting and in committee by means of documentation and research into particular problems.

To that extent there is in fact equality between the members of the groups and those representatives who—and this is also characteristic of the House—have opted not to belong to any group. But the freedom not to belong to any group does cost the individualist something.

Mr President, there are six groups in this House ranging from left to right and from right to left really must provide a political home, if not as a full member, then as an associate member of these groups.

Therefore, in my opinion, the tale of woe presented by the honourable Lord O'Hagan is really not justified. The situation is simply that a Parliament is only able to operate when it has groups as a basis. It cannot be otherwise in Europe.

President. — I call Mr Lücker.

Mr Lücker, *chairman of the Christian-Democratic Group.* — (D) Mr President, I have the impression that the difficulty we are in is purely a formal one. The non-attached members of this House submitted a motion yesterday which was the subject of discussions in the Committee on Budgets. This motion was rejected yesterday in the Committee on Budgets.

This morning I have now been faced with an amended motion by the non-attached members, saying something different from the motion which was for debate yesterday. The text of the motion, which I have seen this morning and which unfortunately has not yet been distributed, was aimed at an extension of the administrative assistance which the non-attached members of this House can already claim, by the Bureau providing the non-attached members with an additional official in grade A7/6. This is somewhat different; nor did I find this clearly expressed in the remarks of Lord O'Hagan. Unfortunately this motion is not available. I have only seen it in a handwritten draft, so that it is very difficult to vote on this.

President. — Those are not proposed modifications.

Mr Lücker. — (D) I saw this privately. If it is still a matter of yesterday's motion, we must reject it. I do not know either whether we can say at this point that we will wait for the motion; perhaps it will be available in the course of the morning. The Bureau is dealing with this matter; in any case it could be dealt with later by the Bureau.

Regarding Lord O'Hagan's comments, I should like to state that if he considers the non-attached Members in this House have not been fairly treated, I must say to him that he cannot justify this complaint. I should therefore like to contradict him most explicitly. The non-attached members in this House have all the rights which any member of this House has. If the non-attached Members accept the freedom not to belong to any political group, they must also accept the consequences of this attitude. One thing requires the other. I should only like to contradict the complaint that this House is unfair and restricts the active cooperation of the

Lücker

non-attached members or make it possible. This has not been the case so far and, on the basis of the attitude of my group at least this will not be the case in the future.

President. — I call Mr Kirk.

Mr Kirk. — Members will not be surprised to learn that I support the views of Mr Fellermaier and Mr Lücker in this matter. We have discussed this issue many times in the Bureau and no doubt will have to discuss it again.

If what the independent members are seeking is additional help from the existing staff of the Parliament, there may be a solution along the lines which Mr Lücker put forward, but the idea that a group which contains people so radically different in political views as Lord O'Hagan, on the one hand, and, if I may say so, Mr Covelli, on the other, could have a combined research team to prepare plans for them—which is what the Group Secretariats do—is something which this Parliament could not contemplate. I must therefore advise my friends to vote against the amendment.

May I correct Mr Fellermaier on one point. We have a large number of indigent members of the House of Lords, and it is a pathetic sight to see them begging in the streets outside Parliament from time to time.

President. — I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) Mr President, ladies and gentlemen. I do not wish to repeat what was said two days ago, but only state that, on the basis of the introductory debate two days ago, the Committee on Budgets dealt in very great detail with this matter and finally came to a unanimous decision to reject this motion.

I should also like to state, Mr Lücker, that up to twelve o'clock yesterday no motion of this kind, such as you have just described, had been submitted. Such a motion cannot be discussed either, in accordance with the Rules of Procedure, if it is submitted late. We do not need to vote on this, but only on the amendment No 1 to the motion for a resolution.

President. — Ladies and gentlemen, there is only one amendment, which has been modified orally by Lord O'Hagan.

Several Members wish to speak. I must insist that the debate should not be prolonged unreasonably. I agree with what has been said by Chairmen Lücker, Kirk and Gerlach, that the whole Bureau of this Parliament, the chairmen

of the groups and the Committee and Budgets have made great efforts to take into account the rights and duties of non-attached Members.

Of course, if you wish to continue this debate, we can do so, but I would ask you now not to prolong it unduly.

I call Mr Schmidt for a procedural motion.

Mr Schmidt. — (D) Mr President, as a parliamentarian I am always in favour of matters being fully discussed. I believe however that this motion, which has now been described in so much detail, has already been fully discussed in the Committee on Budgets. We must also consider what we still have to do today. We should bring this to a conclusion and take a vote. Therefore I move closure of the debate on this motion and immediate voting on it.

President. — Mr Schmidt has thus requested me to proceed to the vote immediately.

I call Mr Memmel.

Mr Memmel. — (D) Excuse me, Mr President, two things have now been discussed. First, Amendment No 1 which we have before us. As a Member of the Committee on Budgets I know that there was not one single vote in favour of it. Secondly, you have spoken of an oral amendment, but this oral amendment ought to be recorded in some way. I should like this oral amendment to be explained again.

President. — Mr Memmel, Amendment No 1 was modified orally by Lord O'Hagan just now, so as to delete the second part.

Consequently, Amendment No 1 now reads as follows:

'proposes that non-attached Members be given a permanent and adequate allowance.'

The rest is deleted.

This being the case, Mr Schmidt has just proposed that we close the debate and take the vote immediately.

I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) I support Mr Schmidt's motion.

President. — I call Mr Dich.

Mr Dich. — (DK) Mr President, thank you for giving me the floor. I should like to draw attention to the fact that wishing to cut off the discussion on this matter like this is in fact

Dich

extremely characteristic of the situation I myself was in until just recently as an independent Member of this Parliament. It is very characteristic, because the independent Members find it extremely difficult to obtain information on what is going on in the Committee on Budgets or any of the other Parliamentary committees. I therefore feel that it shows a strange conception of democracy if, when an independent Member of this House wishes to table an amendment, further discussion on this proposal is cut off in this manner simply because some people wish to move on to something else. The groups were fully agreed beforehand.

President. — I put to the vote Mr Schmidt's motion that we close the debate and proceed immediately to the vote.

Mr Schmidt's motion is adopted.

I put to the vote Amendment No 1, by Lord O'Hagan, modified orally by the author.

Amendment No 1 is not adopted.

On paragraphs 1 to 3, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 1 to 3 to the vote; paragraphs 1 and 2 will be modified by the votes taken a short time ago.

Paragraphs 1 to 3 are adopted.

I put to the vote the motion for a resolution contained in the report drawn up by Mr Gerlach.

The resolution is adopted.¹

Before we take the vote on the general budget of the Communities, I should like to thank on behalf of all of us the Committee on Budgets and its rapporteur Mr Gerlach for the important work which they have done.

(*Applause*)

6. *General budget of the European Communities for 1974* (vote)

President. — The next item is the vote on the draft general budget of the European Communities for the financial year 1974 and on the motion for a resolution contained in the report drawn up by Mr Pounder on behalf of the Committee on Budgets.

As proposed modifications have been tabled to the individual sections of the draft budget which, if they are adopted, will have repercus-

sions on revenue, the vote on the 'Revenue' section as a whole will be deferred until after the vote on the individual sections.

A vote has already been taken of Section I, relating to the European Parliament.

We shall there proceed to Section II 'Council'.

On this section, I have no proposed modifications.

Does anyone wish to speak?

I put it to the vote.

Section II 'Council' is adopted.

We shall now consider Section III 'Commission'.

On the Establishment Plan, I have Proposed Modification No 44/rev., tabled by Mr John Hill on behalf of the European Conservative Group and worded as follows:

Section III — COMMISSION

The Establishment Plan of the Commission should be modified as follows: create the following 60 posts:

5 A 3
10 A 5/4
10 A 7/6
5 B 1
10 B 3/2
5 C 1
15 C 3/2

(A) *Expenditure*

Increase expenditure accordingly.

(B) *Revenue*

Increase revenue accordingly.

JUSTIFICATION

The Commission has admitted that although Article 9 of Regulation No 729/70 is a good working instrument for on-the-spot Community checks against fraud, its application has hitherto been very limited and very partial, due to a lack of staff. The purpose of this amendment is to provide funds to enable Article 9 of Regulation No 729/70 to be used effectively.

FINANCIAL IMPLICATIONS

Under the provision currently in force the proposed modification will affect the budget as follows:

Section III — COMMISSION

Expenditure

Title 1 Chapter 11,

Article 110	increase by 360,000 u.a.
Article 113	increase by 10,000 u.a.
Article 114	increase by 5,000 u.a.
Article 116	increase by 40,000 u.a.
Article 121	increase by 5,000 u.a.
Article 122	increase by 23,000 u.a.
Article 123	increase by 20,000 u.a.
Article 124	increase by 22,000 u.a.
Article 130	increase by 15,000 u.a.

¹ OJ No C 108, 10. 12. 1973.

President

Title 2 - Chapter 29, Article 290

Lump sum repayment to Member States of costs incurred in collecting own resources
Increase this appropriation by 4,837 u.a.

Revenue

Title 1 - Own resources

Increase these resources by 48,368 u.a.

Title 4 - Deductions from Staff remunerations

Chapter 40 - Proceeds of taxation on the salaries, wages and allowances of officials and other servants

Increase by 45,000 u.a.

Chapter 41 - Staff contributions to the pension scheme

Increase by 35,000 u.a.

Title 5 - Contributions from Member States

Article 550

Increase by 370,499 u.a.

Article 560

Increase by 5,970 u.a.

I call Mr John Hill to move the proposed modification.

Mr John Hill. — The object of Amendment No 44 is to ensure that the draft budget is not approved by Parliament without some provision to enable the Commission to start building up a capacity for monitoring its own current spending programmes and especially to check abuse and fraud. I am grateful for the assistance of the secretariat and Members of the Budget Committee in getting my aim into correct form. I do not, of course, claim that the additional number and grades of staff which had to be specified for technical reasons can be more than a very rough guide to the organization ultimately required.

One cannot spend a few months on the Agricultural Committee or consider the huge expenditure under EAGGF—three-quarters of the total budget—without being put on one's guard that these funds, by their size and manner of disbursement, are vulnerable to mistake, malpractice and dishonesty. Enlargement of the Community has also enlarged these dangers—three more frontiers, three more internal markets to be watched, to say nothing of the complications of transitional provisions, compensatory levies and the rest. In short, enough is known of the past to require us to take urgent action for the future to forestall, if we can, the frauds of 1974.

While this amendment was in preparation, three very welcome but scarcely to be foreseen state-

ments have overtaken and brilliantly eclipsed any arguments of mine. First, the evidence of the past has now been marshalled by Dr Aigner in the new European Parliament book, *The Case for a European Audit Office*, with a preface by Mr Spénale. Second, the purpose of the amendment found complete vindication in the speech of Federal Chancellor Willy Brandt the day before yesterday, when he stressed the desirability of setting up unassailable machinery of control. Finally, the action needed to implement that purpose was briefly outlined by Commissioner Cheysson that same afternoon.

However, none of these distinguished persons has suggested that some immediate provisions should be made in this budget. My colleagues in the Conservative Group and I believe that this Parliament should be seen to want to do so.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, when the draft budget was submitted, I had the honour, two days ago, to report to this House on the decisions we have taken and those that we intend to take concerning better controls, particularly—an idea dear to the heart of one of the members of this House and brilliantly presented in a book which has just been mentioned—by introducing a system of spot checks by flying inspection teams.

This part of our proposal is under examination at this moment and we should like to consult certain members, or even the Committee of Budgets itself, if it will give us a hearing on this matter.

Systematic operations of this type are to begin next Spring, but, as I have already informed Parliament, we have decided to form an extraordinary anti-fraud committee which will meet for the first time on 29 November.

This shows how sympathetic we are to the amendment which has been tabled on this point. It reaffirms the general guidelines stated in paragraph 6 of the Resolution submitted by the General Rapporteur and I want to thank the House for this.

Having said that, Mr President, I must admit that today I am not in a position to give you the exact figures, much less to give their breakdown under different staff grades. The Commission is therefore obliged to reserve its position on the details of this amendment, while thanking the House for its desire to support us in this question—as indeed we expected it to do—and can only recall that as far as the Commission is concerned, it would have preferred

Cheysson

to submit very quickly a supplementary budget for the staff requirements of the financial control directorate, the budgets directorate and the authorizing officer's department which is the directorate for agriculture.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, as author of this publication I should first like to thank Mr Cheysson cordially for his support and for the discussions which he has undertaken with us, in particular with the Committee on Budgets. I should like to state expressly that we are all very grateful for this great activity and the ideas which the Commission is now revealing for achieving better external and internal control.

I would ask however—particularly Mr Cheysson — in this connection, to be allowed to discuss my Proposed Modification No 6 at the same time. Here I am asking for a reduction of one million units of account in the European Guidance and Guarantee Fund and at the same time, the inclusion of this million units of account in Chapter 98, for the same reasons presented by Mr Cheysson, since the final conception of how this instrument of control is to operate has still to be worked out. When this has happened, the finances from Chapter 98 would be used. I would also ask Mr Hill to agree to my motion that we should approve these amounts but include them in Chapter 98 until the Commission presents its ideas. We would then not have 500,000 units of account but one and a half million for this running-in period in the 1974 budget.

President. — What is the rapporteur's position?

Mr Pounder, rapporteur. — Very briefly indeed, last night at a meeting of the British Committee a positive and favourable opinion was given on the principle of Mr Hill's amendment, and the view was expressed in the committee that it would await with interest the comments of Mr Cheysson this morning. All I can say as rapporteur is that in principle both the amendment and the speech of the Commissioner are very welcome indeed.

President. — Mr Hill, in view of what the rapporteur has said, could you accept Mr Aigner's proposal to enter these appropriations under Chapter 98?

I call Mr John Hill.

Mr John Hill. — Mr President, I personally would be very willing for that to be done.

In view of the assurance given by Mr Cheysson that he is hoping to bring to Parliament very quickly a supplementary budget, I would not wish to press the amendment.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, the Commission sees no objection to entering the appropriations proposed by Mr Hill under Chapter 98.

I shall, however, ask to speak to Proposed Modification No 6 tabled by Mr Aigner, which the Commission is unable to support.

President. — I think we can now vote on Proposed Modification No 44/rev.

I call Mr Aigner.

Mr Aigner. — (D) No, Mr President, I am in agreement. It is only that we must really deal with this motion in a practical manner. Mr Hill's motion has not been withdrawn but is retained with the proviso that the funds referred to are entered in Chapter 98. We must now vote on this.

President. — I think we are all in agreement, and that we can vote now.

I put to the vote Proposed Modification No 44/rev., it being understood that the appropriations will be entered under Chapter 98.

Proposed Modification No 44/rev. is adopted.

On Title 2, Chapter 21, Article 210, I have Proposed Modification No 37, tabled by the Committee on Budgets at the Council's request, and worded as follows:

Section III — COMMISSION

(A) *Expenditure*

Title 2 - Chapter 21 - Rental of buildings and incidental expenditure

Article 210 - Rent

Increase the appropriation by 630,390 u.a.

(B) *Compensation*

Title 9 - Chapter 98 - Article 980

Non-allocated provisional appropriations
Reduce the appropriation by 630,390 u.a.

JUSTIFICATION

At the meeting of the Committee on Budgets of 8 and 9 November the Council announced the need to make certain amendments to the draft budget. Here, it is proposed to transfer the ap-

President

appropriation of 630,390 u.a. allocated under Article 980 to Article 210 so as to make available the necessary appropriations for the rental of a building for the Publications Office.

I call the rapporteur.

Mr Pounder, rapporteur. — Mr President, this amendment is being moved on behalf of the Committee on Budgets at the request of the Council.

Very simply, the amendment involves a transfer from Chapter 98 to Chapter 21 so as to make available the appropriations necessary for the rental of a building for the Publications Office. The Budget Committee at its meeting of 8-9 November last week in Copenhagen agreed to make this necessary move.

I therefore beg to move.

President. — I put Proposed Modification No 37 to the vote.

Proposed Modification No 37 is adopted.

On Title 2, Chapter 25, Article 251, I have Proposed Modification No 2, tabled by Mr Jahn, Mr Artzinger, Mr Früh, Mr Klepsch, Mr Springorum and Mrs Walz, worded as follows:

Section III — COMMISSION

(A) *Expenditure*

Title 2 - Buildings, equipment and miscellaneous operating expenditure

Chapter 25 - Expenditure for formal and other meetings

Article 251 - Committees

Increase appropriations by 333,000 u.a.

(B) *Revenue*

Increase revenue by 333,000 u.a.

JUSTIFICATION

The Commission requests appropriations in the amount of 2,333,000 as opposed to the 2,000,000 u.a. approved by the Council for 1973. According to the information furnished by the Commission, the additional amount of 333,000 u.a. is required because of increased travel costs and setting up of *new committees* in connection with the development of Community policy in the various areas, including the *Consumers' Advisory Committee* which was set up following a recent Commission decision.

The Council deleted the requested additional expenditure of 333,000 u.a.

In view of the recent establishment of the *Consumers' Advisory Committee* and other committees the requested increase of 333,000 u.a. would nevertheless appear to be justified.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III — COMMISSION

Expenditure

Title 2 - Chapter 25 - Article 251 'Committees'

Increase appropriations by 333,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 3,835 u.a.

Revenue

Title 1 'Own resources': Increase by 38,349 u.a.

Title 5 'Contributions'

Article 550: Increase by 293,753 u.a.

Article 560: Increase by 4,733 u.a.

I call the rapporteur.

Mr Pounder, rapporteur. — As you rightly said, Mr President, the Committee on Budgets has expressed a favourable view on this amendment, but it asks the Commission to determine more clearly in future the criteria for assessing expenditure and to report how appropriations are used.

President. — I put Proposed Modification No 2 to the vote.

Proposed Modification No 2 is adopted.

On Title 2, Chapter 26, Article 267, I have Proposed Modification No 3, tabled by Mr Jahn, Mr Artzinger, Mr Früh, Mr Klepsch, Mr Springorum and Mrs Walz, and worded as follows:

Section III — COMMISSION

(A) *Expenditure*

Title 2 - Buildings, equipment and miscellaneous operating expenditure

Chapter 26 - Expenditure on studies, surveys and consultations

Article 267 - Studies of the environment

Increase appropriations by 80,000 u.a.

(B) *Revenue*

Increase revenue by 80,000 u.a.

JUSTIFICATION

The appropriations in the amount of 880,000 u.a. earmarked for this purpose involve more than a threefold increase in the appropriations approved by the Council for 1973 (250,000 u.a.). This sharp rise is fully justified if one takes into account the fact that in July 1973 the Council adopted the

President

Community environmental action programme. The studies envisaged under this programme for 1974 cover the following subjects:

— Environmental quality objectives: fresh water and sea water	120,000 u.a.
— Pollutants	160,000 u.a.
— Polluting industries	180,000 u.a.
— Marine pollution	40,000 u.a.
— Disposal of waste	80,000 u.a.
— Economic aspects of environmental protection	40,000 u.a.
— Urban development and improvement of amenities	60,000 u.a.
— Use of natural resources	48,000 u.a.
— Information and education in regard to environmental hygiene	60,000 u.a.
— Legal aspects	12,000 u.a.
— Agricultural aspects	80,000 u.a.

Total: 880,000 u.a.

This relatively modest figure has been reduced by the Council by 80,000 u.a. so that only 800,000 u.a. are now available.

In view of the fact that the Community environmental action programme adopted in July 1973, must be carried out on schedule and in its entirety, the requested increase in appropriations of 80,000 u.a. to the amount asked for by the Commission is fully justified.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III — COMMISSION*Expenditure*

Title 2 - Chapter 26 - Article 267 'Studies of the environment'

Increase appropriations by 80,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 921 u.a.

Revenue

Title 1 'Own resources': Increase by 9,213 u.a.

Title 5 'Contributions'

Article 550: Increase by 70,571 u.a.

Article 560: Increase by 1,137 u.a.

The Committee on Budgets has delivered an unfavourable opinion on this proposed modification.

I call Mr Jahn to move the proposed modification.

Mr Jahn. — (D) Mr President, ladies and gentlemen, on behalf of the Committee on Public Health and the Environment I should like to make some comments on this.

In the Committee on Budgets there was a very close vote with a negative outcome. Our pro-

posed modification is concerned with the central feature of the whole environmental policy, namely to create conditions by studies and research contracts so that arrangements for the great programme of action which we have adopted can be set in motion. As you will see from our proposal, it is a question of establishing objectives: quality of the environment: fresh water, sea water, polluting products, polluting industries, contamination of the sea, disposal of wastes, economic aspects of environmental protection, town planning, regional planning, etc., etc... I should like to emphasize that for the Committee on Public Health and the Environment one of the cardinal questions is whether the Commission is in a position at all to implement the basic programme and the programme of action which we have decided on. It is completely incomprehensible to us why the Council has made a reduction in precisely this field and only by 80,000 units of account. We should therefore like to ask urgently and sincerely—and I am doing this on behalf of the Committee on Public Health and the Environment—that the Parliament should approve this our amendment, especially as the Committee on Budgets has only rejected it by one vote.

President. — I call Mr Schmidt.

Mr Schmidt. — (D) Mr President, although the Committee on Budgets has voted against this motion, it is not because it did not support the objectives on which the motion is based. The Committee on Budgets was, however, concerned—and it should concern us all—that it should first be made clear, and that we should see to what extent conditions are created, so that institutions already in existence which are dealing with the same problem will also be brought in. We ought to prevent excessive duplication, and with this vote we wished to express the fact that we place great value on the inclusion of existing institutions and research. We wished to see, by the time of the next budget, how the already existing institutions and facilities are used and what sort of cooperation there is.

That was the meaning of the vote. I would urge Parliament to support the vote of the Committee on Budgets; in that way we would have an opportunity to improve this cooperation at the European level with already existing national or international bodies, and to make a full use of this collaboration.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I can be quite brief on the basis of what has already been said. It is not a question of us rejecting all the studies

Aigner

listed here. There are, in fact, 800,000 units of account available for these studies. We are only concerned with the 80,000 units of account which the Council has deducted. I should like to support what has already been said. Our aim is to achieve somewhat greater efficiency. It is precisely in the case of changes in fashion—I may say—that the risk of even further reduction in efficiency is particularly great. Therefore, it was the concern of the Committee on Budgets simply to show the Commission that we were not carrying out studies to be pigeon-holed, but studies which could be directly converted into political reality. By this reduction, we wished to place somewhat greater emphasis on this work.

Mr Jahn. — (D) ...all this has taken place.

President. — I call Mr Pounder.

Mr Pounder, rapporteur. — Both Mr Schmidt and Mr Aigner have presented very fairly the arguments of the Committee on Budgets. It would be quite intolerable for the committee to offer a favourable opinion where it is so difficult to judge the necessity for such expenditure. As in so many fields, unfortunately, there is clearly a need for more information on the work of these studies. This must be provided. I therefore ask the House to support the Committee on Budgets in rejecting the amendment.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, I should like to say to the Parliament and my colleagues that we have been examining all these aspects for 2 1/2 years, namely with which research institutes in which countries we should collaborate in carrying out the research. This has all been decided four times.

If we now do not accept this, I do not know why a specialist committee discusses these matters until it reaches a conclusion and then hears here that the Committee on Budgets knows nothing of them.

We also took a unanimous decision when we adopted the fundamental programme. You can check that up.

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, there is no question of conflict between the positions of the specialist committees and the Committee on Budgets.

The Committee on Budgets includes members from each of the other committees and we try to take their opinions into consideration as much as possible, but it must not be thought that discussion in the Committee on Budgets can only proceed with reference to the criteria put forward by the specialist committees.

Indeed, I should like to make a general observation to clarify this point. If we were always to defer ultimately to the specialist committees' proposals, on the grounds that they are better informed, not only should we always support the Commission against any cuts by the Council—which in itself would be questionable, if it were to become a regular practice—but we should in fact be going even further, since all the specialist committees—naturally enough, as they are committed to their task and can only be congratulated on it—always want to outbid the Commission and often their demands are *ultra petita*.

But when an overall view must be taken, when things must be kept within reasonable bounds, the Committee on Budgets—I must say this—does its work most conscientiously. I think, therefore, that it would be best if as little as possible was said on this subject, because there is no conflict between the Committee on Budgets, which must fulfill its task in its particular way, and the specialist committees which are inspired by an enthusiasm that I respect.

President. — I put Proposed Modification No 3 to the vote.

Proposed Modification No 3 is not adopted.

On Title 3, Chapter 30, Article 302, I have Proposed Modification No 14, tabled by the Committee on Social Affairs and Employment, and worded as follows:

Section III — COMMISSION

(A) *Expenditure*

Title 3 — Expenditure resulting from the institution carrying out special functions

Chapter 30 — Expenditure in the social field

Article 302 — Tasks entrusted to the institution in the promotion of exchanges of young workers

Increase appropriations by 10,000 u.a.

(B) *Revenue*

Increase revenue by 10,000 u.a.

JUSTIFICATION

The existing programme for the exchange of young workers benefits only a very limited number of young people, notably in the agricultural

President

sector. The resources available fall far short of those provided under numerous bilateral agreements. Until the programme is reviewed and expanded, it is essential, at the very least, to restore the appropriations requested by the Commission (60,000 u.a.).

FINANCIAL IMPLICATIONS -

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III — COMMISSION*Expenditure***Title 3 — Chapter 30 — Article 302**

'Tasks entrusted to the institution in the promotion of exchanges of young workers'

Increase appropriations by 10,000 u.a.

Title 2 — Chapter 29 — Article 290

'Lump sum repayment of costs incurred in the collection of own resources'

Increase appropriations by 115 u.a.

Revenue

Title 1 — 'Own resources': Increase by 1,152 u.a.

Title 5 — 'Contributions'

Article 550: Increase by 8,821 u.a.

Article 560: Increase by 142 u.a.

The Committee on Budgets has delivered an unfavourable opinion on this proposed modification.

I put Proposed Modification No 14 to the vote.

Proposed Modification No 14 is not adopted.

On Title 3, Chapter 30, Article 303, I have Proposed Modification No 15, tabled by the Committee on Social Affairs and Employment and worded as follows:

Section III — COMMISSION**(A) Expenditure**

Title 3 — Expenditure resulting from the Institution carrying out special functions

Chapter 30 — Expenditure in the social field

Article 303 — Organization of training courses for national social workers and civil servants in the various sectors of social welfare

Increase appropriations by 50,000 u.a.

(B) Revenue

Increase revenue by 50,000 u.a.

JUSTIFICATION

Considering the importance of the 8 training courses envisaged for the various categories of national civil servants and social workers, it is extremely important that the appropriations

requested by the Commission should be allocated in full.

The development of close cooperation between the Commission and national departments is in fact essential to proper implementation of Regulation 1612/68 on free movement and to more effective intervention by the Community in the social sector.

With the restriction of appropriations effected by the Council, it will not be possible to increase the number of training courses and personnel attending them, and so achieve the set objectives.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III — COMMISSION*Expenditure***Title 3 - Chapter 30 - Article 303**

'Organization of training courses for national social workers and civil servants in the various sectors of social welfare'

Increase appropriations by 50,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 576 u.a.

Revenue

Title 1 - 'Own resources' Increase by 5,758 u.a.

Title 5 - 'Contributions'

Article 550: Increase by 44,107 u.a.

Article 560: Increase by 711 u.a.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I put it to the vote.

Proposed Modification No 15 is adopted.

I call the rapporteur.

Mr Pounder, rapporteur. — The reason that the Committee on Budgets was so keen to give a favourable opinion on this amendment is, as so often happens, that we very much dislike the practice of the Council's deleting a request from the Commission and failing to give an explanation for doing so. This dominates this section of the debate, and as long as the Council continues to give no explanation for its actions, so long will it meet with the hostility of the Budget Committee.

President. — On Title 3, Chapter 32, Article 327, I have Proposed Modification No 33, tabled by the Committee on Budgets and worded as follows:

President

Section III - COMMISSION

(A) *Expenditure*

- Title III — Expenditure resulting from the Institution carrying out special functions
- Chapter 32 — Expenditure on development aid
- Article 327 — Negotiations resulting from the Yaoundé Convention, the Arusha Agreement and Protocol No 22 of the Accession Treaty with a view to defining future relations between the countries concerned and the Community

Enter an appropriation of 900,000 u.a.

(B) *Compensation*

Title 9 - Chapter 98 - Article 980 - Non-allocated provisional appropriations

Reduce the appropriations by 900,000 u.a.

JUSTIFICATION

In item 11 of the remarks on the appropriations under Article 980 the draft budget allocates 900,000 u.a. for 'negotiations under the Yaoundé Convention, the Arusha Agreement and Protocol No 22 to the Accession Treaty'. According to the Commission of the European Communities these appropriations should be made available from the beginning of the financial year. Accordingly they should be transferred to Article 327.

I call the rapporteur.

Mr Pounder, rapporteur. — I am obliged to give a brief explanation as to why the Budget Committee has taken this stand. This amendment has been tabled by the committee at the request of the Commission, who explained that the 900,000 units of account for negotiations under the Yaoundé Convention, the Arusha Agreement and Protocol 22 of the Accession Treaty were necessary to facilitate such negotiations from the beginning of the year. The Council had placed these recommendations under Chapter 98 and, not for the first time, had failed to give a real explanation.

President. — I call Mr Cheysson, who will speak on this matter in a double capacity.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, I am grateful to the Committee on Budgets for its amendment.

It is a logical proposal. There would be something absurd in accepting an expenditure—and there is no doubt that it would be accepted—and not entering it in the appropriate budget heading, but transferring to Chapter 98 instead.

President. — I put Proposed Modification No 33 to the vote.

Proposed Modification No 33 is adopted.

On Title 3, Chapter 35, Article 355, I have Proposed Modification No 7, tabled by Mr Jahn, Mr Artzinger, Mr Früh, Mr Klepsch, Mr Springorum and Mrs Walz and worded as follows:

Section III — COMMISSION

(A) *Expenditure*

- Title 3 — Expenditure resulting from the Institution carrying out special functions
- Chapter 35 — Expenditure on health measures
- Article 355 — Community measures to improve the health and safety of the population and the workers on site

Increase appropriations by 50,000 u.a.

(B) *Revenue*

Increase revenue by 50,000 u.a.

JUSTIFICATION

Appropriations in the amount of 400,000 u.a. have been earmarked for Item 3550—Health measures in respect of air and water. For 1973 the Council earmarked 250,000 u.a. for this purpose.

The studies, investigations and consultations carried out in 1972 and 1973 are to be supplemented by a series of health measures for the protection of the population against environmental pollution and nuisances. The main reason for increasing appropriations is the transition from the exploratory studies proposed for 1973 to the first stage of implementation of the measures provided for in the environmental action programme.

By cutting appropriations by 50,000 u.a. down to 350,000 u.a. the Council is jeopardizing the chances of effectively carrying through the environmental protection programme it itself adopted in July 1973.

The reinclusion of the appropriations in the amount of 400,000 u.a. requested by the Commission is therefore justified.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III — COMMISSION

Expenditure

Title 3 - Chapter 35 - Article 350

'Cost of meetings and experts' fees'

President

Increase appropriations by 50,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 576 u.a.

Revenue

Title 1 - 'Own resources': Increase by 5,758 u.a.

Title 5 - 'Contributions'

Article 550: Increase by 44,107 u.a.

Article 560: Increase by 711 u.a.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I put Proposed Modification No 7 to the vote.

Proposed Modification No 7 is adopted.

On Title 4, Chapter 40, Article 400, I have Proposed Modification No 9/rev., tabled by Mr Dewulf, Mr Spénale, Sir Douglas Dodds-Parker, Mr Durieux and Mr Nolan and the Committee on Development and Cooperation, and worded as follows:

(A) Expenditure

Title 4, Aids, subsidies and financial contributions, Chapter 40 'Aids' Article 400 'Community aid to disaster victims'

Increase appropriation by 20 m u.a.

(B) Revenue

Increase revenue by 20 m u.a.

JUSTIFICATION

In the spirit of the discussions in the Joint Committee of the Parliamentary Conference of the EEC/AASM Association at its meeting in Bruges last June, the undersigned consider that the Community must pursue its efforts to provide aid to the six Sahel countries whose economies suffered seriously from the drought.

The financial effort made by the Community in the form of emergency aid through the supply of cereals and milk powder (appropriations under Title 9 'food aid') has been completed by the financing of the cost of transporting these products to the interior of the beneficiary countries by money obtained from the appropriations of the European Development Fund to a substantial amount in the order of 19 m u.a.

EDF appropriations are normally intended to finance infrastructural projects (roads, agro-industrial installations etc.) in the countries concerned and any funds used to finance transport costs in connection with emergency aid correspondingly reduce the appropriations available to finance normal economic development projects. The Joint Committee therefore asked for an additional appropriation to be entered in the general budget of the Communities to make good the funds lost from the EDF for exceptional aid to the Sahel countries. Under these conditions

and in view of the state of EDF commitments, to avoid any interruption of the provision of aid to the Sahel, additional credits must now be provided through the general budget of the Communities for 1974.

Bearing in mind also the cost to the EEC and international community of emergency aid to disaster victims (60 m u.a. for the EEC alone and an identical sum for other countries), it would be more appropriate and less costly in future to arrange for the financing of structural measures in order to make available to the populations concerned various means of countering the effects of new disasters or reducing their extent.

Rather than having to intervene after the event by emergency assistance which is very costly in budgetary terms, the undersigned therefore propose that additional appropriations should be entered in the 1974 budget to continue the action undertaken by the Community and finance a medium-term plan which would enable drought to be prevented or its effects alleviated.

Two kinds of operations would have to be financed:

(a) Under Article 400 of the budget, exceptional short-term operations to be conducted in the next few months in the six Sahel countries such as:

- strengthening of village water supplies by drilling new wells and maintaining or deepening existing wells;
- small rural engineering works to retain water;
- specific aid to develop certain food crops;
- public stockpiling of sufficient cereals to meet the needs of six million persons for three months;
- stockpiling of cattle-feeds;
- health measures for young animals (cattle and sheep).

(b) Under Title 9 of the draft budget (food aid), an extension of appropriations for exceptional transport operations. The financing of these operations under Title 9 of the draft budget is the subject of proposed modification No 10 which provides for an additional appropriation of 5 million u.a.

In regard to point (a) above, it is proposed to increase by 20 m u.a. the amount of expenditure on Community aid to disaster victims under Article 400 which stands at present at 600,000 u.a. This heading would therefore be brought up to 20,600,000 u.a.

This amount would cover part of the cost of exceptional short-term operations in the six associated Sahel states, the overall total of which is estimated at 50 m u.a.

FINANCIAL IMPLICATIONS

Under the provisions at present in force, this proposed modification would have the following implications for the budget:

Section III — COMMISSION

Title 4 - Chapter 40 - Article 400

'Community aid to disaster victims'

Increase this appropriation by 20,000,000 u.a.

President

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase this appropriation by 230,322 u.a.

Revenue

Title 1 - 'Own resources'

Increase resources by 2,302,222 u.a.

Title 5 - 'Contributions'

Article 550

Increase these contributions by 17,642,803 u.a.

Article 560

Increase these contributions by 284,297 u.a.

The Committee on Budgets has delivered an unfavourable opinion, while accepting the principle expressed in this proposed modification.

Consequently, the Committee on Budgets has tabled Proposed Modification No 28/rev. 2 on Title 3, Chapter 37, worded as follows:

Section III — COMMISSION

(A) *Expenditure*

Title 3: Enter a new Chapter 37: Appropriations for structural measures in countries afflicted by drought and enter an appropriation of 35,000,000 u.a. in an Article 370.

(B) *Revenue*

Increase revenue by 35 m u.a.

JUSTIFICATION

In the spirit of the discussions in the Joint Committee of the Parliamentary Conference of the EEC/AASM Association at its meeting in Bruges last June, the undersigned consider that the Community must pursue its efforts to provide aid to the six Sahel countries whose economies suffered seriously from the drought.

The financial effort made by the Community in the form of emergency aid through the supply of cereals and milk powder (appropriations under Title 9 'food aid') has been completed by the financing of the cost of transporting these products to the interior of the beneficiary countries by money obtained from the appropriations of the European Development Fund to a substantial amount in the order of 19 m u.a.

EDF appropriations are normally intended to finance infrastructural projects (roads, agro-industrial installations etc.) in the countries concerned and any funds used to finance transport costs in connection with emergency aid correspondingly reduce the appropriations available to finance normal economic development projects. The Joint Committee therefore asked for an additional appropriation to be entered in the general budget of the Communities to make good the funds lost from the EDF for exceptional aid to the Sahel countries. Under these conditions and in view of the state of EDF commitments, to avoid any interruption of the provision of aid to the Sahel, additional credits must now be provided through the general budget of the Communities for 1974.

Bearing in mind also the cost to the EEC and international community of emergency aid to disaster victims (60 m u.a. for the EEC alone and an identical sum for other countries), it would be more appropriate and less costly in future to arrange for the financing of structural measures in order to make available to the populations concerned various means of countering the effects of new disasters or reducing their extent.

Rather than having to intervene after the event by emergency assistance which is very costly in budgetary terms, it is proposed that additional appropriations should be entered in the 1974 budget to continue the action undertaken by the Community and finance a medium-term plan which would enable drought to be prevented or its effects alleviated.

Two kinds of operations would have to be financed:

- (a) Under Title 3 of the budget in a new Chapter 37, structural measures to be implemented in the countries afflicted by drought (Sahel area), including in particular:
- strengthening of village water supplies by drilling new wells and maintaining or deepening existing wells;
 - small rural engineering works to retain water;
 - specific aid to develop certain food crops;
 - public stockpiling of sufficient cereals to meet the needs of six million persons for three months;
 - stockpiling of cattle-feeds;
 - health measures for young animals (cattle and sheep).
- (b) Under Title 9 of the draft budget (food aid), an extension of appropriations for exceptional transport operations. The financing of these operations under Title 9 of the draft budget is the subject of proposed modification No 10 which provides for an additional appropriation of 5 million u.a.

In regard to point (a) above, it is proposed to enter 35 m u.a.

FINANCIAL IMPLICATIONS

Under the provisions currently in force, this proposed modification will affect the budget as follows:

Section III — COMMISSION

Expenditure

Title 3 - Chapter 37 - Article 370

Appropriations for structural action in countries afflicted by drought.

Increase appropriations by 35,000,000 u.a.

Title 2 - Chapter 29 - Article 290

Increase appropriations by 403,064 u.a.

Revenue

Title 1 - 'Own resources':

increase by 4,030,639 u.a.

President

Title 5 - 'Contributions'

Article 550: increase by 30,874,906 u.a.

Article 560: increase by 497,519 u.a.

I would draw Members' attention to the fundamental differences between Proposed Modification No 9/rev. and Proposed Modification No 28/rev. 2:

— first, the appropriations are greater, since they are increased from 20 million to 35 million u.a.;

— secondly, a new chapter, Chapter 37, is proposed.

If Proposed Modification No 28/rev. 2 is adopted, Proposed Modification No 9/rev. becomes void.

I call the rapporteur.

Mr Ponder, rapporteur. — You have explained the situation very clearly, Mr President, and I am glad that you highlighted the fact that the Committee is most sympathetic and, indeed, passionately anxious to find the best possible way of providing financial assistance to the six Sahel countries who are suffering such tragedy and agony as a result of the continued drought.

The Budget Committee, taking advice from the Commission, thought that the best way of giving effect to the unanimous wishes of the committee would be to create a new chapter under Title 3. Therefore, I am glad that you have made it clear, Mr President, that the Budget Committee was in no way lacking in sympathy or determination to obtain the best possible financial result for the Sahel countries.

President. — I call Mr Dich.

Mr Dich. — (DK) As one of the seven Members of Parliament who were in the Sahel area recently I warmly support any move towards giving them immediate and effective help and therefore I support this motion and the form it has taken. But at the same time I do feel compelled to draw attention to the fact that it is not enough to give money, it is also necessary to check very carefully that this money is well used.

A great deal of money has been given to the disaster areas, but everybody I spoke to agreed that help does not arrive in time and is insufficient. Somewhere something has broken down between the international organizations, whether the EDF, FAO or the various other UN bodies, and the African ports. Aid is just not getting through, and so the local authorities whose organization is evidently extremely effective does not manage to get help out to the poor people who are starving in the desert.

I should therefore like to emphasize what was added to a statement sent by the joint committee in Lomé two weeks ago, namely the need for those who are responsible for this and other aid operations, and also the medium and long term work, to ensure a genuinely effective co-ordination of the work at international level in the donor countries so that we do not see repeated over and over again the absurd situation of aid not arriving because the various donor organizations, etc. are indulging in in-fighting about means of transport and such like.

However, I do sincerely recommend that this help be given. It might not be a bad idea in our rich Europe, where at present we are arguing about butter mountains and grain surpluses, if we thought about more suitable uses for this sort of thing.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, we are concerned here with a fairly high sum. I should therefore like it to be understood why we are stating to the public and to the Council how we have arrived at this large sum. We have discussed it for a long time. We were in Lomé and sent our own delegation into the Sahel region. We discussed this action in detail in the Committee on Budgets and with the Council. Mr President, you know the situation; you yourself were in this delegation.

I should also like to point out that years ago, in a discussion on budgets, and under the Presidency of the Federal Minister for Finance who belongs to my party, the Council assured us that it would prepare an emergency plan for the Community, since it is impossible to set up a fire-fighting service when the fire is already burning. One must really take action on a long-term basis and not a medium- and short-term basis. These appropriations are for this purpose.

I should like to say one last word, Mr President. We have entered these large appropriations on the basis of fundamental principles. When we speak so much of the identity of this Community, it is essential that the peoples and nations which subscribe to European integration can also expect special aid when they are in particular need.

I would ask you to understand this figure, which is certainly not a small one but rather a large one, from these two aspects.

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, we are unable to

Spénale

hold today an exhaustive debate on this matter. As you have so clearly explained, it became evident, after a mission had visited the Sahel, that the appropriations originally envisaged were quite insufficient.

I want to address myself mainly to the Council. The fact is that during our discussions in the Committee on Budgets it occurred to me on several occasions that the Council tends to believe that the EDF offers sufficient means to come to the aid of the Sahelian peoples in the tragic circumstances that continue to afflict them and which will become even more dramatic during this season's food shortage than it was during the last. The day before yesterday I found that Mr Nørgaard's attitude has not changed to any material extent; admittedly the Council has not had the opportunity to discuss the matter again.

The Joint Committee said already in Kinshasa, and then again recently in Lomé, that it would like to see part of the EDF allocations earmarked for current and long-term technical aid to these countries used to relieve the exceptional need arising from these natural disasters.

I urge the Council therefore to realize that the argument which it is putting forward in refusing the appropriations is a very bad one: its logical consequence would be to maintain that any country afflicted as cruelly as these should have its EDF allocation stopped or reduced just at the moment when it should, self-evidently, be increased.

I want to emphasize this point as strongly as possible and I hope that the Council will not turn a deaf ear, for this is a matter of acting in the name of human solidarity, which I need not enlarge upon to this audience.

(Applause)

President. — I call Mr Lemoine on behalf of the Communist and Allies Group.

Mr Lemoine. — *(F)* I second the proposal to increase aid to the countries of the Sahel. I would add that we must act quickly and effectively if we are to prevent this tragedy from attaining yet more cruel proportions in the coming months.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — *(F)* Mr President, I have already said in my very long speech on Tuesday that the Commission was very grateful to the authors of this proposed modification because of the importance it attaches to being able to act in the case of an emergency.

The Commission also believes that the procedure recommended by the Committee on Budgets is

the right one, because it clearly identifies the purpose of the appropriation. The Commission fully supports the intentions expressed in this House.

On Tuesday I informed the House that we would be asking to submit our ideas on a Community world food-aid programme, and particularly on a programme for the Community itself for the coming years; we shall be submitting these ideas early in the new year.

I do not want to expand now on the main subjects of the speech, which, with your permission, Mr President, I propose to make on that occasion. But there are two things which I cannot let pass.

First, the appropriations used this year for emergency aid to the Sahel did not come mainly from the EDF. Out of the 50 million u.a. of emergency food-aid distributed by us this year in the form of milk-powder and cereals, 14 million were covered by EDF appropriations; the rest, covered by appropriations for food-aid, did not therefore encroach on EDF appropriations.

Secondly, it has been said, and this is a serious matter, that a large proportion of the aid did not reach its intended destination. I am proud to state, on behalf of the departments which we have set up in these various countries, that we believe we are in close touch with events, in close contact also with the authorities, and are in a position to prevent to a large extent the misappropriations which may, regrettably, occur in other cases. If occasionally, and I admit that this may happen, some isolated population groups have not received all the aid in time, these have been exceptional cases. I would refer you to those among you who have recently gone on mission to Africa and have collected evidence from the authorities on the spot. Let us not forget that these countries are independent now and their authorities can act as they think fit.

President. — I thank Mr Cheysson. As head of the mission which went to Africa I can only confirm what he has said.

I call Lord Reay.

Lord Reay. — May I say a word or two in support of the proposed modification? No one on the delegation which visited Mali and the Upper Volta from this parliament—a delegation led by yourself, Sir—could have failed to be impressed by the magnitude of the problem in those areas and their continuing need of our assistance. The problem is not over. So far is it from being over that the FAO estimate that the food needs of the area for the following year will be even

Lord Reay

larger than the amount they have received this year. In addition, there are problems of transport.

May I add a word about Ethiopia? We did not visit Ethiopia, but the facts which have recently come to light make it plain that that country has suffered at least as badly as have the six countries of the Sahel from the effects of drought. Ethiopia is currently negotiating with the Community alongside the associated and associable States. I therefore hope that some of this money will be offered to the State of Ethiopia for the alleviation of some of the suffering there.

I turn to the longer-term question of the provision of aid for structural purposes. It is not hard to justify our taking a longer-term approach to the problem at the same time and providing funds for that purpose. Airlifts are exceedingly expensive and often too late for some. To avoid the need for them in future, the area needs to be opened up by a new system of communication. The lost herds of cattle must be replaced and pastures developed to support them. Known but untapped sources of water need to be opened up and better systems introduced to conserve the existing water.

There is a long and expensive process ahead to develop the resources of these regions. It is to be hoped that in this long process, for the sake of international solidarity and for the sake of the special links which tie Europe with Africa, the Community will play its full part in that work.

President. — I call Mr Spénale.

Mr Spénale, *chairman of the Committee on Budgets.* — (F) Mr President, Mr Cheysson—and I don't know if he was referring to my statement—stated that it was not from the EDF that funds had been taken to help the Sahelian countries.

I did not say that this aid was taken solely from the EDF but, according to information we have received, a grant of some 20 million u.a. from the EDF was used for this purpose.

It is because I wanted this argument to retain all its force *vis-à-vis* the Council that I asked to speak again. I do not think that the extra information given by Mr Cheysson contradicts my previous statement.

President. — Mr Spénale, Mr Cheysson has proposed, wisely I think, to come back to the whole problem within ten days. It will be discussed by the committee responsible.

I put Proposed Modification No 28/rev. 2 to the vote.

Proposed Modification No 28/rev. 2 is adopted.

As a result of the adoption of this text, Proposed Modification No 9/rev. becomes void.

On Title 3, Chapter 39, Article 394, I have Proposed Modification No 17, tabled by the Committee on Energy, Research and Technology and worded as follows:

Section III — COMMISSION

(A) *Expenditure*

- Title 3 — Expenditure resulting from the institution carrying out special functions
- Chapter 39 — Other expenditure on specific projects undertaken by the institution
- Article 394 — Expenditure concerned with plan of action relating to scientific and technological policy

Enter an appropriation of 1,000,000 u.a. instead of 'p.m.'

(B) *Revenue*

Increase revenue by 1,000,000 u.a.

JUSTIFICATION

In the preliminary draft general budget for the financial year 1974 the Commission had asked for the inclusion of a new budget line (Article 394—expenditure concerned with plan of action relating to scientific and technological policy) with an appropriation of 1,000,000 u.a. for the activities necessary in the initial phase of the plan of action. The Council simply opened the budget line without allocating any appropriation.

In view of the importance of undertaking activities as soon as possible for the progressive implementation of a common scientific and technological policy (see Paris Summit 1972), the funds requested by the Commission must be placed at its disposal.

FINANCIAL IMPLICATIONS

In accordance with current provisions, this proposed modification will have the following budgetary implications:

Section III — COMMISSION

Expenditure

Title 3 - Chapter 39 - Article 394

.....

Enter an appropriation of 1,000,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase this appropriation by 11,516 u.a.

President*Revenue*

Title 1 - 'Own resources' Increase these resources by 115,161 u.a.

Title 5 - 'Contributions'

Article 550: Increase these contributions by 882,140 u.a.

Article 560: Increase these contributions by 14,215 u.a.

I call Mr Flämig.

Mr Flämig. — (D) Mr President, just a few short comments: On Tuesday we had a night sitting on the subject of the energy crisis. We requested the Commission and the Council to take immediate measures to deal with this crisis. This includes research and technology in the energy field.

Now, to our delight, the Commission has submitted a programme of action, after we had pressed for this for many years, and our committee will comment today on one particular point of this.

In the report by our committee we regret that there are no appropriations for the initiation of this programme of action. In Article 394 the Commission has included 1 million units of account, which pleases us. However, in the estimates for 1974, these 1 million units of account are only included as a reminder, which is illogical.

Mr President, we therefore urge that the programme should be started and at least 1 million units of account included in the budget.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, on behalf of my group I should like to state expressly that particular importance is to be attached to this action by the Community in the present situation. It will therefore support this motion.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, the Commission would be very grateful to Parliament if it would approve this proposed modification.

President. — I put Proposed Modification No 17 to the vote.

Proposed Modification No 17 is adopted.

On Title 4, Chapter 41, Article 411, I have Proposed Modification No 16, tabled by the Committee on Social Affairs and Employment and worded as follows:

Section III — COMMISSION

(A) *Expenditure*

Title 4 — Aids, subsidies and financial contributions

Chapter 41 — Subsidies and financial contributions

Article 411 — Subsidies to European movements

Increase appropriations by 1,000 u.a.

(B) *Revenue*

Increase revenue by 1,000 u.a.

JUSTIFICATION

The appropriation of 132,000 u.a. proposed by the Commission included an amount of 6,000 u.a. for meetings on family allowances, old age and medical statistics as well as the study of subjects relating to the registration of migrant workers and to data-processing in the social security sector.

The Council reduced this appropriation to 5,000 u.a. (total amount allocated: 122,500 u.a.), despite the importance of the planned meetings.

In this way, the Council has demonstrated its lack of interest in social matters as well as the fact that financial considerations are all too often the deciding factor, even where small amounts are concerned.

The appropriation proposed by the Commission should therefore be restored.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III — COMMISSION

Expenditure

Title 4 - Chapter 41 - Article 411

'Subsidies to European movements'

Increase appropriations by 1,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 11 u.a.

Revenue

Title 1 - 'Own resources' Increase by 115 u.a.

Title 5 - 'Contributions'

Article 550: Increase by 882 u.a.

Article 560: Increase by 14 u.a.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I call the rapporteur.

Mr Pounder, rapporteur. — Mr President, for the sake of completeness—although, as you said

Founder

perfectly correctly, the Budget Committee gave a favourable opinion on this proposal—both I and, I know, the committee would like it placed on record that as a committee we had certain reservations about the third paragraph of the justification and the claim that the Council had shown some lack of interest in social matters. We did not like that at all, and wish to express our dissent from that sort of observation. But on the financial side, of course, we support the proposed modification.

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I understand from the rapporteur's statement that the Council does indeed show little interest in social initiatives. The Council has already rejected requests for an increase of certain items, on which I shall speak in due course. This is absolutely incompatible with the decision taken at the Paris Summit Conference to the effect that social policy should be placed on an equal footing with economic and monetary policy. I wish to draw Parliament's attention to this once more.

President. — I put Proposed Modification No 16 to the vote.

Proposed Modification No 16 is adopted.

On Title 4, Chapter 41, Article 413, I have Proposed Modification No 21, tabled by Mr Schuijt on behalf of the Committee on Cultural Affairs and Youth, and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 4 - Chapter 41 - Article 413 -

1. Increase the appropriation by 9,500 u.a.
2. Replace the remark included in the draft budget (already corrected during the 1973 budget debates) by the following:

'This appropriation is intended for the organization of a Community programme under which young Americans who have emerged as potential leaders will be invited to visit Europe and shown certain aspects of the Community of interest to them professionally.'

(B) *Revenue*

Increase the revenue accordingly.

JUSTIFICATION

1. Without even referring to the considerable amounts invested by the United States or Japan (reverse Fulbright) in the field of exchange visits by 'potential leaders', it should be pointed out here that the expert estimates received by the Commission put

the budget required for implementation of such a programme at a minimum of 72,000 u.a. The Commission proposal for 48,000 u.a. may thus be regarded as extremely modest. The 38,500 u.a. allowed by the Council is hardly more than half of the amount theoretically necessary and is insufficient for adequate implementation of the programme.

2. In October 1972 the Committee on Budgets rejected a formula applied to American nationals 'occupying high-level positions in their country', replacing it with another in line with Parliament's initiative, referring to young US citizens of university level already established in their careers and considered as present or future 'catalysts' in a professional field orientated towards US-Community relations.

This observation specifying the beneficiaries of the programme fully accords with Parliament's proposal and should therefore be incorporated as it stands in the general budget.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III - COMMISSION

Expenditure

Title 4 - Chapter 41 - Article 413 'Scholarships'

Increase this appropriation by 9,500 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collection of own resources'

Increase this appropriation by 109 u.a.

Revenue

Title 1 - 'Own resources': increase these resources by 1,094 u.a.

Title 5 - 'Contributions'

Article 550: increase these contributions by 8,380 u.a.

Article 560: increase these contributions by 135 u.a.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I put Proposed Modification No 21 to the vote.

Proposed Modification No 21 is adopted.

On Title 4, Chapter 41, Article 415, I have Proposed Modification No 4, tabled by Mr Jahn, Mr Artzinger, Mr Früh, Mr Klepsch, Mr Sprinorum and Mrs Walz, and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 4 - Aids, subsidies and financial contributions

President

Chapter 41 - Subsidies and financial contributions

Article 415 - Consumer projects

Increase appropriations by 50,000 u.a.

(B) *Revenue*

Increase revenue by 50,000 u.a.

JUSTIFICATION

These funds in the amount of 200,000 u.a. (as opposed to 140,000 u.a. for 1973) have been appropriated with a view to helping consumer associations in Europe to organize themselves more effectively at the European level and financing measures carried out by these associations in the fulfilment of their responsibilities. This involves in particular conducting consumer surveys which can serve as the basis for studies on difficult issues and enable consumer associations to deliver detailed opinions and participate in the drafting of directives.

The European Parliament has on several occasions urged that financial support be given to consumer associations.

Furthermore, the Paris Summit Conference of October 1972 instructed the Commission to propose measures for strengthening and coordinating consumer protection before the end of 1973.

This makes it all the more difficult to understand why the Council has seen fit to reduce the requested appropriations by one quarter (from 200,000 u.a. to 150,000 u.a.).

The reinclusion of the amount of 200,000 u.a. requested by the Commission is therefore justified.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION*Expenditure*

Title 4 - Chapter 41 - Article 415 'Consumer projects'

Increase appropriations by 50,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase appropriations by 576 u.a.

Revenue

Title 1 'Own resources'

Increase by 5,758 u.a.

Title 5 'Contributions' Article 550

Increase by 44,107 u.a.

Article 560

Increase by 711 u.a.

I put Proposed Modification No 4 to the vote.

Proposed Modification No 4 is adopted.

On Title 4, Chapter 42, Article 423, I have Proposed Modification No 46, tabled by Mr Pêtre, Mr Bertrand, Mr Noè, Mr Glesener, Mr Notenboom and Mr Delmotte, and worded as follows:

Section III - COMMISSION*(A) Expenditure*

Title 4 - Chapter 42 'Subsidies for balancing budgets'

Article 423 (new) 'Subsidy for the operation of the Foundation for the Improvement of Living and Working Conditions'

Enter an appropriation of 100,000 u.a.

(B) Revenue

Increase the revenue accordingly.

JUSTIFICATION

In the social action programme which it will forward to the Council, the Commission announced that it would, before 1 December, submit to the Council a proposal for the creation of a foundation of the European Communities for the improvement of living and working conditions.

The task of this foundation would be:

- to promote the study of long-term factors which, by their mutual interaction, contribute towards changes in society and the evolution of living and working conditions in the Community,
- to set up an information and documentation system for collecting, processing, storing and disseminating information at Community level,
- to carry out certain short-term surveys,
- and finally to promote and organize pilot schemes.

The creation of such a foundation would be welcomed by the social partners and several governments.

The resources of this foundation would consist of own resources and of a balancing subsidy entered in the budget of the European Communities. This subsidy could be set at:

- 4.5 million u.a. for 1975,
- 10 million u.a. for 1976.

Since the foundation would come into operation in 1974, an amount of 100,000 u.a. is required. Unfortunately, the general budget of the European Communities for the financial year 1974 contains no guidelines for this expenditure.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

President

Section III - COMMISSION

Expenditure

Title 4 - Chapter 42 - Article 423 (new)

Enter an appropriation of 100,000 u.a.

Title 2 - Chapter 29 - Article 290

Increase appropriations by 1,152 u.a.

Revenue

Title 1 'Own resources' + 11,516 u.a.

Title 5 'Financial contributions'

Article 550: + 88,214 u.a.

Article 560: + 1,422 u.a.

This proposed modification has been withdrawn, the Committee on Budgets having decided to enter the appropriations under Chapter 98.

This decision by the Committee on Budgets affects Proposed Modification No 47, which we shall take shortly.

On Title 4, Chapter 43, I have Proposed Modification No 8, tabled by Mr Schuijt, Mr Della Briotta, Mr Seefeld, Mr Walkhoff, Mr Premoli, Lady Elles and Mr John Hill, and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 4 - Chapter 43 - European Schools

Reduce appropriations by 1 u.a.

(B) *Revenue*

Reduce revenue by 1 u.a.

JUSTIFICATION

In the view of the authors Parliament should take a close interest in the educational policy of the European School, at least for the following reasons:

(a) The European Parliament's Committee on Cultural Affairs and Youth has as its particular terms of reference:

- harmonization of curricula, equivalence of diplomas and, broadly speaking, cultural exchanges within the Community;
- educational policy, including ongoing adult education;
- the setting-up and development of the European University.'

It follows that this committee might take a particular interest in the development of the European School and in the various problems arising in the educational policy pursued by it.

(b) The Communities provide the bulk of the financial support (roughly two thirds) available to the European Schools.

The authors of this proposed modification would point out, moreover, that in its 1966 report (Doc. No 8: 1966-1967) Parliament had this to say about

the European Schools and their future development:

'The European Parliament,

—

—

requests

1.

2. that the Member States actively promote the European Schools as a joint educational project by endowing them with all the means they need—at the pedagogical, financial and administrative levels—to accomplish their task under the best possible circumstances and at the highest educational level;

.....

.....

7. that if necessary the European Schools should be provided with centrally located boarding facilities in areas where a relatively large number of children of school age of different nationalities and linguistic groups are too widely scattered for the setting-up of a school without boarding facilities to appear to be adequate;

.....

9. that the Board of Governors start negotiations with the Member States, the Communities, interested non-member states and private bodies with a view to establishing the legal and budgetary conditions under which the different schools can be set up;

instructs

.....

2. its Committee for Research and Cultural Affairs to continue investigating how the European Schools can find their proper place in the framework of cultural cooperation to be established at the European level and how these schools can be linked institutionally with the Communities when the Treaties are merged.'

The authors of this proposed modification have noted that the dialogue which was to naturally ensue between the School Board and the appropriate Committee of Parliament has not taken place.

They also note that the Board of the European School settles the curricula for its different establishments in such a way that all that the Community Institutions can do is record in the budget the financial consequences of the Board's decisions.

They do not find this situation satisfactory.

They also note that the European School does not seem to have done anything towards developing a programme of social integration such as was advocated in 1957, at least for Luxembourg, when it decided to provide opportunities for the children of migrant workers to be enrolled at the Luxembourg School.

They consider, moreover, that these Schools are constantly faced with the problem of curriculum renewal, as are all schools which are anxious to ensure that they can provide a teaching programme which keeps abreast with educational progress.

President

Finally, they are of the opinion that the requirements spelt out in the report from which extracts are quoted above and those relating to the extension of the School still have to be met adequately and that this is a matter which the responsible bodies could usefully discuss with the appropriate committee of Parliament.

It is in order to draw attention to these problems and, at the same time, to express its dissatisfaction about the present state of affairs and stress the need for a reappraisal of the various issues involved that it is proposed to reduce by 1 u.a. the appropriations earmarked in the draft budget as the Communities' contribution to the financing of the European Schools.

The authors of Proposal Modification No 8 have withdrawn in favour of Proposed Modification No 19, tabled by the Committee on Cultural Affairs and Youth and worded as follows:

Section III - COMMISSION**(A) Expenditure**

Title 4 - Chapter 43 - 'European Schools'

Reduce appropriations by 1 u.a.

(B) Revenue

Reduce appropriations by 1 u.a.

JUSTIFICATION

(a) The Committee on Cultural Affairs and Youth considers that it is the duty of the European Parliament to take a keen interest in the education policy of the European Schools.

(b) The Communities contribute a majority share (about 2/3) to the financing of the European Schools.

The Committee on Cultural Affairs and Youth notes that the European Schools Supervisory Board decides their curricula and that the Institutions can do no more than enter the financial implications of these decisions in the budgets.

It has also noted that the dialogue to be initiated between the Supervisory Board and the parliamentary committee as recommended by the European Parliament in its 1966 report (Doc. No 8: 1966-1967) has not taken place.

It considers this situation unsatisfactory.

In the committee's opinion the questions raised in the above report, regarding the admission to the school of children of foreign nationals other than European officials from the Member States, remain to be settled and the authorities concerned should discuss them with the Parliament's committee.

It is in order to draw attention to these points, and at the same time to express its dissatisfaction with the present situation and stress the need for reconsideration of the full range of problems involved that the Committee and Cultural Affairs on Youth is proposing a reduction of one unit of account in the appropriations earmarked in the draft budget in respect of the Communities' contribution to financing the European Schools.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I call Lady Elles to move the proposed modification.

Lady Elles. — Thank you, Mr President, for giving me the floor. I wish to propose this modification on behalf of the Committee on Cultural Affairs and Youth of this Parliament.

There are six European schools, the first of which was built in 1953, and they are governed by Statute of April 1957 by a supervisory council. Two-thirds of the financing is done by the Institutions of the Community, and the schools are for the benefit mainly of children of the officials of the Community. However, the curricula of these schools are decided upon by a supervisory council in conjunction with other members of the governing bodies of these schools, and the budget is fixed at that time when the curricula are discussed. The only time that the Community institutions, and especially the European Parliament, have an opportunity of discussing any item dealing with these schools is when considering the financial implications involved in running these schools.

The Committee on Cultural Affairs and Youth is of the opinion that this is a very unsatisfactory situation: the European Parliament and other Community institutions should take a particular interest in the development of these schools and should be able to express their views on the many problems which have arisen, are arising and will undoubtedly arise in the future in the management and the curricula of these schools. One only has to look back to the Mertens Report of 1966 to see that there are problems mentioned in that report which are still relevant today and have not yet been solved. It mentions that the supervisory council should from time to time meet members of the European Parliament and of the other institutions. These recommendations from the Mertens Report have not been implemented. For these reasons, my committee has unanimously decided that we should draw attention to this state of affairs, should express our dissatisfaction and state the need for reconsideration of the present situation.

For this reason we have put forward this modification for the withdrawal of one unit of account from the amount appropriated for this item in the draft budget.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, the

Cheysson

Commission is happy that Parliament is re-considering the recommendations made ever since 1966.

As far as the Commission is concerned, it will give instructions to its representatives in the High Council of the European Schools to take steps in that Council so that the contacts which are clearly very desirable may be established with Parliament.

President. — I put Proposal Modification No 19 to the vote.

Proposed Modification No 19 is adopted.

On Title 5, Chapter 50, Article 500, I have Proposed Modification No 11, tabled by the Committee on Social Affairs and Employment and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 5 - Funds

Chapter 50 - Expenditure under Article 4 of the Council Decision of 1 February 1971 on the reform of the European Social Fund

Article 500 - *idem*

Increase appropriations by 61,200,000 u.a.

(B) *Revenue*

Increase revenue by 61,200,000 u.a.

JUSTIFICATION

The European Community is characterized, on the one hand, by its pursuit of exclusively economic objectives and, on the other, by the existence of grave social inequalities, despite the fact that the Treaty of Rome assigned the Community the essential aim of improving its people's living conditions.

The European Social Fund has always been the main instrument of social policy, despite its inherent structural and administrative limitations.

The new Social Fund, which began operating on 1 May 1972, is a much more flexible and dynamic instrument allowing effective action in the most sensitive sectors of Community life.

But its role has been considerably increased by the Paris Summit Conference of October 1972. In the final communiqué, the Heads of State or Government stressed that 'they attached the same importance to vigorous action in the social sphere as to the achievement of economic and monetary union'. The main instrument of this new policy is the Social Fund whose resources must be increased in the light of the objectives fixed by the Summit Conference. Its development must be considered a precondition for implementation of the Social Programme advocated by the Conference.

Despite this essential role of the Social Fund, the Council of Ministers is steadily reducing the

appropriation proposed by the Commission for reasons which are exclusively or primarily of a financial and budgetary nature.

The European Parliament and its Committee on Social Affairs feel that the contradiction between solemn declarations and their practical implementation in the budget is intolerable and they call for a change in attitude, without which the Community's Social Policy cannot progress.

The reasons for increasing the appropriations under this Article are as follows:

1. Two sectors (agriculture and the textile industry) have been opened but the Member States have not yet been able to make important applications. It can therefore be anticipated that these applications will be made in 1974.
2. Other fields (notably 'the handicapped' and 'migrant workers') will be opened in 1974, at the recommendation of the Commission.
3. The most important measures under the new Social Programme will be taken pursuant to a Council decision and will thus come under Article 4.
4. The Council has not yet contemplated a *supplementary budget for 1974*, whereas for the 1973 budget the Council had stated its intention of introducing such a budget, if necessary.
5. Regarding the intended opening of the two new sectors referred to above (migrant workers and the handicapped), the appropriations requested by the Commission would make it possible to finance rehabilitation operations for the benefit of 19,000 *migrant workers*, (estimated cost 3,150 u.a. per person, 50% to be borne by the ESF), out of an estimated 6,200,000 migrant workers in the whole Community. As regards the rehabilitation of *handicapped workers*, at an average cost of 5,000 u.a. per worker (2,500 to be borne by the ESF), 19,000 could be helped in this way. The Council's cut-back could well reduce to an insignificant figure the number of workers in these two categories whom the ESF could help.
6. It should also be noted that Article 9 (2) of the Council Decision of 1 February 1972 stipulates that 'in the long term the greater part of the available credits must be reserved for action under Article 4'. Having itself included this provision, the Council should take account of it in its budgetary decisions.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III — COMMISSION

Expenditure

Title 5 - Chapter 50 - Article 500

.....

Increase this appropriation by 61,200,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase this appropriation by 704,786 u.a.

President*Revenue*

Title 1 - 'Own resources'

Increase these resources by 7,047,860 u.a.

Title 5 - 'Contributions'

— Article 550

Increase these contributions by 53,986,978 u.a.

— Article 560

Increase these contributions by 869,948 u.a.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I call Mr Bertrand to move Proposed Modification No 11.

Mr Bertrand. — (NL) Mr President, I would draw the House's attention particularly to Proposed Modifications No 11 and No 12, both relating to the operation of the European Social Fund.

Yesterday Miss Lulling gave an eloquent account of the strange attitude adopted by the Council with regard to the operation of this fund, which was reformed on 1 May 1972 and given greater powers. The fund should now be able to operate normally on the basis of existing regulations, and should be able to deal with the applications submitted by the individual Member States.

I note with amazement that the Council has reduced appropriations to such an extent that the Commission is obliged to choose between applications, as regards both the allocation of funds to the Member States and the distribution of funds among them. The situation is in fact being distorted.

I should like to point out that certain prosperous and well-organized countries submit applications far quicker than other countries for fairly high amounts, in order thereby to benefit from a 'fair return', as it is called.

Surely this is hardly in the spirit of a social policy? If this is so, there is no point in submitting requests for funds on the assumption that all Member States are treated equally. The poorer States will have to submit applications, above all for their less developed regions. By limiting their contributions to the fund they hope that the compensations will work in their favour.

A number of States are at the moment in an awkward position because they have to choose between upholding the applications which they have submitted and their fear that they will have to pay more for them.

I hope that on the basis of these considerations Parliament will approve proposed modifications

No 11 and No 12, in order that an effective social policy might be pursued in the Communities.

(Applause)

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, a very large sum is involved here. 140 million units of account. Our committee has not made it easy for itself. We postponed the decision in Copenhagen. Two groups have stated they would like to discuss these matters again in detail within the groups, because such a large sum is involved and the public could form the impression that Parliament, which is fighting so much for its budgetary rights, is becoming a machine for producing proposals. I may say, however, that we only wish to include here what the Council and Member States of the Community have promised for years, namely the appropriations promised to us for this action. The Community has fallen behind both in regional policy and in social policy. It would be a bad thing if this Parliament were to make savings where the consequences of Community policy are involved.

We are of course aware of the problem of fair distribution of resources between all these policies. It is one of the most difficult problems which we have in the Community. It is clear, however, that this Community must be a social Community. This includes action on social policy and regional policy. Therefore my group is expressly in favour of this proposed modification and the restoration of the former estimate. I only hope that in the discussions a situation will not arise in which social policy activity will be charged against regional policy activity or vice versa. We are in favour of both activities and we wish to express this in the budget.

President. — I call Mr Marras on behalf of the Communist and Allies Group.

Mr Marras. — (I) Mr President, Mr Fabbrini has already expressed our group's support for the modifications proposed by the Committee on Social Affairs and Employment to the part concerning the Social Fund.

Since the chairman of the committee, Mr Bertrand, has already clearly explained why the Committee as a whole tabled these amendments, there remains only one further point for me to add. I understand that during the December part session we, in this chamber, are to discuss the social action programme which the Community must present to the Council, in time for it to be adopted by 31 December.

One of the committee's criticisms about the social action programme is that, although it

Marras

indicates broad objectives and practical measures to carry out in this field, it does not specify the means for implementing these measures and actions whereas, as has been duly stressed, the Paris summit stipulated precisely that the Social Fund should provide most of the means needed to carry out the Community's policy in this field.

By means of a Parliamentary act, the appropriation for the social policy therefore needs to be increased to the figure suggested by the Committee, though it would still represent a relatively modest proportion of the budget if one thinks of the great fuss everyone has made about 'Social Europe'.

As a result, I do not think that Parliament can refuse to adopt these amendments by a large majority, knowing, as it does, that they would ensure at least part of the financial means needed to carry out any action in social policy. This will be a specific topic of debate in the next Parliamentary part-session.

President. — I call Mr Wieldraaijer.

Mr Wieldraaijer. — (NL) Mr President, on behalf of the Socialist Group I fully endorse the words of the chairman of the Committee on Social Affairs and Employment concerning the proposed modifications.

If decisions are taken concerning the Social Fund, enabling for instance new groups to apply to the Fund for aid, particularly such groups as handicapped persons and migrant workers, the funds must also be available to implement these decisions.

I would remind you that last year we ran into difficulties with the Social Fund finances, because the Commission asked for 120 million units of account and the Council approved only 41 million. This meant that last year the Commission was unable to perform its work properly. All this has not been without effect on the budget for 1974. Consequently I feel that Parliament should not fuss unduly about funds for the Social Fund. In fact, more funds should be made available. If we speak in terms of a 'social Europe', we must above all show solidarity. And solidarity cannot be expressed in words, but only in actions! Only by our actions will our solidarity become truly evident.

President. — I call the rapporteur.

Mr Pounder, rapporteur. — I am glad that we have had more than just a perfunctory discussion on these proposed modifications, because they are immensely important and the sum involved is huge. It is only right and proper that

we should pay considerable attention to the expenditure of sums of this size. Dr Aigner was quite right to remind the House that the Budget Committee last week took a lot of time—indeed, slept on the matter overnight—before reaching a final decision on these amendments, which attracted the favourable view of the committee.

It cannot be stressed too strongly that, unless these appropriations are granted, there will be distortions in the criteria under which aid is given for projects next year. We know that we shall face several supplementary budgets—a reprehensible practice into which I need not go now. Unless these appropriations for the Social Fund are given here and now in the form of these amendments, we shall have yet another supplementary budget for 1974.

The money is urgently needed. I commend Proposed Amendments Nos 11 and 12 to the House on behalf of the committee.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, the Commission has had many occasions to state the importance it attaches to having the Community acquire its social dimension.

That is why it has expressed all possible reservations to the Council when its proposals were cut down in the manner known to you.

We gratefully note the proposal made by Mr Bertrand and his committee with a view to reinstating, by means of the two proposed modifications, the proposals made by the Commission in its draft.

President. — I put Proposed Modification No 11 to the vote.

Proposed Modification No 11 is adopted.

On Title 5, Chapter 51, Article 510, I have Proposed Modification No 12, tabled by the Committee on Social Affairs and Employment and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 5 - Funds

Chapter 51 - Expenditure under Article 5 of the Council Decision of 1 February 1971 on the reform of the European Social Fund

Article 510 - *idem*

Increase appropriations by 81,600,000 u.a.

(B) *Revenue*

Increase revenue by 81,600,000 u.a.

President**JUSTIFICATION**

The European Community is characterized, on the one hand, by its pursuit of exclusively economic objectives and, on the other, by the existence of grave social inequalities, despite the fact that the Treaty of Rome assigned the Community the essential aim of improving its people's living conditions.

The European Social Fund has always been the main instrument of social policy, despite its inherent structural and administrative limitations. The new Social Fund, which began operating on 1 May 1972, is a much more flexible and dynamic instrument allowing effective action in the most sensitive sectors of Community life.

But its role has been considerably increased by the Paris Summit Conference of October 1972. In the final Communiqué, the Heads of State or Government stressed that 'they attached the same importance to vigorous action in the social sphere as to the achievement of economic and monetary union'. The main instrument of this new policy is the Social Fund whose resources must be increased in the light of the objectives fixed by the Summit Conference. Its development must be considered a precondition for implementation of the Social Programme advocated by the Conference.

Despite this essential role of the Social Fund, the Council of Ministers is steadily reducing the appropriations proposed by the Commission for reasons which are exclusively or primarily of a financial and budgetary nature.

The European Parliament and its Committee on Social Affairs feel that the contradiction between solemn declarations and their practical implementation in the budget is intolerable and they call for a change in attitude, without which the Community's Social Policy cannot progress.

1. Applications made by the Member States in 1973 exceed a figure of 233 million u.a. whereas appropriations now available are in the order of 139.5 million u.a. A considerable part of the appropriations for 1974 is thus already committed for applications presented in 1973.
2. The Council granted only 45 million u.a. under supplementary budget No 4, instead of the 120 million u.a. requested by the Commission, which would have covered most of the 1973 applications.
3. The larger volume of applications made by the Member States is a direct and foreseeable consequence of the social and employment policy pursued by the Member States. 1973 was, in fact, a year of transition (starting up of the Fund—enlargement of the Community) and a substantial increase in applications can therefore be expected, since the Member States, particularly the new ones, have now taken control of the Fund and will be trying to make full use of it.
4. Applications for 1974 are expected to exceed 360 million u.a. so that the appropriations requested (250 million u.a.) would meet only 68.9% of anticipated applications. If the Council persisted in this attitude (restriction of appropriations to 168.4 million u.a.), only 45% of applications would be met.

5. Refusal by the Council to grant the appropriations requested by the Commission might well jeopardize the Community's efforts to develop a regional policy. Taking just one example, the vocational training aid given by the ESF shows how effectively it could solve the problems of the shortage of skilled labour, thus stimulating the establishment of new activities in backward or declining areas.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III - COMMISSION*Expenditure*

Title 5 - Chapter 51 - Article 510

.....

Increase this appropriation by 81,600,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase this appropriation by 939,715 u.a.

Revenue

Title 1 - 'Own resources'

Increase these resources by 9,397,147 u.a.

Title 5 - 'Contributions'

— Article 550:

Increase these contributions by 71,982,638 u.a.

— Article 560:

Increase these contributions by 1,159,930 u.a.

This proposed modification has already been moved.

I put it to the vote.

Proposed Modification No 12 is adopted.

On Title 5, Chapter 52, Article 520, I have Proposed Modification No 13, tabled by the Committee on Social Affairs and Employment, and worded as follows:

Section III - COMMISSION**(A) Expenditure**

Title 5 - Funds

Chapter 52: Social Fund - Pilot schemes and preparatory studies

Article 520: *idem*

Increase appropriations by 170,000 u.a.

(B) Revenue

Increase revenue by 170,000 u.a.

JUSTIFICATION

The European Community is characterized, on the one hand, by its pursuit of exclusively economic

President

objectives and, on the other, by the existence of grave social inequalities, despite the fact that the Treaty of Rome assigned the Community the essential aim of improving its people's living conditions.

The European Social Fund has always been the main instrument of social policy, despite its inherent structural and administrative limitations.

The new Social Fund, which began operating on 1 May 1972, is a much more flexible and dynamic instrument allowing effective action in the most sensitive sectors of Community life.

But its role has been considerably increased by the Paris Summit Conference of October 1972. In the final communiqué the Heads of State or Government stressed that 'they attached the same importance to vigorous action in the social sphere as to the achievement of economic and monetary union'. The main instrument of this new policy is the Social Fund whose resources must be increased in the light of the objectives fixed by the Summit Conference. Its development must be considered a precondition for implementation of the Social Programme advocated by the Conference.

Despite this essential role of the Social Fund, the Council of Ministers is steadily reducing the appropriations proposed by the Commission for reasons which are exclusively or primarily of a financial and budgetary nature.

The European Parliament and its Committee on Social Affairs feel that the contradiction between solemn declarations and their practical implementation in the budget is intolerable and they call for a change in attitude without which the Community's Social Policy cannot progress.

For the previous financial year (1973), provision had been made for an appropriation of 750,000 u.a., and before the end of the same financial year, the appropriation allocated will have been largely used up. The Commission showed goodwill in maintaining the appropriation allocated for 1974 at the 1973 level, despite the foreseeable increase in expenditure.

The attitude of the Council which has reduced this appropriation to 600,000 u.a., is therefore utterly incoherent and absurd, having regard also to the amount of appropriations allocated to Chapters 50 and 51, which necessitate prior studies and pilot schemes.

As to the new Item 5201 (information meetings), the requested appropriation of 20,000 u.a., which the Council refused to grant, is necessary if the circles concerned are to be given the information they need since the regulations concerned are complex and new. With this appropriation, the best possible use could be made of the machinery of the new Fund.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III - COMMISSION*Expenditure***Title 5 - Chapter 52 - Article 520**

Increase this appropriation by 170,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collection of own resources'

Increase this appropriation by 1,958 u.a.

*Revenue***Title 1 - 'Own resources'**

Increase these resources by 19,578 u.a.

Title 5 - 'Contributions'— **Article 550:**

Increase these contributions by 149,964 u.a.

— **Article 560:**

Increase these contributions by 2,416 u.a.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I put it to the vote.

Proposed Modification No 13 is adopted.

I shall now call the four proposed modifications on Chapter 60, on which I must make a few technical points.

Three of these proposed modifications, No 24, No 29 and No 5, concern 'intervention in respect of cereals', while the fourth, No 6 provides for an entry under Chapter 98.

Proposed Modifications No 24, No 29 and No 5 can be debated jointly.

They are worded as follows:

Proposed Modification No 24, tabled by Miss Lulling, on behalf of the Committee on Agriculture:

Section III - COMMISSION**(A) Expenditure**

Titles 6 and 7 - Chapter 60 - Article 601

Intervention in respect of cereals

Reduce appropriations under Article 601, Item 6010 by 32 million u.a.

(B) Revenue

Reduce revenue accordingly.

JUSTIFICATION

By its Decision of 19 October 1973 the Commission of the European Communities resolved to reduce the denaturing premiums for soft wheat with effect from 1 November 1973. The earlier premium for the Community of 11.79 u.a. per metric ton is to be reduced to an average of approximately 8 u.a. per ton in the period from November 1973 to July 1974.

It is estimated that this measure will save the EAGGF approximately one third of the expected expenditure of 102 million u.a. during the coming financial year. The proposed adjustment to the draft budget is intended to make the budget more

President

accurate. Moreover, it is intended to highlight the correctness of the Commission's decision, which was based on short-term economic policy considerations.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION*Expenditure*

Titles 6 and 7 - Chapter 60 - Article 601
Reduce appropriations by 32,000,000 u.a.

Title 2 - Chapter 29 - Article 290
Reduce appropriations by 368,515 u.a.

Revenue

Title 1 - 'Own resources'
reduce by 3,685,155 u.a.

Title 5 - 'Contributions'

— Article 550:
reduce by 28,228,485 u.a.

— Article 560:
reduce by 454,875 u.a.

Proposed Modification No 29, tabled by the Committee on Budgets:

Section III - COMMISSION**(A) Expenditure**

Titles 6 and 7 - Chapter 60 - Article 601
Intervention in respect of cereals

Reduce appropriations under this article, item 6010, by 30,000,000 u.a.

(B) Compensation

Title 9 - Chapter 98 - Article 980
'provisional appropriations not allocated':
increase appropriations by 32,000,000 u.a.

JUSTIFICATION

By its Decision of 19 October 1973, the Commission of the European Communities resolved to reduce the denaturing premiums for soft wheat with effect from 1 November 1973. The earlier premium for the Community of 11.79 u.a. per metric ton is to be reduced to an average of approximately 8 u.a. per ton from November 1973 to July 1974.

It is estimated that this measure will save the EAGGF approximately one third of the expected expenditure of 102 million u.a. during the coming financial year.

It appears prudent, however, to reserve an appropriation of 32,000,000 u.a. in Chapter 98, Article 980, in particular to avoid supplementary estimates.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the pro-

posed modification will affect the budget as follows:

Section III - COMMISSION*Expenditure*

Titles 6 and 7 - Chapter 60 - Article 601
Reduce appropriations by 32,000,000 u.a.

Title 2 - Chapter 29 - Article 290
Reduce appropriations by 368,515 p.a.

Revenue

Title 1 'Own resources':
— Article 550: reduce by 28,228,485 u.a.
— Article 560: reduce by 454,875 u.a.

Proposed Modification No 5, tabled by Mr Aigner, Mr Scholten, Mr Früh, Mr Artzinger and Mr Springorum:

Section III - COMMISSION**(A) Expenditure**

Title 6 - Chapter 60
'European Agricultural Guidance and Guarantee Fund, Guarantee Section - Cereals'
Article 601

'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

(B) Revenue

Reduce revenue accordingly.

JUSTIFICATION

Intervention in respect of cereals includes denaturing premiums listed under item 6010 (102 million u.a. for 1974).

In the past denaturing premiums were liable to be misused. If these premiums continue to be improperly used this is partly because of the failure of the Commission to give this matter the attention it deserves or to take vigorous steps towards reducing the scale of abuse.

It is hoped that a reduction of 1,000,000 u.a. in the funds appropriated will be sufficient to have the salutary effect of encouraging increased supervision in this area either by the Commission's departments or by the national authorities, at the instigation of the Community and within the context of existing regulations.

The preliminary draft budget provided for 14 million u.a. under Item 6010, the draft budget for only 102 million u.a. The Council gave no reasons for this reduction although Article 13 of the financial regulation of 25 April 1972 requires it to explain why it may have departed from the preliminary draft. Parliament has consequently been left in the dark.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

President

Section III - COMMISSION

Expenditure

Title 6 - Chapter 60 - Article 601

'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Reduce appropriations by 11,516 u.a.

Revenue

Title 1 - 'Own resources':

Reduce by 115,161 u.a.

Title 5 - 'Contributions'

Article 550: Reduce by 882,140 u.a.

Article 560: Reduce by 14,215 u.a.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, you have already indicated the relationship between these three proposed modifications. We have here from the Commission for this purpose 102 million u.a. in the EAGGF. Miss Lulling has asked for a sum of 32 million u.a. to be deleted completely for reduction of the premium. The Committee on Budgets was of the opinion we should make a reduction here of 32 millions, but include these 32 millions in Chapter 98 as a reserve, because otherwise we would strip the whole fund of resources in a dangerous manner, particularly when we consider this motion in relation to the other motions for reductions in the agricultural policy sector.

If we include these 32 millions in the reserve, I can withdraw my motion for a reduction by 1 million—which is actually intended more as a motion of disapproval, because control over the de-naturing sector is inadequate. I should also like to ask for a separate vote on Proposed Modification No 6.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I am standing in for Miss Lulling on behalf of the Committee on Agriculture.

As you said, Mr President, these three proposed modifications go hand in hand. I am glad Mr Aigner has said that he will withdraw his amendment if we can reach a decision on the other points at issue.

There is no difference between the Budget Committee and the Agriculture Committee over the fact that a reduction is necessary under this heading. The point is, what should happen to the reduction? The Agriculture Committee said

that it should be cut out altogether and the Budget Committee said that it should be transferred, under Chapter 98, to the reserve and non-appropriated fund.

May I take the opportunity to ask the Commissioner to state his view whether that is an appropriate course of action? If he decides that it is, then I understand that the Agriculture Committee will be prepared to withdraw our proposed modifications.

President. — Mr Scott-Hopkins, I had no idea that you were to deputize for Miss Lulling.

As we know, there is complete equality of the sexes in this Parliament.

Nevertheless, Mr Scott-Hopkins, I would remind you that you were not on the list.

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, I should like, while presenting my remarks on the 32 million reduction, to say in a word that the Commission's position will be the same in respect of the two reductions proposed for 'sugar' refunds and 'rice' refunds under articles 640 and 610.

I said on Tuesday, Mr President, that the proposal made by the Committee on Agriculture and taken up by the Committee on Budgets embarrasses us because, while certainly fully justified from the technical point of view, it calculates extremely finely the factors we need for the Guarantee Section of the EAGGF, which entails a serious risk.

Nevertheless, and in the desire for strictness which is shared by Parliament and the Commission alike, I stated on Tuesday that the Commission accepted these reductions despite the risks we were thus taking.

There then remains the problem, very soundly set out by Mr Scott-Hopkins, whether these appropriations are purely deleted or if they are transferred to Chapter 98.

In this respect, Mr President, the Commission has a fundamental standpoint: it does not like the Chapter 98 appropriations. I believe it to be a bad way of doing things to have in Chapter 98 large appropriations relating to other chapters. It is an unfortunate way of presenting the budget which does not show the appropriations we are reserving for a given kind of operation in the context of that operation.

That is why, Mr President, I am very hesitant about asking for a transfer to Chapter 98.

President. — Yes, Mr Pounder?

Mr Pounder, rapporteur. — Mr President, this puts me in an immensely difficult position, to say the least of it. One can understand and, indeed, sympathize with and appreciate the logic adopted by Commissioner Cheysson. I am not at all happy as a matter of principle in having money put into a general reserve. This, I think, is bad accounting practice. However, I speak in that as an individual.

The second problem I face is incurring the wrath of the Conservative Group Whip, whose views appear to be those of the Agriculture Committee whereas mine are those of the Budget Committee. As I understand the procedure of Parliament, while as an individual I entirely understand the position adopted both by my colleague and by the Commissioner as to the undesirability of transfers to a general reserve—it is far better to take the risk and come with a direct and specific supplementary budget if such be the case—I do not think, and I seek your guidance in this, Mr President, that as rapporteur I can be released from the decision of the committee.

President. — I call Mr Aigner.

Mr Aigner. — (D) Regarding the three motions again, Mr President, we are actually now fighting on different fronts. In the Committee on Budgets, I myself was of the opinion that these 32 million u.a. should not be included in Chapter 98 because there is a resolution by the Commission of 19 October 1973 under which the denaturing premium of 11.79 will be reduced. This reduction must then be shown in the budget and this is what the 32 millions are. I thought in fact that we could delete these 32 millions, but then it would be objected of course that we were heading into next year, where we would then have to cover from own resources all our appropriations, even our reserves, which in certain circumstances are necessary for some flexibility in handling the budget. Therefore the Committee on Budgets was of the opinion that the whole development must be taken into account—and I can also see this relation between sugar, rice and cereals—and that in certain circumstances we will run into a bottleneck and have to approve considerable funds by means of a supplementary budget. We therefore wished to enter these funds in the reserves, although this is in contradiction to our budgetary considerations, until we have gathered more experience on this transitional period. I would therefore say, Mr Pounder, that against our budgetary feelings, we ought nevertheless to

include these thirty-two millions until we have more experience with the reduction of the premium, and that we might then perhaps next year arrive at clearer results and clearer estimates in the individual chapters and titles.

President. — I think the situation is quite clear: we either transfer the 32 million to another item, which Mr Cheysson considers a debatable operation, or else we delete them.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — After what Mr Cheysson has said, I must advise the House that the Agricultural Committee wishes to maintain its proposed modification. After what Dr Aigner has just said, it seems dishonest that this House should appropriate and put into the reserve under Chapter 98 funds originally earmarked for cereals, sugar and rice, and use them, as he said, perhaps for some other emergency purpose. This is frankly dishonest, and a view which I hope that the House will reject.

President. — I put Proposed Modification No 29 to the vote.

Proposed Modification No 29 is adopted.

As a result, Proposed Modifications No 24 and No 5 become void.

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, I do not know if it is right of me to make a rather more general statement about the decision that has just been taken and which will obviously be a great relief to the responsible services of the Commission. But I think we should avoid instituting reserve funds to compensate for the inadequate nature of estimates on certain levels.

In my opinion, the only policy possible and it is the one which the Commission has decided to impose on its own services—it is also one we would suggest to you—is that there should not be any supplementary budgets save in cases that by nature are unforeseeable, that estimates should be as tight as possible but that this means—we must not pretend otherwise—that it is necessary to present a supplementary budget when an unforeseeable event occurs.

We are not going to set up a reserve of a 100, 200, 500 million, perhaps 1,000 million u.a. to avoid any supplementary budgets being presented in unforeseeable cases.

President. — We take note of what you have said, Mr Cheysson.

Ladies and gentlemen, I would ask you to be careful, as it is now 1 o'clock, and we must finish the vote on the budget this morning if at all possible. It would not be a good idea to interrupt it.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, I do not wish to prolong the discussion, but merely to say that the Committee on Budgets has always been in principle opposed to such reserves. I must point out, however, that the practice adopted by the Commission has resulted in our having a reserve of one thousand million units of account in the agricultural fund. That is one point.

The second is this: Last year, Mr Cheysson, we had very great difficulties with supplementary budget No 4. You are aware of the repercussions this had in our capitals and in our national governments. Since our estimating machinery does not yet appear to be as sophisticated as we might all wish, we should now in this transitional stage avoid the risk of being forced once again to go the national governments with a one thousand million supplementary budget. This is what we were worried about. As far as the principle goes, I can say that we fully endorse your views; for in our opinion it is essential to improve the accuracy of our budgetary estimates and hence arrive at clear-cut appropriations. But we have to accept that such changes cannot come overnight.

President. — I now call Proposed Modification No 6, tabled by Mr Aigner, Mr Scholten, Mr Früh, Mr Artzinger and Mr Springorum, to Title 6, Chapter 60, Article 601 and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 6 - Chapter 60

'European Agricultural Guidance and Guarantee Fund, Guarantee, Section - Cereals

Article 601

'Intervention in respect of cereals'

Reduce appropriations by 1,000,000 u.a.

(B) *Compensation*

Title 9 - Chapter 98

'Non-allocated provisional appropriations'

Article 980

Increase appropriations by 1,000,000 u.a.

Under 'Remarks' insert a point (16) worded as follows:

'(16) Pending a decision on the strengthening of supervision in regard to the misuse of appropriations in the framework of the EAGGF 1,000,000 u.a.

JUSTIFICATION

In the past denaturing premiums were liable to be misused. The Commission did not take vigorous measures to prevent this.

The reduction of these appropriations by 1,000,000 u.a. (backed by a further proposed modification) under Item 6010 should be accompanied by the use of these funds for more effective control. The Commission is urged to put forward appropriate proposals without delay. The amount allocated in Chapter 98 should, however, serve to finance supervisory activities within the EAGGF as a whole.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I call Mr Aigner to move the proposed modification.

Mr Aigner. — (D) Mr President, I must say a word here, because earlier on Mr Cheysson intimated that he could not agree to this modification to the Commission's proposal. I must say that if we can delete thirty-two million units of account—we have not deleted them—then there must be sufficient latitude to permit the deletion of one million units of account. Moreover, the proposed deletion is directly connected with the allocation of one million units of account to Chapter 98. Mr Cheysson, if Community supervision on denaturation is fully effective, then you will save more than one million units of account. I would therefore ask you to recognize this relationship in the context of this proposal.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, the Commission's reply is very simple: in the first place, I repeat, I do not understand the entries under Chapter 98; in the second place we must try to make exact estimates. Consequently, to cut back by a million on an estimate we have made does not seem to me a sound procedure. So the Commission, for its part, hopes that this amendment will not be adopted.

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, I should like to repeat to Mr Cheysson what I have already said

Spénale

in the course of the general debate, namely that even if it is possible to have some reservations about the entry of large sums under Chapter 98, it is going to be necessary as from 1975—and we had better get used to it now when policies will have to be put into effect in the course of one year, to enter appropriations in a holding account. Otherwise, it will be necessary to change during a financial year the VAT rate, since that will be determined by the total amounts entered on the initial budget, including those under Chapter 98. If all the funds for a policy during a coming year are not entered among the overall appropriations, operational or otherwise, we will be faced in the course of a financial year with supplementary budgets which will cause much greater trouble than any to be feared from funds frozen under Chapter 98. I believe in transparency when it is possible to enter appropriations under operational chapters, but when this is not possible Chapter 98 is better than a supplementary budget.

President. — I put Proposed Modification No 6 to the vote.

Proposed Modification No 6 is adopted.

On Titles 6 and 7, Chapter 61, Article 610, I have two proposed modifications which can be debated jointly:

Proposed Modification No 23 tabled by Miss Lulling on behalf of the Committee on Agriculture.

Section III - COMMISSION

(A) *Expenditure*

Titles 6 and 7 - Chapter 61 - Article 610

Refunds on rice

Reduce appropriations under Article 610 by 10 million u.a.

(B) *Revenue*

Reduce revenue accordingly.

JUSTIFICATION

The world market price level and the persisting firm demand for rice owing to the harvest in the major rice-growing areas of the world point to a 50% reduction in the refunds on rice. This proposed modification is designed to adjust the relevant article in the draft budget accordingly.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION

Expenditure

Titles 6 and 7 - Chapter 61 - Article 610

Reduce appropriations by 10,000,000 u.a.

Title 2 - Chapter 29 - Article 290

Reduce appropriations by 115,161 u.a.

Revenue

Title 1 - 'Own resources':

reduce by 1,151,611 u.a.

Title 5 - 'Contributions'

Article 550: reduce by 8,821,402 u.a.

Article 560: reduce by 142,148 u.a.

Proposed Modification No 30, tabled by the Committee on Budgets.

Section III - COMMISSION

(A) *Expenditure*

Titles 6 and 7 - Chapter 61 - Article 610

Refunds on rice

Reduce the appropriations entered under this article by 10,000,000 u.a.

(B) *Compensation*

Title 9 - Chapter 98 - Article 980

Provisional appropriations not allocated:

increase the appropriation by 10,000,000 u.a.

JUSTIFICATION

The world price level and the continuing high demand as a result of the harvests in the main rice-growing areas suggest that refunds on rice will fall by 50%. This proposal for modification corrects the relevant article in the draft budget accordingly.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — For the convenience of the House, could we take the amendments concerning sugar and rice from the Committee on Agriculture linked together with the two amendments from the Committee on Budgets—that is to say, Amendments 22 and 23 together with Amendments 30 and 31? If we could deal with those four amendments together, I think it would save the time of the House. In fact, there is no further argument which I, as the representative of the Committee on Agriculture, would need to put before the House.

President. — Of course, we can have a joint debate and then vote separately; that is understood. In fact, we have already had the debate.

I call Mr Pounder.

Mr Pounder, rapporteur. — Unfortunately, because I am in this difficult situation of being a rapporteur, I must stand on the Budget Committee and vote accordingly.

President. — I put Proposed Modification No 30 to the vote.

Proposed Modification No 30 is adopted.

President

As a result, Proposed Modification No 23 becomes void.

On Titles 6 and 7, Chapter 64, Article 640, I have two proposed modifications:

Proposed Modification No 22, tabled by Miss Lulling on behalf of the Committee on Agriculture.

Section III - COMMISSION

(A) *Expenditure*

Titles 6 and 7 - Chapter 64 - Article 640
Refunds on sugar

Reduce appropriations under Article 640 by 23.5 million u.a.

(B) *Revenue*

Reduce revenue accordingly, particularly as regards sugar production contributions, estimated at 21,700,000 u.a.

JUSTIFICATION

Trends in the world market price of sugar make it likely that expenditure on refunds on sugar will fall by about one third. This proposed modification is designed to adjust the relevant article in the draft budget accordingly.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION

Expenditure

Title 6 - Chapter 64 - Article 640

Reduce appropriations by 23,500,000 u.a.

Title 2 - Chapter 29 - Article 290

Reduce appropriations by 4,569,239 u.a.

Revenue

Title 1 - 'Own resources':

reduce by 24,322,385 u.a.

Title 5 - 'Contributions'

Article 550: reduce by 6,392,397 u.a.

Article 560: increase by 2,645,543 u.a.

Proposed Modification No 31, tabled by the Committee on Budgets.

Section III - COMMISSION

(A) *Expenditure*

Titles 6 and 7 - Chapter 64 - Article 640
Refunds on sugar

Reduce the appropriations entered under Article 640 by 23,500,000 u.a.

(B) *Compensation*

Title 9 - Chapter 98 - Article 980

Provisional appropriations not allocated:
increase the appropriations by 23,500,000 u.a.

JUSTIFICATION

Following the movements of world sugar prices, it may be assumed that expenditure under refunds on sugar will fall by a third. This proposal for modification corrects the relevant article in the draft budget accordingly.

I put Proposed Modification No 31 to the vote.

Proposed modification No 31 is adopted.

As a result, Proposed Modification No 22/rev. becomes void.

On Title 7, Chapter 77, Article 770, I have Proposed Modification No 1, tabled by Mr Gerlach, Mr Schmidt, Mr Schwabe, Mr Wieldraaijer and Mr Fellermaier, worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 7 - Chapter 77

Appropriations for auditing the accounts of accounting periods before 1 January 1971

Article 770 - ditto

Delete these appropriations, i.e. reduce them by 3 million u.a.

(B) *Revenue*

Reduce revenue under Title 5 accordingly.

JUSTIFICATION

The reasons given in the explanatory remarks to Article 770 regarding the re-entry of EAGGF appropriations at the time of closing the accounts are neither valid nor are they consistent with the explanations given by the Commission in this connection a year ago.

The question of the final closing of accounts has been shelved repeatedly for the widest variety of reasons. There is no apparent justification for tolerating the Commission's procedure any longer.

That is why it is proposed that the funds appropriated in the amount of 3 million u.a. be deleted.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION

Expenditure

Title 7 - Chapter 77 - Article 770

'Appropriations for auditing the accounts of accounting periods before 1 January 1971'

Reduce appropriations by 3 million u.a.

President

Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Reduce appropriations by 34,548 u.a.

Revenue

Title 5 - 'Contributions'

Article 550 Reduce by 2,646,420 u.a.

Article 560 Reduce by 42,645 u.a.

Own resources Reduced by 345,483 u.a.

The authors of this proposed modification have informed me that they have withdrawn it.

On Titles 6 and 7, Chapter 79, Article 790, I have Proposed Modification No 38, tabled by the Committee on Budgets at the Council's request and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Titles 6 and 7 - Chapter 79 - Article 790
Community compensatory measures in favour of Member States

Item 7902 (new) - Netherlands

Enter an appropriation of 8,500,000 u.a.

(B) *Revenue*

Increase the revenue by 8,500,000 u.a.

JUSTIFICATION

The Council, at the meeting of the Committee on Budgets of 8 and 9 November, stated the need to introduce certain amendments in the draft budget. Here, Community compensatory measures in favour of Member States are envisaged, in this case under item 7902 in favour of the Netherlands.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION

Expenditure

Titles 6 and 7 - Chapter 78 - Article 790

Item 7902 (new) - Community compensatory measures in favour of the Netherlands.

Enter an appropriation of 8,500,000 u.a.

Title 2 - Chapter 29 - Article 290

'Lump sum repayment of costs incurred in collecting own resources'

Increase the appropriation by 97,887 u.a.

Revenue

Title 1 - 'Own resources': increase by 978,869 u.a.

Title 5 - 'Contributions'

Article 550: increase by 7,498,192 u.a.

Article 560: increase by 120,826 u.a.

I call the rapporteur.

Mr Pounder, rapporteur. — Amendment No 38 is being moved on behalf of the Budget Committee at the request of the Council, which, at the meeting of the Budget Committee in Copenhagen last week, stated the need to introduce this amendment increasing the compensatory amounts in favour of the Netherlands.

President. — Do you see how considerate Parliament is towards the Council?

Does anyone else wish to speak?

I put Proposed Modification No 38 to the vote.

It is adopted.

President. — On Title 8, Chapter 80, Article 800, I have Proposed Modification No 25, tabled by Miss Lulling on behalf of the Committee on Agriculture and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 8 - Chapter 80 - Article 800

Plans for improving agricultural structures
Article 13 of Regulation No 17/64

Increase appropriation under Article 800 by 39.6 m.u.a.

(B) *Revenue*

Title 8 - Chapter 87

Appropriations to cover expenditure under Chapters 81-85 and Chapter 80, Item 8003.

Article 870

Appropriations to cover expenditure for joint and special measures.

Reduce appropriations by 36.9 m.u.a.

JUSTIFICATION

In accordance with Article 6(4) of Regulation 729/70, projects for the improvement of agricultural structures may, pursuant to Article 13 of Regulation 17/64, be financed from the funds earmarked for joint measures, as long as expenditure on joint measures does not reach the level of the appropriations. Appropriations to the amount of 74.4 m.u.a. have been earmarked for joint measures in 1974. As in previous financial years, there will be a carry-over in 1973 totalling 71 m.u.a.

No expenditures were made from the 25 m.u.a. earmarked in Chapter 81, Article 810, for joint structural measures following the Council Resolution of 25 May 1971. Only 15 m.u.a. are earmarked for this article in 1974, from which it may be concluded that some delay is expected in initiating

President

these measures. On the other hand the number of projects for the improvement of agricultural structures pursuant to Regulation 17/64 is continually increasing and funds are accordingly needed for them. If the appropriations to the amount of 39.6 m. u.a. earmarked in Article 870 for joint and special measures are not transferred to Article 800, as herewith proposed, they will, as experience shows, only be added to the total carry-over since 1969, now running at 509, 384, 300 u.a., whereas they could be used for projects to improve agricultural structures as originally intended.

Therefore the following comment should be added to Article 800:

Expenditure to be made in 1974 under Item 8003 arises from the implementation of Article 6 (4) of Regulation No 729/70. The use of these funds does not, however, affect the provisions whereby if needed, they are to be used first and foremost to supplement the appropriations in Chapters 81-85, if 1974 expenditure on joint measures exceeds the appropriations entered in the budget items concerned.

Delete the comments on Article 870.

The Committee on Budgets has delivered a favourable opinion on this proposed modification.

I put Proposed Modification No 25 to the vote.

Proposed Modification No 25 is adopted.

On Title 8, Chapter 85, Article 850, I have Proposed Modification No 26, tabled by Miss Lulling on behalf of the Committee on Agriculture and worded as follows:

Section III - COMMISSION

(A) *Expenditure*

Title 8 - Chapter 85 - Article 850

Development operations in priority agricultural regions

Enter an appropriation of 25 m. u.a. in Article 850, item 8501.

Enter an appropriation of 50 m. u.a. in Article 850, item 8502.

(B) *Revenue*

Increase revenue by 75 m. u.a.

JUSTIFICATION

In its resolution of 21 March 1972, the Council stated that as from 1972 the EAGGF could intervene for the common financing of development operations in priority agricultural regions. It therefore made available for 1972 appropriations of 25 m. u.a. and appropriations of 50 m. u.a. for the following year from the annual allocation of 285 m. u.a. or 325 m. u.a. pursuant to Article 6 of Regulation 729/70. These funds could not, however, be used as the Council has not yet reached a decision on the Commission's proposal of 26 May 1971 on the common financing of development operations in priority agricultural regions.

There is no need to stress here the urgent need for Community action on regional policy. The European Parliament is assuming that the Council will now adopt the Commission's proposal in the near future. To ensure that the earmarked appropriations can be used directly for these operations, without having to present a supplementary budget, with the political consequences that would entail, pursuant to Article 114 (3) of the Financial Regulation, the appropriations concerned should be entered under items 8501 and 8502 of the 1974 budget.

The following 'Remarks' should therefore be inserted on items 8501 and 8502:

On the basis of the Council resolution of 21 March 1972, the amounts of 25 m. u.a. or 50 m. u.a. provided for financing regional development measures in 1972 and 1973 have been entered in the budget for 1974.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION

Expenditure

Title 8 - Chapter 85 - Article 850.

Increase appropriations by 75 m. u.a.

Title 2 - Chapter 29 - Article 290

Increase appropriations by 863,708 u.a.

Revenue

Title 1 - 'Own resources': Increase by 8,637,083 u.a.

Title 5 - 'Contributions'

Article 550: Increase by 66,160,512 u.a.

Article 560: Increase by 1,066,113 u.a.

The Committee on Budgets has delivered an unfavourable opinion on this proposed modification.

I call the rapporteur.

Mr Pounder, rapporteur. — I feel that where an unfavourable view has been given, as in this case, I am required to make some brief observations on the reasons.

The reason behind the Budget Committee's decision was that it was accepted that appropriations could not be listed for this item since the appropriate decision from the Council is still being awaited. The Budget Committee feels strongly the need for urgent action under this heading—intervention in priority agricultural areas—and was very critical of the Council's delay in reaching an appropriate decision. Frankly, the Budget Committee considers this nothing short of inexcusable. Nevertheless, because of the state of play at the moment, unfortunately, the committee feels that it cannot give a favourable view.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — On behalf of the Agricultural Committee rapporteur, I would say only that one understands the reason why the Committee on Budgets has given an unfavourable view. One hopes that in the very near future, because of the situation which has been accepted on all sides as being intolerable, the Council of Ministers will give a favourable decision and get on with it. If they do not, we shall have the ridiculous business of going through Chapter 98 and having to use the reserve fund.

President. — Does anyone else wish to speak?

I put Proposed Modification No 26 to the vote.

Proposed Modification No 26 is adopted.

On Title 9, Chapter 90, Articles 900 and 901, I have Proposed Modification No 10, tabled by Mr Dewulf, Mr Spénale, Sir Douglas Dodds-Parker, Mr Durieux, Mr Nolan and the Committee on Development and Cooperation, worded as follows:

Section III - COMMISSION

(A) Expenditure

Title 9 - Food aid and other expenditure

Chapter 90 'food aid expenditure'

Articles 900 and 901

Increase total appropriations for these articles by 5 m. u.a.

(B) Revenue

Increase revenue by 5 m. u.a.

JUSTIFICATION

In the spirit of the discussions in the Joint Committee of the Parliamentary Conference of the EEC/AASM Association at its meeting in Bruges last June, the undersigned consider that the Community must pursue its efforts to provide aid to the six associated Sahel countries whose economies suffered seriously from the drought.

The financial effort made by the Community in the form of emergency aid through the supply of cereals and milk powder (appropriations under Title 9 'food aid') has been completed by financing the cost of transport and rapid distribution of these products in the interior of the beneficiary countries, of the supply of cattle-feed and of a campaign to improve health protection for herds by money obtained from the appropriations of the European Development Fund to a substantial amount in the order of 19 m. u.a.

EDF appropriations are normally intended to finance infrastructural projects (roads, agro-industrial installations, etc.) in the countries concerned and any funds used to finance transport costs in connection with emergency aid correspondingly reduce the appropriations available to finance normal economic development projects.

The Joint Committee therefore asked for an additional appropriation to be entered in the general budget of the Communities to make good the funds lost from the EDF for exceptional aid to the Sahel countries. Under these conditions and in view of the state of EDF commitments, to avoid any interruption of the provision of aid to the Sahel, additional credits must now be provided through the general budget of the Communities for 1974.

Bearing in mind also the cost to the EEC and international community of emergency aid to disaster victims (60 m. u.a. for the EEC alone and an identical sum for other countries), it would be more appropriate and less costly in future to arrange for the financing of structural measures in order to make available to the populations concerned various means of countering the effects of new disasters or reducing their extent.

Rather than having to intervene after the event by emergency assistance which is very costly in budgetary terms, the undersigned therefore proposed that additional appropriations should be entered in the 1974 budget to continue the action undertaken by the Community and finance a medium-term plan which would enable drought to be prevented or its effects alleviated.

Two kinds of operations would have to be financed:

(a) Under Article 400 of the budget (Community aid to disaster victims)¹, exceptional short-term operations to strengthen the economy of the six countries concerned;

— village water supplies;

— small rural engineering works;

— development of certain food crops; stockpiling of food, measures to improve cattle health etc.;

(b) Under Title 9 of the draft budget (food aid) and extension of appropriations for exceptional transport operations (by military aircraft; cost of crew and fuel and to cover costs of administering cereal stocks for operations in the most remote Sahel areas: 5 m. u.a.

In regard to point (b) above, it is proposed to increase by 5 m. u.a. the amount of food aid expenditure under Articles 900 and 901, which at present stands at 25 m. u.a. and 88 m. u.a. Within Article 901, the amount allocated must be distributed between headings 9011 'plan for implementation 1972/1973' and 9012 'plan for implementation 1973/1974'.

FINANCIAL IMPLICATIONS

Under the provisions at present in force, this proposed modification would have the following implications for the budget:

Section III - COMMISSION

Expenditure

Title 9 - Chapter 90 - Article 900:

¹ The financing of these operations under Article 400 of the budget is the subject of proposed modification No 9 which provides for an additional appropriation of 20 m. u.a.

President

Implementation of the 1967 Food Aid Convention, and

Article 901:

Implementation of the 1971 Food Aid Convention.

Increase this appropriation by 5 m. u.a.

Title 2 - Chapter 29 - Article 290:

Lump sum repayment of costs incurred in collection of own resources.

Increase this appropriation by 57,581 u.a.

Revenue**Title 1 - 'Own resources'**

Increase these resources by 575,806 u.a.

Title 5 - 'Contributions'

Article 550: Increase these contributions by 4,410,700 u.a.

Article 560: Increase these contributions by 71,075 u.a.

On Title 9, Chapter 90, Article 904, I have Proposed Modification No 32, tabled by Mr Dewulf, Mr Spénale, Sir Douglas Dodds-Parker, Mr Durieux, Mr Nolan and the Committee on Development and Cooperation, and the Committee on Development and Cooperation and the Committee on Budgets, which is worded as follows:

Section III — COMMISSION**(A) Expenditure**

Title 9 — Food aid and other expenditure

Chapter 90 — 'Food aid expenditure'

Article 904 — Other food expenditure

Increase total appropriations for this Article, item 9041, by 5 m. u.a.

(B) Revenue

Increase revenue by 5 m. u.a.

JUSTIFICATION

In the spirit of the discussions in the Joint Committee of the Parliamentary Conference of the EEC/AASM Association at its meeting in Bruges last June, the undersigned consider that the Community must pursue its efforts to provide aid to the six associated Sahel countries whose economies suffered seriously from the drought.

The financial effort made by the Community in the form of emergency aid through the supply of cereals and milk powder (appropriations under title 9 'food aid') has been completed by financing the cost of transport and rapid distribution of these products in the interior of the beneficiary countries, of the supply of cattle-feed and of a campaign to improve health protection for herds by money obtained from the appropriations of the European Development Fund to a substantial amount in the order of 19 m. u.a.

EDF appropriations are normally intended to finance infrastructural projects (roads, agro-

industrial installations etc.) in the countries concerned and any funds used to finance transport costs in connection with emergency aid correspondingly reduce the appropriations available to finance normal economic development projects.

The Joint Committee therefore asked for an additional appropriation to be entered in the general budget of the Communities to make good the funds lost from the EDF for exceptional aid to the Sahel countries. Under these conditions and in view of the state of EDF commitments, to avoid any interruption of the provision of aid to the Sahel, additional credits must now be provided through the general budget of the Communities for 1974.

Bearing in mind also the cost to the EEC and international community of emergency aid to disaster victims (60 m. u.a. for the EEC alone and an identical sum for other countries), it would be more appropriate and less costly in future to arrange for the financing of structural measures in order to make available to the populations concerned various means of countering the effects of new disasters or reducing their extent.

Rather than having to intervene after the event by emergency assistance which is very costly in budgetary terms, the undersigned therefore proposed that additional appropriations should be entered in the 1974 budget to continue the action undertaken by the Community and finance a medium-term plan which would enable drought to be prevented or its effects alleviated.

Two kinds of operations would have to be financed:

- (a) Under Article 400 of the budget (Community aid to disaster victims), exceptional short-term operations to strengthen the economy of the six countries concerned;
 - village water supplies;
 - small rural engineering works;
 - development of certain food crops; stockpiling of food, measures to improve cattle health etc.;
- (b) Under Title 9 of the draft budget (food aid), and extension of appropriation for exceptional transport operations (by military aircraft; cost of crew and fuel) and to cover costs of administering cereal stocks for operations in the most remote Sahel areas: 5 m. u.a.

FINANCIAL IMPLICATIONS

Under the provisions at present in force, this proposed modification would have the following implications for the budget:

Section III - COMMISSION**Expenditure****Title 9 - Chapter 90 - Article 904:**

Other food expenditure.

Increase this appropriation by 5 m. u.a.

Title 2 - Chapter 29 - Article 290:

Lump sum repayment of costs incurred in collection of own resources.

Increase this appropriation by 57,581 u.a.

President*Revenue*

Title 1 - 'Own resources'

Title 5 - 'Contributions' Increase these resources by 575,806 u.a.

Article 550: Increase these contributions by 4,410,700 u.a.

Article 560: Increase these contributions by 71,075 u.a.

These two proposed modifications are connected.

However, the authors of Proposed Modification No 10 have informed me that they wish to withdraw it.

I therefore put Proposed Modification No 32 to the vote.

Proposed Modification No 32 is adopted.

On Title 9, Chapter 98, Article 980, I have two proposed modifications:

— Proposed Modification No 27

tabled by Mr Pounder, on behalf of the Committee on Budgets.

Section III - COMMISSION

(A) *Expenditure*

Title 9 - Chapter 98
Non-allocated provisional appropriations

Article 980
Non-allocated provisional appropriations
Increase the appropriations by 20,000,000 u.a.

(B) *Revenue*

Increase the revenue by 20,000,000 u.a.

JUSTIFICATION

In the preliminary draft budget for 1973 the Commission of the European Communities submitted a proposal for an appropriation of 20,000,000 u.a. under Article 391. The Council did not grant it. Parliament reintroduced it without success.

The basic regulation received Parliament's approval on 6 April 1973 and the Committee on Economic and Social Affairs gave a favourable opinion.

The Commission states in the explanatory statement to the preliminary draft budget that it wished to promote *technological development* in most of the *industrial sectors*. For this purpose it should have at its disposal two means of action:

— the first being that offered by *Community contracts* for *industrial development* (Article 391): the aim of this is to finance industrial progress up to industrial-scale development of new processes and products.

The Commission added that the sum asked for had been calculated in the light of the fact that the average cost of a project for which a contract might be awarded would range between 1 m. u.a. and 1.5 m. u.a. and that the Community contribution should amount to 50%. The financing

of some 30 projects might be a useful start to this venture.

The Committee on Budgets had already stated that 'the allocation of 20,000,000 u.a. should be used for measures in favour of enterprises which do not normally have a budget sufficient to cover research (and are thus even further handicapped vis-à-vis large concentrations). The Committee felt that these appropriations should also be available to consortia set up to undertake research which they would not otherwise be able to afford.

It points out that this year the Council has provided for this item without entering any credits against it, though marking it as a token entry.

The Council thus confirms the urgent need for this modification. It therefore seems to the Committee on Budgets that this act of the Commission should come into effect in 1974 and that the appropriations should be provisionally entered under Article 980 'Non-allocated provisional appropriations'.

FINANCIAL IMPLICATIONS

Under the provisions currently in force the proposed modification will affect the budget as follows:

Section III - COMMISSION

Expenditure

Title 9 - Chapter 98 - Article 980
Increase appropriations by 20,000,000 u.a.

Title 2 - Chapter 29 - Article 290
Increase appropriations by 230,322 u.a.

Revenue

Title 1 'Own resources': Increase by 2,303,222 u.a.

Title 5 'Contributions'
Article 550: increase by 17,642,803 u.a.
Article 560: increase by 284,297 u.a.

— Proposed Modification No 47

tabled by the Committee on Budgets.

Section III - COMMISSION

(A) *Expenditure*

Title 9 - Chapter 98
Article 980 Non-allocated provisional appropriations
Enter an appropriation of 100,000 u.a.

(B) *Revenue*

Increase revenue accordingly.

JUSTIFICATION

In the social action programme which it will forward to the Council, the Commission announced that it would, before 1 December, submit to the Council a proposal for the creation of a foundation of the European Communities for the improvement of living and working conditions.

President

The task of this foundation would be:

- to promote the study of long-term factors which, by their mutual interaction, contribute towards changes in society and the evolution of living and working conditions in the Community,
- to set up an information and documentation system for collecting, processing, storing and disseminating information at Community level,
- to carry out certain short-term surveys,
- and finally to promote and organize pilot schemes.

The creation of such a foundation would be welcomed by the social partners and several governments.

The resources of this foundation would consist of own resources and of a balancing subsidy entered in the budget of the European Communities. This subsidy could be set at:

- 4.5 million u.a. for 1975,
- 10 million u.a. for 1976.

Since the foundation would come into operation in 1974, an amount of 100,000 u.a. is required. Unfortunately, the general budget of the European Communities for the financial year 1974 contains no guidelines for this expenditure.

This appropriation of 100,000 u.a. would have to be entered under a new Article 423 'Subsidy for the operation of the Foundation for the Improvement of Living and Working Conditions'. Until an official decision is taken, it should be entered under Article 980.

FINANCIAL IMPLICATIONS

Under the current provisions, this proposed modification would have the following effects on the budget:

Section III - COMMISSION*Expenditure***Title 9 - Chapter 98 - Article 980**

Enter an appropriation of 100,000 u.a.

Title 2 - Chapter 29 - Article 290

Increase appropriations by 1,152 u.a.

Revenue

Title 1 'Own resources' + 11,516 u.a.

Title 5 'Financial contributions'

Article 550: + 88,214 u.a.

Article 560: + 1,422 u.a.

First, I call Proposed Modification No 27, which departs further from the draft budget.

I call the rapporteur.

Mr Pounder, rapporteur. — The Committee on Budgets decided to table an amendment for expenditure in respect of Community contracts for industrial innovation and development. It approved the justification, which is drafted,

and decided to point out to the Commission that these appropriations must also be used to finance research by a consortium of small undertakings. Therefore, it is proposed to enter 20 million units of account under Chapter 98.

The amendment refers to a sphere of Community policy which has again been lamentably held up by the Council's excessive delays. In the preliminary draft budget for 1973, the Commission submitted the proposal for an appropriation of 20 million units of account under Article 391. The Council did not grant it then. Parliament subsequently reintroduced it, but without success.

Thus, in introducing this amendment, which has received a favourable opinion from the Budget Committee, we are adhering to a position that Parliament has held for some time, and, even if on grounds of consistency alone, I hope that the amendment will be accepted.

President. — I put Proposed Modification No 27 to the vote.

Proposed Modification No 27 is adopted.

I put Proposed Modification No 47 to the vote...

Mr Aigner. — (D) Are these the 100,000 u.a?

President. — Yes, that is correct.

I therefore put Proposed Modification No. 47 to the vote.

Proposed Modification No 7 is adopted.

I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) Mr President, the Council sent the Committee on Budgets a certain number of proposed modifications which have been taken up by the rapporteur and on which our Parliament has just expressed its opinion.

The Council also asked that the commentary relating to amounts entered in the budget be complemented on certain points. A budgetary vote is not involved, then, but only the commentaries figuring on the right hand page of the budget.

We find there three points that I should briefly like to mention, since the Council requires that we should have taken note of them in order to be able to complete the documents transmitted to us.

The first points concerns Chapter 11, item 112, which is the chapter on staff. It concerns local staff. Without anything being changed in the

Spénale

figures of the budget, it is stated that this appropriation has to make possible the remuneration in 1974 of the average number—given for information—of 504 local members of staff whose places of duty are specified.

The second point—still on the subject of the Commission's budget—concerns, on page 220, the appropriations for auditing the previous accounting periods.

In this sector—an additional paragraph to the present commentary is concerned—it is recalled that an order of the Court of Justice had been issued regarding the aid given under the Guarantee Section of the EAGGF and that, to take account of that order, the Commission had had to review the calculations concerning refund expenditure and to make an extra repayment for refunds granted within the framework of national operations and food aid operations. I think that Parliament can also on that point give notice to the Council that it has taken note of this additional sum.

Finally in Title 8, on page 224 of section III, the Commission asks for the list of commitments and payments for the guidance section of the EAGGF to be added. This is a document which we also asked for within the budget. However, when the documents were printed, this list was not there; the Council sent it to us with a request to be permitted to include it in the final document, although it was sent to us during the course of the budgetary debate. So it arrived late, but nevertheless soon enough.

I would therefore ask the House to acknowledge these three points which are a further improvement of the budget where the comments are concerned.

President. — We have finished with the proposed modifications to Section III 'Commission'.

We shall now vote on Section III as a whole.

I put Section III with the modifications we have just adopted to the vote.

We shall now consider Section IV 'Court of Justice'.

On this section I have no proposed modifications.

Does anyone wish to speak?

I put Section IV 'Court of Justice' to the vote.

Section IV 'Court of Justice' is adopted.

We shall now take the deferred vote on 'Revenue'.

I put to the vote Volume I 'Revenue' as modified by adoption of the various proposed modifications.

Volume I 'Revenue' so modified is adopted.

We shall now take the vote on the draft budget as a whole.

Does anyone wish to speak?

I put to the vote the draft general budget of the Communities for 1974, as a whole, as modified by the adoption of the various proposed modifications.

The general budget of the Communities for 1974, so modified, is adopted.

With the modifications we have now adopted, the total amount on the revenue and expenditure sides is 5,321,155,707 u.a.

Pursuant to Rule 23A(9) of the Rules of Procedure, the draft general budget will be annexed to the minutes of proceedings of this sitting and forwarded without delay to the Council.

We shall now vote on the motion for a resolution contained in Mr Pounder's report.

On the preamble and paragraphs 1 to 5, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

The preamble and paragraphs 1 to 5 are adopted.

After paragraph 5 I have Amendment No 1, tabled by Miss Flesch and Mr Durieux on behalf of the Liberal and Allies Group and worded as follows:

Paragraph 5 (new)

After paragraph 5, insert a new paragraph worded as follows:

'5a. Urges the Commission and Council of the European Communities to ensure that neither the funds allotted to the Regional Fund nor, generally speaking, the financial implications of any decision or regulation are specified in the actual body of the decision; this will allow Parliament to exercise its future budgetary powers to the full without the risk of being accused of assuming a legislative role.'

The authors of this amendment have informed me that they wish to withdraw it.

On paragraphs 6 to 15, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 6 to 15 are adopted.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, at this late hour it would be inappropriate to embark on a lengthy speech. However, I feel obliged to take up two points, on which I am sure I also speak on behalf of my political group.

In the first place I should like to thank Mr Pounder sincerely for his outstanding work and his excellent preparation.

(*Applause.*)

As far as we ourselves are concerned, however, I feel bound, Mr President, to express a word of criticism. We have just voted on funds approaching six thousand million units of account. It is unworthy of a Parliament to rush through voting on such funds allowing only three minutes and five minutes for debate. If this Parliament aspires to full budgetary powers then it must also set aside sufficient time for budgetary debates to be treated as the vital issues they are.

I would therefore suggest that next year an entire part-session should be set aside for discussion on budgetary matters, to the exclusion of everything else. I would ask you to convey this request to the Bureau.

(*Applause.*)

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, on behalf of my group I should like to endorse the vote of thanks to the rapporteur. I feel that thanks are also due to all the members of the Committee on Budgets, who have carried out their arduous work so successfully and so well.

At the same time, I believe that this House has laid itself open to criticism. At a time when Parliament has been fighting with the Commission and Council of the European Communities over these past few weeks in order to secure wider responsibilities in budgetary matters and financial control, it ought to ask itself whether the emptiness of the Chamber this morning right up to noon, is likely to help its cause. Mr President, we in the political groups and in this Chamber as a whole must do everything to ensure that, as we move towards 1975, the representatives of the European Parliament should come forward in strength to fight for those things for which men have fought in previous decades and centuries, namely budgetary powers as the inalienable rights of the elected representatives of the people.

Mr Aigner rightly pointed out that this morning we voted on six thousand million units of

account and we know that the sum will grow in the future. As the sum grows, however, so does our responsibility, and I would hope that when that happens a greater number of seats in this House will be filled during the debates on the budget.

(*Applause.*)

President. — I put the motion for a resolution as a whole to the vote.

The resolution as a whole is adopted.¹

I thank Mr Pounder.

Westminster has really sent us a good rapporteur, about which we are pleased, but I should also like to emphasize the merits of the whole of the Committee on Budgets.

With your permission, Mr Ortoli, I should like to pay special tribute to Mr Cheysson and those who helped him. In fact, Mr Cheysson, while in no way diminishing the merits of the Commission, Mr Cheysson has not only played his own part but has tried to bring out and increase this Parliament's budgetary responsibilities, and we hope that that will bear fruit in 1975.

I call Mr Pounder.

Mr Pounder, rapporteur. — Mr President, may I thank you very much indeed for your over-kind remarks and may I also thank those colleagues who have also spoken.

May I say that I find myself in complete agreement with the arguments of both Mr Aigner and Mr Fellermaier. They slot one into the other. If we had had more time I feel that more Members would have been prepared to partake in the discussion and we would have presented ourselves in a better light than was the case in this half-empty House.

May I express my deep gratitude and heartfelt appreciation to everyone who has guided and helped me in the preparation of this report. Mr Spénale, with his expertise and experience, was the fatherly guiding hand in keeping me out of too much trouble in the Committee on Budgets, and I am grateful to him.

As a newcomer—and one has had a great deal to learn—I do not think I shall forget very much of what I have learned in the last two weeks. To my colleagues in the committee and in the plenary session who have supported this report I express my warmest thanks. To Mr Cheysson and his team I express my sincere thanks for their help and guidance at all times, of which

¹ OJ No C 108, 10. 12. 1973.

Pounder

I am deeply appreciative. Above all, certainly as a newcomer, I cannot express too much appreciation of the help that I have received from the secretariat of the Committee on Budgets, which has been absolutely superb, outstanding and uncomplaining, and, indeed, the ideal secretariat for any rapporteur to have had. To everybody who has helped, my warmest and most sincere thanks.

(Applause)

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) I do not wish to introduce a discordant note in this magnificent concert; I would even prefer to remain silent. But if I too am to have the pleasure of paying homage to Mr Cheysson and his services for the help and collaboration they have shown throughout our discussions, I should not wish that your final words, Mr President, when you underlined the fact that the Commission has revived in fine fashion the play of budgetary powers, should make him think that we are really very satisfied with the proposals it has put forward.

(Applause)

Having made this reservation, I very gladly associate myself with the compliments and thanks that have been expressed to him.

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) I too, in turn, should like on behalf of Mr Cheysson to thank Parliament for the kind words that have been said and to assure Mr Spénale that we have taken them in the exact measure intended.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Out of consideration for the interpreters I would ask that we abide by the usual two-hour lunch break. A resumption at 3 p.m. would allow too little time. If we are to consider an evening sitting then we should at least give our staff a sufficiently long lunch break.

President. — This afternoon's sitting will begin promptly at 3 p.m.

If there is any delay, this will result in great difficulties in connection with this evening's sitting.

Mr Fellermaier. — (D) Mr President, I have asked to speak.

President. — This House has already settled that point.

Mr Fellermaier. — (D) Mr President, I request, pursuant to the Rules of Procedure, that the sitting should begin at 3.30 p.m.

President. — I thus have a procedural motion by Mr Fellermaier that this afternoon's sitting be put back until 3.30 p.m.

I put Mr Fellermaier's motion to the vote.

The motion is adopted.

As a result we shall start promptly at 3.30 p.m.

The House will rise.

(The sitting was suspended at 1.35 p.m. and resumed at 3.30 p.m.)

IN THE CHAIR : MR BERKHOUWER

President

7. Decision setting up a Regional Policy Committee — financial regulation governing the European Regional Development Fund — decision setting up a European Development Fund

President. — The next item is a debate on the second report drawn by Mr Delmotte on behalf of the Committee on Regional Policy and Transport on the proposals from the Commission of the European Communities to the Council for :

- I. a decision setting up a regional policy committee;
- II. a financial regulation laying down special provisions applicable to the European Regional Development Fund;
- III. a regulation setting up a European Regional Development Fund.

I call Mr Bertrand for procedural motion.

Mr Bertrand. — (NL) Mr President, in view of the fact that we are now considering the second report by Mr Delmotte, that we have already held extensive debates on this subject in July and October, that it was decided in October to refer the 34 amendments to the Committee, which has in the meantime examined them, I would propose that in order to save time we do not start all over again with general considerations, but that we listen to the introductions of the rapporteur and of the draftsmen of the opinions of the different committees, and

Bertrand

then proceed directly to vote on the motion for a resolution and the amendments.

I am afraid that if we do not decide to act in this way we shall merely have a repetition of all that was said in July and October.

President. — I strongly support that motion. Consideration of the amendments will still provide the opportunity for any comments Members wish to make. Besides, we have already decided to limit speaking time.

I would point out that we cannot resume the procedural debate which we had last time in great detail, when it concerned the most important item on the agenda. I shall keep strictly to the Rules of Procedure.

As far as Mr Bertrand's motion is concerned, I shall give the floor to one speaker in favour and one against.

I call Mr Yeats.

Mr Yeats. — Further to that procedural motion. I accept completely the point made by Mr Bertrand, but I would suggest a variation—that there should be one speaker from each political group and that then the debate should be closed.

President. — I now have two motions:

- the first, by Mr Bertrand, to limit the number of speakers to the rapporteur and the draftsmen of opinions;
- the second, by Mr Yeats, to add a spokesman for each group. This would be hard on non-attached Members.

I shall call one speaker for and one speaker against each of these motions.

I call Mr Eisma.

Mr Eisma. — (NL) Mr President, if it is decided to give the floor—I assume for not longer than 10 minutes—to speakers on behalf of the political groups, they could speak in this time not only on the more general considerations, but also give an opinion on the amendments proposed. This is my proposal.

President. — I cannot accept this proposal. We have already decided that amendments will be called together with the paragraphs to which they refer. Any Member will be able to speak at that time.

Mr Eisma. — (NL) I shall deal with the amendments during the first ten minutes of the speaking time allotted to me.

President. — I call Mr Wohlfart.

Mr Wohlfart. — (D) Mr President, having regard to Mr Bertrand's statement, I should be most grateful if you would proceed in this way. This is now the third time that we are considering the Delmotte report here. I therefore urge that Mr Bertrand's motion be approved.

President. — I put Mr Bertrand's motion to the vote.

It is rejected.

I remind the House that Mr Yeats' motion is to include a spokesman for each group so as to avoid a whole series of speakers on a subject which has already been debated in July and October.

I put Mr Yeats' motion to the vote.

It is adopted.

I call Mr Delmotte.

Mr Delmotte, rapporteur. — (F) Mr President, during the October part-session, Parliament decided to hold a general debate on regional policy and gave back to the responsible parliamentary committee the impressive dossier with 33 amendments, which Parliament could not reasonably be expected to examine in the time available.

This debate was not without value—far from it. Many useful items of information were given to the parliamentary committee and to the rapporteur and I should like to thank the draftsmen for opinions and my colleagues who spoke during the debate on 18 October for their positive contributions on this matter. Since I felt that everything had been said—but Parliament has just taken a decision to the contrary—I allowed myself to express the hope that we would not start a new debate but go directly to the heart of the matter.

Since then the exchanges of views and the discussions, generally very lively but constructive, which took place during four meetings of the committee devoted almost entirely to amendments have allowed the problem to be approached in a more rational manner. I can assure our colleagues that we have been anxious—and I shall prove it in a few moments—to take account of what *a priori* could be considered major or fundamental objections in the form of amendments.

When examined, however, many of these amendments bore witness not only to the importance which our colleagues attached to the problem but also to the desire of their originators to perfect the new instruments of regional policy.

Delmotte

More restrictively I would also clearly state that we avoided getting involved in work caused by duplication of texts already presented or in that of dangerous anticipation or of a too strict perfectionism, which had sometimes inspired the wording of certain amendments.

I should like here, very quickly, to express my gratitude to the chairman, Mr James Hill, who in circumstances that could be called difficult, even delicate, managed to bring to a successful conclusion discussions in which he had to show understanding, I would even say diplomacy without departing from the authority attaching to his chairmanship.

I had the honour of stating to this body, as the rapporteur for the Committee on Regional Policy and Transport, the essential role that an efficient regional policy should have in the creation of the economic and monetary union.

As we are all aware, it will not be possible to bring about such a motion while the *per capita* income in certain regions is something like a fifth of that enjoyed in more-favoured regions. This imbalance will continue for as long as the various states, faced by the continual strengthening of the strong regions, allocate a not inconsiderable part of their resources to maintaining out-of-date forms of agriculture or industry, or with inadequate and unequal means, to setting in train isolated economic revivals.

It is undoubtedly this realization of the inadequacy of national efforts that prompted the Heads of State or Government in October 1972 to make the implementation of a Community regional policy one of the Community's priority objectives, to which end they called upon the Commission to study the regional problems, to draw up proposals in order to solve them, to coordinate the national regional policies and to establish before 31 December 1973 a Regional Development Fund.

As you know, the Commission has presented to the Council, which has in turn forwarded them to Parliament: first, a report on the regional problems existing in the enlarged Community and formal proposals for a draft Council decision establishing a Committee on Regional Policy; second, a proposal for a Council regulation establishing a European Regional Development Fund; three, a proposal for financial regulations containing special provisions applicable to this fund.

The European Parliament, both in plenary sitting and within its committees on economic and monetary affairs, on social affairs, on agriculture, and on regional policy and transport, has,

as we are to-day aware, subjected these drafts and proposals to a critical but constructive examination.

Our work has not been in vain for it has certainly had some influence on the elaboration of the new text which you have to consider today.

It is to be hoped that when you consider these matters you will follow the guiding lines which have always been followed both by committee members and by Parliament itself.

It is necessary among the other things to emphasize the importance of infrastructures and to remember that the fund ought to be able to help in the financing not only of industrial investments and infrastructures directly connected with the development of industrial and service activities but also the financing of infrastructures not directly connected with such developments. We have in mind here the cultural and social infrastructures, which are expensive and are not immediately productive but which cannot be left out of a true development programme if it is desired, in the problem areas, to accustom the working population to the idea of development, to attract qualified workers by the high standard of housing and cultural activity and to avoid an exodus of young people.

The funds provided in the national regional development budgets have never been adequate to allow the states to finance anything other than industrial investment and infrastructures directly connected with such investments. Consequently the scope of Community regional aid can easily be defined as covering areas with serious imbalances, generally characterized by the lack of infrastructures in the broadest sense, and for which the total aid required exceeds the national capacity.

Since the areas requiring aid are numerous and the financial means of the fund are limited, assistance must be concentrated as far as possible. Within the Community great imbalances affect plain and hill farming areas, old industrialized areas unable to reorient their production and peripheral areas bordering on third countries. So it will be very tempting to try and satisfy a large number of requests for assistance. But if aid is dispersed, the results it achieves will hardly be better than those attainable by national efforts. The Commission has therefore been wise to propose intervention thresholds, which prevents aid being given to investments of too narrow a kind. However, once those thresholds have been reached, the aid should be generous and be calculated in the light of

Delmotte

the overall expenditure provided for within the framework of a development programme.

I am quite convinced of the need to be wary of giving aid in isolated cases of limited importance. One should not become hypnotized by particular aspects of problems of imbalance such as hydrological problems, communication problems and large surpluses of labour. If the fund is to play a role that is not simply supplementary to national aid but a powerful revitalizing element, its resources must be devoted to programmes which propose, for a given region, a set of coordinated measures aimed at tackling the complex of handicaps. Only in this way can an overall development policy be achieved instead of a narrow industrial policy. If the overall problems are not tackled, European assistance will remain sectoral or marginal.

In order to arrive at an overall solution in depth, the programmes will have to be drawn up with the help of the regional circles and social partners concerned. Furthermore, in view of the complexity of economic development problems which I referred to earlier, the financial assistance given by the fund will have to be complemented by technical assistance.

In short, and to conclude, the Fund is to be set up not as the instrument of a European super regional policy superimposed on the national policies but as an element that coordinates and helps national action when the latter, although inadequate, is directed to the accomplishment of realistic programmes. All the nations of the Community are applicants to the fund in respect of one or other of their regions. But their needs are not identical and, moreover, they can be more or less covered by the means made available under national policies.

If all regions can, then, hope to benefit under the Fund, it will have necessarily to be according to certain number of priorities. These priorities should be established in accordance with:

- first, the seriousness of the imbalances;
- second, the inadequacy of the national means available;
- three, the overall character and consequently the guarantee that the programmes elaborated will be efficient.

These are the considerations that I have thought right to present to you, very briefly, before a start is made with a debate whose conclusions and their repercussions will determine the course of a policy which should all be eager to see produce successful results.

(Applause)

President. — I call Mr Mitterdorfer.

He will speak as draftsman of an opinion and as spokesman for the Christian-Democratic Group.

I remind him that his speaking time is limited to ten minutes.

Mr Mitterdorfer. — (D) Mr President, I accept your suggestion and shall endeavour to be concise. I should find this not too difficult, since I had an opportunity during the October part-session to outline the views of the Christian-Democratic Group and the Committee on Economic and Monetary Affairs.

I should therefore like to summarize briefly the opinion of the Christian-Democratic Group on the extremely important subject of regional policy. We have on many occasions in this House spent considerable time debating regional policy. We have sought to work out the philosophy of Community regional policy. We have submitted numerous suggestions to both the Commission and the Council in an effort to help the countries of the Community by translating this philosophy into energetic policies backed up by the necessary funds.

We are now considering a series of new proposals from the Commission. I think I can summarize our reaction by saying that these proposals do constitute a first step for a Community regional structural policy, although this step is neither as large nor as bold as earlier Commission proposals had led us to expect. I have in mind particularly the January 1969 proposals, which were discussed in this House in 1970.

However, whilst the time was then not ripe, we can only hope that now the moment has at last come and that the cautious step proposed by the Commission will really mark the beginning of the Community regional policy hoped for by our peoples.

There are many commendable points. The Commission has acted promptly. These proposals have been received within the time limits imposed by the Summit Conference. We have been allowed sufficient time to consider them. I hope that we shall today agree on a resolution. Once we have done so, the Council will have all that it needs to make its decision. I think it a matter for considerable satisfaction that we are able to hold this debate already today, although it is true that the appropriate committee and Parliament had to put in some very hard preparatory work in order to make this possible.

We also fully endorse Mr Delmotte's report where it stresses that we must avoid getting

Mitterdorfer

too embroiled in the purely economic aspects of the problem. Regional policy is certainly more than a matter of mere economics. The object is to provide the inhabitants of those regions of the Community unable to provide decent living conditions with the help required to remedy the situation.

What I find regrettable, and I should like to be quite frank about this, is that we should tie these policies so closely to national regional policy. However, we must plainly accept the fact that Community regional policy as such has not yet made a sufficient impact to allow us to proceed in any other way. I only hope that the fact that all aid is channelled through the Member States does not result in the individual regions failing to assume their true importance. In this connection the Christian-Democratic Group has prepared an amendment which will be considered in due course and on which I shall then have an opportunity to comment.

I have already mentioned that Parliament has for many years debated the Community's regional structural policy. Appropriate recommendations have been voted by this House. If I am to take issue with anything, then it is the fact that the new proposals do not take adequate account of these recommendations. This circumstance may perhaps be due to the fact that the enlargement of the Community has given birth to new ideas and that these earlier recommendations have not yet received due consideration. When I speak of these recommendations, I do so in particular in the context of the proposal for the creation of a Regional Policy Committee.

Ladies and Gentlemen, according to the 1969 proposals, this committee was to be a standing consultative committee on regional development, assisting the Commission and working under its chairmanship. The new proposals place the committee between the Commission and the Council, giving the chairmanship to the Member States, leaving the Commission with a subsidiary, although admittedly important, administrative role. Once again, therefore, we have a committee that is liable to become a clearinghouse for national interests.

I make these remarks in the belief that the arrangements suggested by this House are fundamentally more sound.

The thing that strikes one most is the fact that the regions affected will have no voice on the committee. In this connection I would refer you again to our proposed amendment.

Another point on which I should like to comment concerns the consultative role of European

employment organizations and trade unions. Mr Delmotte has already referred to this aspect. I agree with him when he says that such consultation is essential in our European community.

To conclude, I should like to add two more points. We attach great importance to the fact that these new proposals should be based on the Community average. It is also important—and Mr Delmotte has covered this—that we should regard the question of infrastructure in precisely that perspective which he has outlined. We support such an approach, for we must provide those of our regions which are insufficiently developed with aid that will enable them in future to deploy their own efforts in making up ground on the more prosperous regions.

President. — I call Lady Elles, rapporteur for the opinion of the Committee on Social Affairs and Employment.

Lady Elles, rapporteur for the opinion. — I think there is very little to add to what was said in the general debate when we last discussed regional policy and when we had the benefit of the words of wisdom of the Commissioner, Mr Thomson, on this item. I should, however, like to reiterate one or two points which were brought out as a result of the study which we made of regional policy in our Committee on Social Affairs and Employment.

First, I wish to emphasize once again—I know that the Commissioner took this point but I think it should be mentioned again—that the statistical criteria are being used to identify regions which will be eligible for aid under the regional development fund, but nevertheless these statistics are very unreliable, and I should like a reassurance from Mr Thomson that these statistics will be looked into and that they will not be the only basis on which these regions will be selected.

I should also like to welcome the way in which the regions have been given a very wide possibility for selection. The policy behind Mr Thomson's decision that only certain identifiable areas should be selected but that the Member States should have a measure of choice of the particular areas out of a very wide selection, and that those will get specific help should be encouraged.

We in the Committee on Social Affairs and Employment are very anxious that not only infrastructures which are particularly conducive to economic development should be considered. We are very much aware of the the necessity for having help in housing, education, hospitals and vocational training, because with-

Lady Elles

out help in these particular areas we shall not be able to benefit from the regional fund. The regional fund cannot be applied thinly throughout the Community. It must be given in adequate quantity in specific regions, and according to the help needed to build a new society in those areas.

It is not only the right but the duty of Europeans to see that all citizens in the Community have equal chances to enhance their living standards and conditions arising from the wealth of the whole Community, and people should have the right and the possibility of living and working in the areas in which they have been born and brought up.

It has been one of the aspects of life in the Community that we are getting great industrial complexes in the centre and, as a result, the outlying regions have been suffering.

In the Committee on Social Affairs and Employment we also reiterated the necessity to discuss these problems in a global manner—that is, taking into account economic, political, social, cultural and industrial policies in order to benefit the regions themselves and not to treat regional policy as an isolated intellectual exercise.

What I have said covers generally what has been discussed in our committee. We emphasized, in particular, the necessity of discussing with the regional authorities concerned what measures should be taken, how the money should be used and which particular functions should be allotted to specific authorities in developing this policy, because unless we consult the people whom this policy is to benefit, the policy itself will be of little if any value.

(Applause)

President. — I call Mr Nolan, rapporteur for the opinion of the Committee on Budgets.

Mr Nolan, rapporteur for the opinion. — On behalf of the Committee on Budgets, I should like to thank the rapporteur for accepting a number of amendments submitted in committee.

However, I should like the rapporteur to explain why, in amendment 6, the first part of amendment 10a was rejected. I quote that amendment 10a: 'The Budget Committee is of the opinion that under no circumstances must the benefit from the intervention of the regional fund be reduced in those areas which also benefit from other Community policies; and emphasises that it could not agree to a weakening of the policy of concentrating regional aid in those areas generally recognised as priority ones.'

I asked the Committee on Budgets to accept this amendment because, when he was in Dublin and gave a Press conference—we cannot blame interpreters or the press—the President of the Commission implied that countries which would benefit from the CAP or the social fund might not benefit from the regional fund. I should be glad if the rapporteur would explain why the committee rejected the amendment.

The Commission said in its report that a regional policy was fundamental to the building of Europe—with which everybody here and in the Community would agree. I wish Commissioner Thomson and the new Commission every success in the implementing of a regional policy. As he said, there are areas in the Community with unique problems which will have to be given priority. This is shown by the geographical location of areas which qualify and the size of the funds available. The Commission will have to decide on the priority areas.

(Applause)

President. — I call Mr Eisma on behalf of the Socialist Group.

Mr Eisma. — *(NL)* Mr President, the development of this Fund is actually a somewhat selfish business. If we want to help the underdeveloped areas in Europe, we will be helping from a global point of view some very prosperous regions. This becomes clear if we compare the areas concerned in Ireland, Italy and England with underdeveloped areas in Asia, Africa and South America.

Seen globally, then, the aid of which we speak could be distributed more justly, but the fund—and this is poor comfort under the circumstances—will be a valuable instrument enabling us to follow a more open external commercial policy towards the underdeveloped countries outside Europe.

The concept of a fund or of setting up a committee for regional policy has within Europe at least the advantage that it lends the hard economic face of the Community a somewhat more social aspect.

As regards the development of the fund and the allocation of its resources, the following can be said:

In the matter of the allocation of funds, Member States will have to disregard their national interests and display genuine solidarity towards those parts of Europe most in need of aid. People talk a lot in this vein in Parliament, but we really shall have to draw the consequences for our own countries. This is why the

Eisma

fund should be concentrated on two or three regions, for instance Ireland, southern Italy and certain parts of England. It is for these areas that the fund should primarily be set up.

Other countries, too, have less prosperous areas within their borders but in the three countries which I have just mentioned, the less developed areas constitute a relatively large part of the country, which is why they should receive priority.

As far as the Netherlands are concerned, and for that matter the five other countries of the Community, I think as regards this Community aid they shall have to be net contributors, at least for the next few years, and that they shall have to renounce their first claim. In return, those countries which make net contributions to this fund will receive net payments as far as other funds are concerned.

And this brings me to my question to the Commission. What is the correlation between the different funds gradually coming into being in the Community? We have the Social Fund, the European Agricultural Guidance and Guarantee Fund and the Regional Fund. The relation between the last two is fairly obvious. We have only to look at the maps distributed recently by the Commission indicating the weaker areas in connection with both the European Agricultural Guidance and Guarantee Fund and the Regional Fund. These areas seem more or less to overlap. In my opinion it is particularly important to establish the relation between the Social Fund and the Regional Fund. I wonder whether the Commission has already a clear notion of this relation.

With reference to Mr Delmotte's text, I feel bound to say that the fund should relate not only to economic and industrial development, but also to the social and cultural infrastructure, for this too will have to be financed by the fund. This corresponds entirely to what Mr Delmotte said in his excellent report.

The greatest efforts will have to be made at national level to develop backward areas. In allocating Community aid, account will have to be taken to a certain extent of these national efforts. The aid, as pointed out in the report, will be of a complementary nature.

The Commission will have to ensure that the financial contributions made by national governments will not be reduced as a result of this Community aid. In this connection it would be interesting to know—and I would ask the Commission to investigate this—just how the percentage which according to the national budgets of the individual countries is devoted to regional aid, is evolving. We could

then see whether as a result of payments from the fund, national regional aid measures are being decreased or not. This is merely a recommendation on my part, but I think it would be interesting to investigate the matter.

The fact that the fund must be coupled to existing national and regional development schemes is obvious. There is, however, a certain danger inherent in this. We expect that a country such as Ireland, for instance, will submit adequate plans. At least it has indicated that it intends to do so. The matter could conceivably be a little more difficult with other countries. A fair allocation of resources from the Regional Development Fund is determined to a large extent by the Member States concerned themselves. It is therefore the task of the Commission and of the Committee on Regional Policy and Transport to support national plans, for instance by subsidizing an independent research institute to help national governments draw up their own regional development plans. I feel that such an advisory body would be a very desirable thing.

At the beginning of this debate I indicated that in the ten minutes' speaking time allotted to me I would also speak on the most important amendments. These are in my opinion Amendments No 1 and No 2.

We are in favour of Amendment No 1 tabled by Mr Mitterdorfer and others. This amendment proposes a qualified majority instead of unanimity. We are in favour of this amendment because it corresponds to the provisions of the Treaty. Moreover, if this amendment were adopted, it would banish the risk of a Member State being in a position to delay certain programmes.

President. — I call Mr James Hill on a point of order.

Mr James Hill. — We are in the middle of a general debate and we should hear the opinion of the rapporteur on the various amendments before hearing the position of other Members.

President. — Mr Hill, the speaker took only one minute out of the ten to which he was entitled in order to define his position on an amendment. Besides, he is speaking not on behalf of a committee but for the Socialist Group.

I call Mr Eisma.

Mr Eisma. — (NL) Mr President, as I have already said, we are altogether satisfied with Mr Delmotte's report. He has obviously concern-

Eisma

ed himself intensively over the past months with regional policy and we should like to thank him for this. His work will have important consequences throughout the Community, based as it is on the concept of solidarity which is so important to the Community. Let us hope that the implementation of this report will be based also in practice on the concept of solidarity so well expressed by Mr Delmotte.

President. — I call Mr Jonhston on behalf of the Liberal and Allies Group.

Mr Johnston. — Mr President, I know there are certain things in politics as in everything else which bear endless repetition, but I do not see any particular advantages this afternoon in repeating in different words the points which I have already enumerated on behalf of the Liberal and Allies Group in the general debate which took place on 18 October. Therefore, I propose to follow the example set by other speakers and I do not think I will take my full ten minutes.

We very much welcome the Delmotte report and applaud the attitude which permeates it. I take this opportunity again of congratulating Mr Delmotte on the great deal of work he has put into the report and the successful conclusion at which he has eventually arrived.

With, I think, perhaps only one exception, we entirely support the amendments that the Committee on Regional Policy and Transport recommended be made to the proposal from the Commission.

It may be remembered that at the time of the debate on 18 October the Liberal and Allies Group had one amendment down for discussion, namely, that to Article 4 (1) (b), the intention of which was to widen the circumstances in which the fund might make contributions. Since then the amendment has been accepted by the rapporteur and by the Committee on Regional Policy and Transport and we are very pleased about this since we consider it important.

In our opinion the amendment reflects the kind of approach to regional development which has been common to all groups in Parliament and consistently maintained by them over many years.

The one point I would emphasize is that we in the Liberal and Allies Group certainly—and there is plenty of past evidence I can quote from previous committees and groups of this House—believes that regional development, as Mr Mit-

terdorfer himself rightly said on behalf of the Christian-Democratic Group not very long ago, as did Lady Elles on behalf of the Committee on Social Affairs and Employment—is more than a simple economic matter. It is about living in an area under circumstances which make living in an area a desirable thing to do. It is not alone the existence of work which determines this. There is the factor of the family, the circumstances which make it a good place to live, the general human conditions which exist. I do not think we can in any meaningful and proper way separate off this part of the wholeness of living from pure economic considerations.

I mentioned there was one amendment about which we had some doubts, not because we question what it seeks to do but because we are increasingly doubtful about whether it is practical. I refer to the amendment in which Mr Delmotte proposes a new Article 3 and states that the fund may intervene only when the national intervention capacity is not sufficient to correct the regional imbalance.

I agree entirely that this is part of the Delmotte approach throughout, namely, that it is vital such funds will be made available. Many speakers, not excluding the chairman of the Committee on Regional Policy and Transport, it will be remembered, on the last occasion were talking about the fact that inevitably the fund is smaller than we would wish and consequently it is of all the more importance that it be applied in the most advantageous and rewarding way.

Consequently, this amendment is part of the thinking on the subject. But increasingly, as one thinks about it, one finds it difficult to conceive of an easy definition of 'national intervention capacity'. One could draw an arbitrary line, but I wonder whether this is a question which can be worked out practically and legalistically.

This general debate may seem an anti-climax, because most of us have already expressed the hopes and doubts that we have as clearly as we can. But this should not obscure the fact that we are today seeing the end of a long process in which this Parliament has played an important, noble and constructive part in bringing about at last a regional policy by creating the hard tools to pursue that policy with. I would hate it to be thought in the media, for example, that Parliament's last contribution to this long-drawn-out important debate was a whimper. Perhaps today we are hearing a sigh of relief, and great pleasure, that at last a regional policy has been firmly launched in the Community.

(Applause)

President. — I call Mr James Hill on behalf of the European Conservative Group.

Mr James Hill. — Like you, Mr President, I was surprised to find that we were to have a general debate, so I was not prepared for it. However, like all politicians, I find a ten-minute speech no obstacle.

We are talking about regional policy. I ask you, Sir, what is regional policy? It is about people—people changing their natural way of life, people who are destitute, people forced to migrate, people who are trained for only one profession, of necessity now having to be retrained and whole families who have to be rescued from calamities due mainly to the evolution of our industrial life.

Solidarity, a theme which runs throughout Mr Delmotte's document, has hardly been a word of honour this week. Solidarity means the determination today, I hope, to create a new life and future for our fellow European citizens, to create a European future in which our children and grandchildren will thrive; this is a time, perhaps the only time, for those who are rich to help their fellow citizens who are poor. What finer destiny for this Parliament or any group of nations than to cure their own sores?

Let Europe unite today in the battle against privation. Let the cry, 'This is an economic battle', go out from this Chamber today.

Parliamentarians get very few opportunities to prove to the citizens that they are conscious of social evils. The debate today is one such opportunity. As chairman of this committee, I have been impressed by the fact that the committee at all times has thought of the pattern of social factors over and above the economic factors of life. It is, indeed, a pleasureable task to offer my warm thanks to Mr Delmotte for his outstanding work—these are no empty words—on his latest report. He has got a long way to go still. He has two more reports on the two maps and he has his final report when he will bring all the facts and figures together so that all the thoughts of the members who have spoken today will be produced in a final document, we hope early in the New Year.

I have but three main points to make, but first I should like to thank Mr Thomson for replying last month to a point which I made in my speech here in July. I was then concerned that the Commission should coordinate all its various activities in the regional field, as otherwise it seemed that the left hand would not know what the right hand was doing. In reply, Mr Thomson said:

'... it will be a major responsibility for the Commission to ensure the adequate internal coordination of all its activities, not only the social fund and the regional fund, but the guidance side of EAGGF and the operations of the European Coal and Steel Community Funds, and to make a clear assessment in each case of the new Community policy in its regional impacts.'

I am grateful to Mr Thomson for making this clear. We would not like the fact that the regional development fund is perhaps in being to restrict any of these other funds from taking their natural course and doing their natural work.

One of the most important points made in our debate in October—here again it was mainly our Irish friends who put it so powerfully to us—was the danger of spreading the jam from the fund too thinly over the bread. Despite Mr Thomson's explanation of the Commission's policy in his opening statement last month, with the appearance of the list of regions and maps just before the debate, many Members feared that too small a fund was being scattered too widely over too many regions. Europeanism is perhaps the 'watering can effect.'

I acknowledge the difficulty of the political choice which the Commission had to make. Their decision to 'take account of some of the more severe regional imbalances found within the borders of every Member State of the Community' may help to win support in Member States for the regional policy. But there is no denying the anxiety felt by Members from Ireland and Italy in particular that, within the amounts proposed for the regional development fund in the next three years, the Commission may of necessity have to spread Community aid too widely.

I realize, of course, that the map and the list of regions could easily mislead the casual reader, because priority agricultural regions which qualify for aid under the EAGGF are included with regions which benefit from the regional development fund. But my committee feels very strongly that, as the motion for a resolution says, aid should be channelled 'by priority into comprehensive measures in regions where the needs are most pressing and which show serious imbalances which cannot be remedied by the national intervention capacity'. We will be debating this later in one of the amendments.

How can we ensure that aid is concentrated in specific regions, and goes to priority areas within those regions? Putting it another way, how can Community aid help to stop migration from, say, the West of Ireland? How can the Community try to give jobs to people in villages in Sicily

James Hill

who, as some members of my committee saw recently for themselves, are losing hope of ever having a secure job for themselves or ever having a future at all?

These are some of the points which can be raised in the amendments. I am grateful for my committee's work. I certainly feel that we made a great stride forward. Today is a day of decision. This is the most important of all the documents. With this we set up the new Regional Policy Committee. This is how we advise on the new regional development fund and on implementing the recommendation to set up the fund. The debate today, I would say, is the most important debate that we shall ever hold on regional policy. I wish Mr Delmotte well on his report. I know that many here will support him and, as chairman of the committee and speaking as I am at the moment as the spokesman for the European Conservative Group, I wish him well. I am sure that this is a great step into the future by the EEC.

President. — I call Mr Lenihan on behalf of the Group of European Progressive Democrats.

Mr Lenihan. — Since our last plenary part-session we have had two very fruitful meetings of the Committee on Regional Policy and Transport. I wish to thank Mr James Hill, as chairman, and Mr Delmotte, as rapporteur, for the manner in which a number of amendments which were of concern to our group were accepted in the committee.

I should also like to express my appreciation of the manner in which the Commission's officials present at all stages met a point of view which we felt strongly and which is expressed in paragraph 10 of the motion for a resolution. Taking Mr Thomson's words, as he spelt them out in his intervention in the last plenary part-session, they are that the unique character of regional problems in certain countries which have not the capacity to draw internally the transfer of resources should be recognized. This principle is incorporated in paragraph 10.

The difficulty in future will lie in the area of administration. I take it that the Commission will operate in a flexible manner. I accept that the guidelines which have been laid down are guidelines in the true meaning of the word and will be interpreted in a flexible manner.

In this respect I should like to make a suggestion of a way in which the *bona fides* of the administration of the regional fund can be tested, judged, and, I hope, proved right. It concerns the infrastructure loan applications approved by the European Investment Bank. Here

we have high quality infrastructure applications and, having been vetted and assessed by the European Investment Bank, they will qualify under these regulations for a 3 per cent interest grant.

I suggest that such infrastructure applications should be taken out of the restrictive net of any population or other similar criterion or percentage criterion. In other words, if, for any region in the Community, such an application has gone through the loan agency of the European Investment Bank, and has been vetted through that agency, then, if granted, it should qualify for a grant outside the umbrella of the ordinary percentage arrangements, however flexible they may be. I offer that as a suggestion.

I felt that the intervention by Commissioner Thomson at the last plenary part-session was very helpful, in particular his recognition of the unique character of the situation in certain regions in the Community. The Commission will be judged on how it interprets that situation and how it recognizes that unique character.

I agree that from the Commission itself and right through the Delmotte report we see this broadly based, fair and open approach towards the whole question of a regional policy, otherwise we should not be here debating it. I appreciate that both institutions of the Community—the Commission and the Parliament—are totally committed towards a genuine redressing of the imbalances that exist within the Community, and I was very heartened the other day to hear the Chancellor of the German Federal Republic emphasize that it was essential, if economic and monetary union were to prove successful, that structural differences between Member States and especially between individual regions of Member States should be evened out.

That, surely, is the objective. Parliament has expressed its wish through the Delmotte report. We have undertaken a very patient and long consideration in committee which has resulted in this report. The Commission is agreed with us. What we want now is action from the national governments comprising the Council of Ministers. That is where the test will come.

The reality of the matter will be in the administration of the fund, starting from 1 January: first that it will be administered in a flexible manner; secondly, that it will give due recognition to the unique character of special regions which require attention and investment; and thirdly, that genuine expression will be given to the policy by recognizing that out of the third of the population and half of the geographical area set out in the map attached to the report,

Lenihan

there are these particular regions with particular problems. A two-tiered attitude should be adopted with regard to those regions—by which I mean that extra grants, extra attention and extra help, over and above the ordinary level of help and aid given throughout the underdeveloped regions, should be given to these particular regions. Over and above the aid spread throughout the region, as delineated in the map, there should be a further shading for those regions which require this particular attention and aid.

Within our group we believe that, provided that a clear mandate along the lines which I have mentioned is given to the Commission by the Council of Ministers, then the Commission, acting on behalf of this Parliament, will interpret the spirit and the reality of the Delmotte report. The Commission will do it provided that a clear mandate is given by the Council. The ball is now clearly in the court of national governments represented in the Council of Ministers to give the mandate which this Parliament, through this report, requires to be implemented.

(Applause)

President. — I call Mr Marras on behalf of the Communist and Allies Group.

Mr Marras. — *(I)* Mr President, in the previous debate, many speakers from my group have already had the opportunity to express their profound disillusionment with the realization in practice of the new regional policy suggested by the Paris Summit and their scepticism as to the measures and instruments that have been proposed.

I shall refrain from repeating previous arguments and ideas but shall dwell exclusively on a subject which, though of a general character, seems to those of my political opinion to be of considerable importance.

Amongst the many interesting points made by the rapporteur, Mr Delmotte, was his statement at the end of his report that regional policy is not a sectional or marginal policy but an overall one. This is certainly a very grand affirmation but I must point out that it is in no way reflected in the proposals and measures explained by the Committee and rapporteur to our Assembly.

What is meant by an overall policy?

For us communists regional policy is global in that, as far as planning is concerned, one cannot envisage a regional policy which does not also consider the process of economic development, in

the regions which do not suffer from underdevelopment. Since the Community society in which we live today is dominated by major economic and financial powers it inevitably contains such pockets of underdevelopment and poverty. These conditions, in Italy, for example, enable enormous profits to be made in the areas of great industrial concentration.

If the honourable Members talk of regional policy with the Mezzogiorno of my country particularly in mind, I can certainly tell them that interventions on a large financial scale over twenty years have not been able to reduce the difference between the Mezzogiorno and the North; indeed, rather than diminishing these differences have increased as a result of the type of monopolistic development which has dominated the society of our country in these years.

It is not by coincidence that, today, the Italian working class and its trades unions, however strange it may seem to the representatives of other countries, are struggling to solve these problems. The workers of Alfa Romeo, for example, which has its largest factory in Milan, opposed the development of the firm involving the recruitment of a further 7,000 employees who would in fact be immigrant workers from the Mezzogiorno. The principal demand in their platform against the firm is that the investments be changed and the billions of lire which, if used in northern Italy will further congest the area around Milan, be used to set up industry in the Mezzogiorno.

I think that, at the European level, the problem must be presented in different terms. This is why we have tried, though briefly, to put our position into practice with certain amendments. We think, in short, that a policy for developing the backward regions requires a new type of investment with a new policy in the areas of great concentration; otherwise the policy which we embark upon today at the Community level will bear the same fruits, gathered by the managing class and the Italian government, as our policy in the South over twenty years.

For this reason, we demand that a policy for the backward regions should concentrate on providing full employment for the under-employed categories of workers so as to slow down immigration. We think that the report's omission of all reference to this last point should be stressed. In other words, we think that one cannot overlook the link between regional policy and the social policy which the Community also intends to devote itself to during the next week. These are the general remarks which we wished to make. If we did not wish to acknowledge the

Marras

fact that something has at last been done in the field of regional policy and a first, even if inadequate, appropriation made, and give this policy an easy passage, we would abstain from the vote. Our vote must not therefore be taken to mean that our criticisms are not extremely severe and important.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — Like everyone who has spoken in this debate and everyone who has followed the progress of the regional debate this year, I should like to pay a tribute to the painstaking work of the various committees concerned with aspects of this policy. I should also like to join in paying a particular tribute to the work of the rapporteur, Mr Delmotte, and his chairman, Mr James Hill, who have worked under great pressure of time to get a huge volume of proposals and amendments through the complicated machinery of this Parliament.

I note that the motion in the name of the committee speaks of the finance proposed for the first three years of the regional fund as a 'minimum appropriation'. I agree with this view and I believe that Parliament has a vital part to play, and has indeed played a vital part, in creating the climate which will ensure that these sums will be agreed by the Council of Ministers. Indeed, I echo the words of Mr Johnston, who pointed out that the Parliament has been at the job of creating the kind of climate of opinion of which the Commission can now take advantage for a considerable number of years.

In the light of this debate, the Council of Ministers will meet for what may well be a crucial meeting on the Commission's regional policy proposals on 3 or 4 December. I hope that substantial progress will be made on that occasion. The size of the fund that the Commission is proposing is big enough to make a real impact during the first years of the operation of this new policy, but it is also, as I said on another occasion, modest enough to be politically realistic in terms of a breakthrough, which naturally takes some time to bring about in terms of public opinion in the Member States.

I was most interested in the remarks of Mr Eisma on behalf of the Socialist Group. Speaking also as one who comes from a Member State which is likely to be one of the net donors in a regional policy, he remarked that regional policy was a great deal more than a matter of words in a parliament—that it was a matter of deeds. The deed that we are talking about

here—it is a very difficult deed—is asking the taxpayers in the better-off areas of the Community and in the better-off Member States to dip into their pockets to provide development aid for those of their fellow citizens in the Community who are less well off.

Mr Lenihan, in a very interesting speech, referred to the magnificent and massive oration which we heard from the German Chancellor earlier this week, when he drew attention to what is in many ways the heart of the problem about getting a Community regional policy going.

I should like to respond to what Mr Eisma said by asking a question. What are Member States—particularly those likely to be net donors rather than net beneficiaries from a regional fund—entitled to expect in return for accepting this new act of Community policy? There are two answers, and they both come to the same thing: they are entitled to feel that they get value for money in two ways.

First, perhaps most important in the long run, they are entitled to feel that they get value for money in terms of seeing results that contribute significantly to the construction of the kind of European unity that we in this House are interested in. In that respect, it is important to be clear at once about the division of labour, if I may call it that, between the Community's regional resources and the Member States' national resources. The latter are meant to reduce imbalances within the national boundaries, but the Community element—here I echo what many speakers in this debate have said—should be directed to the reduction of inequalities on a Community scale, and must not be seen—this is the point that Mr Eisma was making—as a simple transfer from Community funds to national budgets.

The second respect in which I think that those who are asked to engage in this new act of policy are entitled to expect value for money is in the simple sense of good management of the resources put into the fund. The good management of the financial resources of the Community is, as I think the House recognizes, one of the new Commission's highest priorities and one of the ways in which the new Commission has tried to respond positively to the pressures which have, quite properly, come from this Parliament.

I think it is important that both this Parliament and the governments of the Member States of the Community should feel that they know exactly where they stand in respect of expenditure.

Thomson

I can only say about the regional fund that we shall start it off in this mood of cost-consciousness, determined to ensure that the financial management is sufficient. In addition to that I could perhaps point out that the regional development fund will have a fixed annual budget so there is no question, once we get it going, of the regional policy directorate of the Commission coming back to Parliament for supplementary budgets related to automatic mechanisms.

Equally we have taken great care to lay down very careful criteria so that if, as one expects will happen, claims on the fund are in excess of the resources, we have criteria by which to determine the priorities. That again is a matter that caused some of the financial difficulties of Parliament and the governments of Member States in respect of the financing of the Community.

I wish next to devote a word or two to the main criticisms made in the debate and certainly two of the main points that have been raised. The first relates to the Commission's attitude to the role of infrastructure in regional development policy. This was raised in a most considered manner by Mr Delmotte both in his speech and in the report and has been echoed by many of the Members who have spoken in this short debate. With respect, I think that paragraph 4 of Mr Delmotte's report which contains the remark that the Commission's concept of regional policy is essentially economic, is not a fully justified one.

Mr Johnston, who has made this point on a number of occasions, said there was a great deal more to regional development than economics. Like many others, he emphasized the human factor. Of course, it is beyond argument that man does not live by bread alone, but without bread he does not live at all. I believe the emphasis put in our approach to this—to using the resources of the Community in the first instance, and to provide employment—is correct.

I submit to the House that one should not see the regional development fund of the Commission as the isolated instrument of regional development on behalf of the Community, any more, if I may say so to Mr Marras, than one should look at the efforts that have been made in the Mezzogiorno in recent decades as being solely the responsibility of the Cassa del Mezzogiorno. As far as regional development goes, the other aspects of the Commission—the social policy and the agricultural and industrial aspects of all these and the educational directorate-general whose Commissioner is sitting in front of me—all of these have important responsibility

which, taken together, mean a comprehensive human approach to the problems of regional policy. But as far as we are concerned, we shall have a fund which will be more limited than the demands on it.

There is no question in the Commission's mind that infrastructure, is one of the most important ways in which that fund may be administered. If I may respond to Mr Lenihan, who emphasized the unique importance of Ireland's problems, Ireland is an example, although by no means the only example, in the Community areas; the Mezzogiorno has similar cases where one cannot begin to bring about developments without the infrastructure. In offering cautionary words about the definition of infrastructure, I do not want there to be any doubts about the importance that we attach to infrastructure. Indeed, if one looks at the definition proposed in our regulations one will see that it lays a great deal of emphasis on the requirement to contribute towards development, including industrial and service activities. It is a pretty adequate definition to deal with this problem.

The other main issue which has been raised is that of how far or how little the resources of the development fund should be concentrated. Mr Delmotte talked about the dangers of the dispersal of aid, and he was echoed by Mr James Hill and by Mr Lenihan. Perhaps I should say a word of two about that. The Commission, in drawing up its regional policy proposals, had to make a judgment in respect of how far the concentration of aid should go. This is essentially a matter of judgment and it is a difficult matter. I remind Parliament of the areas of the different Member States which have been included, and the resulting populations in those areas provide a weighting in favour of the distribution of the fund's resources in accordance with the relative need.

There has been an insufficient appreciation of the complexity of this weighting factor of population. It is sometimes said that we have operated this on the basis that a peasant in Sicily is counted the same as somebody working on the land in a border region of Germany. This is not so. If one takes the German Federal Republic at one end of the scale—the bottom end—and relates its claim to the citizens of each Member State, one will see that the Irish, for example, will be receiving from the fund nine times more, the Italians four and a half times more, and the United Kingdom 3.2 times more, and so on for other Member States. If we take the Member States of the Community as a whole we shall find that two-thirds of the fund is distributed

Thomson

to one-third of the Member States and one-third is proposed to be distributed to the remaining two-thirds of the Member States.

In addition to the weighted distribution of the fund, the Commission has reserved to itself the additional flexibility in allocating the fund's resources by proposing that it should have the discretion to vary the rate of grants to take account of the different priorities. The fact that the Commission's levels of aid will be tied to national aid levels and that these national aid levels are the highest in the areas of the Community which have the most serious regional inequalities means that in the majority of cases only the worst hit areas will be entitled to claim the maximum amount from the fund. This is operating according to the letter of the regulations as they sit on the table of the Council of Ministers at the moment. No fresh proposals are required for the Commission to operate it in that way.

In addition, such a system will help those areas which have a problem of preparing a large number of detailed projects since the Commission will be able to ensure that the maximum projects will get the maximum rates of assistance.

I was glad that Mr Lenihan mentioned the special role of the Commission and the European Investment Bank because this ensures that a Member State which makes its claim in this way will, with the help of the European Investment Bank, have a subsidized rate of interest from the fund without having to make a national contribution of its own to that project.

Finally, the flexibility in relation to the level of grant will act as an additional safeguard so that at the end of the day the Commission and the Community will have a means to ensure that the distribution of the fund genuinely reflects the intensity of need within the Community.

Those are the main points I wish to make. I recognize that some will argue that the balance in terms of the distribution between rich and poor is not sharp enough. But it is inconceivable that in setting up a new Community policy we should so plan the distribution of the fund that some States are only donors and others are only recipients. If one were to come to that situation within the Community, it would reflect a very dangerous situation. At this stage in the development of Europe where every Member State has a different regional problem it is incumbent on the Community to show that it has a concern for those problems, and I was grateful for Lady Elles's support. We are working very hard to try to improve the comparability of statistics.

We are working with the Council of Europe on this matter. We have set up a research study of our own and we are allocating increased resources to the statistical office of the Community to help with this.

I know that I can appeal to the Members of this Parliament to appreciate the magnitude of the subject and to recognize that, as the chairman emphasized, as the guardians of the moral rights of the less privileged citizens in the Community, but these moral rights will only be translated into material welfare if we tackle the job launching this fund with the kind of practical common sense and political realism which is the characteristic of a democratic forum like this.

(Applause)

President. — The general debate is closed.

We shall now consider the proposed decision and the two proposed regulations before considering the motion for a resolution as such.

I ask the House to make every effort to deal with these various matters as quickly as possible so as to avoid a late sitting. I ask you this not so much for our own benefit as to spare the staff an excessive amount of work.

On Article 5 of the proposed decision, I have Amendment No. 3, tabled by Mr Mitterdorfer on behalf of the Christian Democratic Group and worded as follows :

This Article should read as follows:

'In accordance with the provisions of its Rules of Procedure, the Committee *must* consult the competent representatives of the region concerned and seek the opinions of the regional business organizations and trade unions on the development programme in question.'

I call Mr Mitterdorfer.

Mr Mitterdorfer. — (D) Please accept my apologies, Mr President, I had not realized that this amendment was to be dealt with first.

It has been proposed that Article 5 should be amended in such a way as to make it necessary for the competent representatives of the regions concerned to be consulted when the relevant development programme comes up for discussion in the Regional Policy Committee.

I should like to say that the aim of European regional policy should be to make it possible for the regions to develop towards Europe, thus fostering a give-and-take relationship between the regions and the Community. It seems illogical for a committee which is deliberating on

Mitterdorfer

a development programme to omit to consult the authorities that have drawn up this programme.

I therefore earnestly request that this amendment be adopted.

President. — What is the rapporteur's position?

Mr Delmotte, rapporteur. — (F) Since the text submitted seems more precise than the one that we drew up ourselves, and it covers all the points we were concerned about—for my part, I accept Mr Mitterdorfer's amendment.

Mr Johnson. — On a point of order, Mr President. I do not understand the order in which we are taking the amendments. We have before us papers listing the amendments from 1 down to 7, starting with an amendment to Article 3. I do not understand why we begin with an amendment which is listed as 3 which is to Article 5.

President. — Mr Johnston, the motion for a resolution embodies an opinion on a proposed decision and two proposed regulations.

The procedure is—and this is also logical—that the House should first pronounce on the proposer modifications to the Commission texts and then consider the motion for a resolution proper and the amendments.

I call Mr James Hill.

Mr James Hill. — I must confess that I was confused because I thought that 1 was 1 and that 3 was 3.

This is completely in keeping with the feelings of the committee. We want at the lowest possible level full consultation not only with local authorities but with all the representatives of the areas. Consequently I think we must thank Mr Mitterdorfer for drafting this amendment and I am pleased to know that the rapporteur has accepted it.

President. — Does anyone else wish to speak?

I put Amendment No 3 by Mr Mitterdorfer to the vote.

Amendment No 3 is adopted.

On Article 3 of the second proposed regulation, I have two amendments, Nos 1 and 2.

We shall first take Amendment No 1, tabled by Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs and worded as follows :

Proposal for a regulation (III)

Article 3

Paragraph 1 of this Article should read as follows:

'1. On a proposal from the Commission and after consulting the European Parliament, and without prejudice to the application of Articles 92 to 94 of the Treaty, the Council shall, acting by a qualified majority, adopt the list of the regions and areas which may benefit from the Fund, and shall, acting by a qualified majority, amend this list as the need arises.'

I call Mr Mitterdorfer to move his amendment.

Mr Mitterdorfer. — (D) Mr President, I shall be very brief. The Committee on Economic and Monetary Affairs has tabled this amendment. It was not accepted by the Committee on Regional Policy and Transport and the Committee on Economic and Monetary Affairs has decided to re-submit it. The reasons why we called for a qualified majority in the Council for the adoption of the list of regions and areas may be summarized as follows : First, the Luxembourg decisions of 1966 to the effect that Council decisions should only be adopted unanimously resulted from efforts to overcome a particular crisis in the Community but should not in the long-term be considered as actions in pursuance of the Treaty. Parliament should therefore be reluctant to perpetuate, as it were, the Luxembourg regulations.

Secondly, the fear has been expressed that the decision making provisions of the budgetary procedure recently decided upon will in some way be affected. We do not share this opinion but incline to the view that the decision involved in the present case relates not to budgetary funds but to beneficiaries.

Thirdly, the Commission proposal itself already provides for a qualified majority in the event of alterations to the list of regions and we do not understand why different procedures should be used for the adoption and the alteration of the list.

I should like to take this opportunity of pointing out that there is a mistake in the proposals published in the German version of Official Journal C 86 of 16 October 1973. In contrast with the other versions, the German does not state that a qualified majority is required for the alteration of this list. In my opinion this error should be corrected and the German version made to correspond with the text in the other languages.

One further remark. Unanimity will necessarily

Mitterdorfer

lead to a scattering of resources, which is precisely what we want to avoid.

President. — I remind the House that the speaking time on amendments is three minutes only.

I call Mr Aigner.

Mr Aigner. — (D) Mr President, I hope I shall not need three minutes. I should like emphatically to oppose this amendment on the following grounds :

First, if unanimity is required in the Council, there will be no certainty of success, in other words we should complicate the procedure. Under certain circumstances this is used as an excuse for failing to arrive at any solution at all. Secondly, Mr President, this proposal is contrary to the outcome of our own Luxembourg debate on the budgetary powers of Parliament. We have always demanded at least a second reading—and at all events this is what we want here. However, we declared that if a second reading led to a majority decision by Parliament, this decision could only be rescinded by the Council acting unanimously. If we now acquiesce in this question, this would be counter to our own policy, which we decided upon unanimously.

Thirdly, I agree with Mr Thomson that many problems remain unsolved. There are statistical questions which have to be cleared up. There are still many doubtful points that remain to be discussed, at least in the Council. Hence, if unanimity were required in this connection it would stifle the necessary discussion, which none of us wants. It is precisely because we wish to avoid the scattering of funds, Mr Mitterdorfer, and arrive at objective, clear-cut norms that discussions must be guaranteed.

I come now to my fourth and perhaps most important point. If I were an Italian I could easily agree, of course, with any regional policy. But if I belonged to a Member State in which I had to justify to my constituency the spending of millions on European solidarity I would be asked what contribution this was making to European integration.

I would then say we had thrown away a useful instrument and obtained nothing satisfactory in return.

In other words, I am in favour of any solidarity in Europe but this solidarity must also trigger off additional moves towards European integration. If the Council wishes to be so expansive it must also include the second stage of economic and monetary union in its package. It will then become apparent whether the Member

States are prepared not only to profit from the advantages of a Community but also to support the will to integrate.

It does not do for a parliamentarian to say, 'I regret that I am a member of this Community but since I am I might as well get the best out of it.' This is what is being said here, ladies and gentlemen, I should therefore like to warn against the adoption of this amendment by Mr Mitterdorfer. I regret to disagree with him. We usually share the same opinions.

President. — I call Mr Lange.

Mr Lange. — (D) With the best will in the world I cannot understand Mr Aigner. His argument was not very clear.

We are dealing here, Mr Aigner, with a policy which the Committee on Economic and Monetary Affairs has been following since it considered the 1969 Commission proposal for a decision. I should be grateful if you would explain to me why you would like to see unanimity for the adoption of the list of regions and a majority for alterations to the list. This is what the Commission proposes, as Mr Mitterdorfer has just pointed out.

We, on the other hand, are asking for adoption by a qualified majority and alterations by a qualified majority. We should not like to see anyone placed in a position where, by virtue of the need for unanimity, he could destroy the entire regional structure policy.

I therefore urgently request that this amendment be adopted.

(Applause)

President. — I call Mr James Hill.

Mr James Hill. — This is probably the most dangerous amendment that the Committee on Regional Policy and Transport has discussed since we started talking about regional policy programmes. It has embedded in it a, highly political point.

I know that the rapporteur is most concerned that this document should be used as a vehicle for bringing the Council to a major decision. In the committee we rejected the amendment for two reasons—first, we did not think that the Council of Ministers would accept it; and secondly, whatever the reasons when they discussed whether they should go by qualified majority on the initial list, it would take some months to resolve the argument and that would delay the regional fund.

James Hill

Mr Lange asked why we adopt the qualified majority procedure in one case and not in the other. We are asking for unanimity on the main list because—although it is not stated as such—this is a fiscal request of the nine Member States for support of the regional development fund. A qualified majority could be used to discuss slight alterations of the list such as will be required from time to time as we get further statistics and further studies are undertaken. These should not be a matter of great moment for the Council of Ministers. The committee thought that there should be unanimity on the regional development fund and that all nine Member States should be able to tell their governments that the fund had been agreed. But small, minor alterations should be a matter for a qualified majority.

President. — Once more, I would remind speakers not to speak for more than three minutes.

I call Mr Johnston.

Mr Johnston. — I wish to underscore what the chairman of the Committee on Regional Policy and Transport has just said. He expressed what I believe to be right. This is a question of practical politics, and the practical politics of the business are that we have, or are about as a Community to establish, a totally new system in which every country involved feels that it has vital interests which are likely to be affected. That is why it seems to me, as it did to members of the committee, that it is essential for everyone to be involved in the initial decision. Subsequently, one can make changes and it becomes less important, but at the beginning everyone should be involved.

President. — I call Mr Thornley.

Mr Thornley. — I want to explain my vote on what I regard, as some other speakers have said, as one of the most vital amendments to this document. It places me in the most difficult and embarrassing position. First of all, I am both a member of the Committee on Economic and Monetary Affairs and a deputy on the Committee on Regional Policy and Transport. As a member of the former committee, I should support the amendment; as a member of the latter committee, I should oppose it.

This amendment has been kicked backwards and forwards like a political football between these two committees over the last few months. As

one who has taken an active role in the Committee on Regional Policy and Transport lately, I do not feel able to support it. I should also like to echo what Mr Johnston said.

Secondly, I am placed in an embarrassing position because some of my colleagues, particularly some of my German socialist colleagues, do not appreciate that the accession of the three new Member States has meant that a new situation has developed. Many of the smaller countries, particularly my own, feel that the preservation of the principle of unanimity gives us the safeguard which we need over the next, say, five years to protect our own interests in a situation in which we are a small minority.

Finally, since Mr Delmotte, my colleague, is a Socialist and has expressed opposition on the Committee on Regional Policy and Transport again and again to this proposal, I should add that I have in effect to choose between Mr Delmotte and Mr Lange. In this instance, in the interests of my country and those of Mr Delmotte, I believe that I should vote against the amendment. It should not be carried.

(Applause)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — Before the House comes to vote, I ought to make it clear on this matter that the Commission agrees with the chairman of the Committee on Regional Policy and Transport.

This is politically a very sensitive issue. The Commission is finding it very hard at present to get the agreement of the Council for qualified majority voting with regard to the amendments to the scheme. We are having a difficult enough job to sustain that argument. If we attempted to do the other, it would be quite impossible.

The answer to Mr Lange is that there is a defensible difference between the decision to make a major new act of policy which involves establishing a list of regions and subsequent secondary divisions to amend it from time to time.

Mr Thornley used the analogy of the football field. I myself have an interest in seeing the progress of the Community towards more democratic procedures of which this is one aspect. But in fighting that particular match, I do not think the football field of a rather difficult new Community policy is quite the right field on which to be fighting.

(Applause)

President. — I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I no longer understand Parliament. For months now we have been complaining on every possible occasion that in the past two years all sorts of proposals have been blocked by the Council because a unanimity decision is required.

The Treaty stipulates that after the period of transition decisions will be taken by qualified majority. This is why we never approved the Luxembourg Agreement. And now Parliament too wants to apply the unanimity rule with regard to inter-governmental exchanges in the Council.

By asking for unanimity decisions we are ourselves hampering the working of our institutions. In my opinion, we should be logical and insist on qualified majority votes, as in the Commission and in the national parliaments where votes are taken on majority decisions. The Council should follow this example of the Commission and the parliaments. Then there would not be hundreds of projects piling up because unanimity cannot be reached. It is for reasons of principle that I am in favour of qualified majority.

(Applause)

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, I shall be brief since I share the same opinion as Mr Bertrand. Since we have already introduced the subject of football into our debate I should like to say that Parliament appears to be in danger of scoring an own goal. For years we have been asking for a qualified majority in the Council and now we are suddenly asking for unanimity. I see no logic in this! My group is overwhelmingly in favour of the amendment, which I shall also support.

President. — What is the rapporteur's position?

Mr Delmotte, rapporteur. — (F) Mr President, as rapporteur, I refrained from entering the debate deliberately—not to take an easy way out but because I was aware that a political problem was bound to be raised; the last two speakers, Mr Bertrand and Mr Lücker did just this. This matter was already considered many years ago.

The time has now come, during this debate on regional policy, to take a stand on the matter and I am sure Parliament will do so, since in this case it has the power to decide for itself.

However, our committee did not wish to use Mr Mitterdorfer's statement as a starting point. We are not conformists to the extent that we always want to keep to the beaten track; however, we did feel that this question was bound to crop up in connection with this sort of 'turntable' facing the policy under consideration—qualified majority or unanimity—and some day a decision had to be taken.

I think Mr President, you will agree that despite the relevance of the arguments of certain of our colleagues—very strong arguments to boot—the rapporteur should stick to his text since that was the wish of his committee.

I rely on the wisdom of Parliament to settle the matter decisively today. Sufficient arguments and evidence have been put forward for all our colleagues to take a well weighed decision.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, Mr Lücker has hit the nail on the head. We are voting not on a decision about the regional fund but on a political decision on the attitude of Parliament to the question of unanimity and qualified majorities in the Council.

If Parliament wishes to remain true to its own basic attitude the only course open to it is to decide in favour of the qualified majority, since unanimity in the Council would mean a political self-blockade. This is contrary to what this House has been calling for for many years, namely more flexibility in the Council. Thus this decision has a fundamental political importance going far beyond the actual vote on the regional fund.

On behalf of my group I declare that we are completely in favour of the amendments tabled by the Committee on Economic and Monetary Affairs.

President. — I call Mr Kirk.

Mr Kirk. — The debate is not of course a party political one in any way. It is one of those rare occasions where principle and practice collide and where every Member of Parliament has to decide between two extremely difficult things. In principle, of course, Mr Fellermaier is right and in principle I will go with him all the way. But when I am told by the Commission, which I know in principle is as committed to this principle as I am and Mr Fellermaier is, that the whole of this policy may be endangered in these circumstan-

Kirk

ces, then one has to decide whether one takes principle to the point of endangering a policy that we all want.

This is the decision on which I find myself as torn as I believe both Mr Thornley and other Members of the House are. But I know, if I am warned by the rapporteur, by the chairman of the committee and by the Commissioner that if we go to the stake for a principle in which we all believe we could endanger the policy, I am not going to endanger the policy.

(Applause from the European Conservative Group.)

President. — Because Mr Lange only used up two of his three minutes' speaking time, he has a minute left.

I call Mr Lange.

Mr Lange. — *(D)* Mr President, we are on dangerous ground. I could justify the opposite, as I did just now. I completely disagree and, on the basis of the attitude it has hitherto adopted the Committee on Economic and Monetary Affairs also disagrees with the member of the Commission responsible for this comment. We are endangering no policy with a qualified majority, on the contrary we endanger it with unanimity.

President. — I put Amendment No. 1 to the vote.

Amendment No. 1 is adopted.

We shall now take Amendment No. 2, tabled by Mr Scholten, Mr Notenboom, Mr Artzinger, Mr Burgbacher and Mr Mitterdofer, deleting the third paragraph of Article 3.

I call Mr Scholten to move the amendment.

Mr Scholten. — *(NL)* Mr President, I should like to begin by pointing out that the amendment which I have tabled and which is supported by a number of my colleagues was not tabled on behalf of my group.

It is a personal amendment.

I should like to make it absolutely clear that this amendment is in no way intended as a political counter-move to what the rapporteur, Mr Mitterdorfer and Mr Eisma have said this afternoon, namely that in weighing up our priorities as regards the question of which areas and countries should be helped first, we should direct our attention first towards the weakest areas and those with the greatest imbalance.

I tabled this amendment because in my opinion the criterion laid down in respect of this point

in Article 3 (3) cannot in fact be applied by the fund. I will explain. It is proposer that the fund should intervene only when the national intervention capacity is not sufficient to correct the imbalance. And the problem is in the words 'national intervention capacity'.

There are two aspects to this, namely that of expenditure and that of revenue. As I read this text, the only conclusion I can draw as to the meaning of this paragraph is that the fund must pass judgment on the weighing up of priorities which has taken place for every national budget as regards expenditure. I should like to illustrate this with a few fictitious examples. The Fund would then be obliged to decide whether my country was not spending too much money on cultural policy and too little on regional policy, or whether the United Kingdom was not spending too much on transport policy and too little on regional policy and whether Belgium was not spending too much on environmental policy and too little on regional policy. In my opinion it is quite impossible to pass such a judgment. For it is not only the expenditure but also the revenue which is concerned. Capacity is also determined by the taxation levied. If this text is adopted it will mean that even the fiscal policy as a whole of each of the Member States must be judged by the Fund. Such a criterion cannot possibly be applied.

Although I fully endorse everything that the rapporteur has said, I would ask this House not to include this criterion in the regulation.

President. — I call Mr Thomson.

Mr Thomson, *Member of the Commission of the European Communities.* — I should like to make it clear on behalf of the Commission that we do not feel able to accept the amendment in the name of Mr Delmotte, and wish to support Mr Scholten's amendment.

I will give the reasons briefly. First, Mr Delmotte's amendment on behalf of the committee is inconsistent with the Summit mandate by which the Commission finds itself bound, in the sense that the mandate asks for a regional development fund which would operate in three categories of region, and if one draws up a list of categories of these regions within the Community it goes a good deal wider than this amendment.

Secondly, it is in any case impossible in a juridical instrument to have an amendment of this kind in view of the juridical impossibility of defining exactly which Member States are not in a position to intervene to deal with their own internal problems.

Thomson

Thirdly, as I said in my general remarks, the Community regional policy is designed to be what it is—a regional policy to deal with distinctive Community imbalances as separate from national imbalances within Member States.

For all those reasons the Commission supports Mr Scholten's amendment.

President. — I call Mr Delmotte. Please be brief.

Mr Delmotte, rapporteur. — (F) Mr President, on consideration it should be agreed that the text of the amendment submitted by the Commission is not altogether satisfactory.

Firstly, it is not satisfactory because it is intrinsically negative and the way it is presented shows little of the objectivity that was hoped for.

Mr Scholten apparently wished to prove to us that we were going to implement a policy which it would be more or less impossible to implement. We really cannot share this viewpoint.

We hope there will be a degree of selectivity from the outset. If we are to agree that there is a juridical form of integration and that it has so far proved impossible—as the Commission has just stated—to discover this juridical form, we would like to recall from time to time that we are a political body and we are not really concerned with this juridical aspect. It is for others to transform our political decisions into juridical reality: that is their job, just as ours is to take political decisions.

I fully respect the decisions of the Summit, which expressed a number of intentions, took a number of decisions and fixed a number of objectives. On the other hand, we are not obliged to stick rigidly to this. That, Mr President, is the role of bodies other than our own.

However, I do want to make my contribution, as the Commissioner wished, and I think to some extent I am in agreement with Mr Scholten when I say that I reject outright the suppression of Article 3, proposed in the amendment, but I would like to see him adopt a more positive form.

I should like to suggest to our colleagues, as an alternative to suppressing paragraph 3, the introduction of a text worded as follows:

'Regions and areas where imbalance is most serious and exceeds national intervention capacity must be given priority aid and benefit from assistance from the Fund.'

President. — Mr Delmotte, you are not exactly helping the debate along by tabling an amendment in this manner. I cannot allow it. I must put Mr Scholten's amendment to the vote.

Mr Delmotte, rapporteur. — (F) So the rapporteur will merely reply 'yes' or 'no', that is all.

President. — What is your reply, yes or no?

Mr Delmotte, rapporteur. — (F) No.

President. — Thank you, Mr Delmotte.

I call Mr Starke.

Mr Starke. — (D) Mr President, I am not quite sure of the arrangements for order here in Parliament. I am not sure whether we understand everything completely.

To return to the question, no group has decided in favour of the amendment in question although lengthy deliberations have been held on it in committee.

Secondly, the Commission is dealing with this amendment in a way quite different from that intended by the person who tabled it.

Thirdly, I believe that if first one committee and then another (the Committee on Economic and Monetary Affairs) have tackled this problem and have adhered to the proposed text, we should also adhere to this text and reject the amendment.

President. — I put Amendment No 2 to the vote.

Amendment No. 2 is rejected.

We shall now move on to the motion for a resolution proper.

On the preamble and paragraphs 1 to 4, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

They are adopted.

On paragraph 5, I have Amendment No 4, tabled by Mr Fabbrini, Mr Bordu, Mr Cipolla and Mr Marras on behalf of the Communist and Allies Group (SF—Ind. Sin.) and worded as follows:

At the end of this paragraph, insert the following:

'is also of the opinion that in this context account must be taken of the large-scale projects for the joint utilization of water by agriculture, industry and the service sector.'

President

I call Mr Marras to move the amendment.

Mr Marras. — (I) Mr President, when I spoke during the general debate I had occasion to outline several considerations in connection with our three amendments, which I consider I have already moved.

It is also my desire to speed up our proceedings, as you have requested.

President. — What is the rapporteur's position?

Mr Delmotte, rapporteur. — (F) Against, Mr President.

(Loud laughter)

President. — What is Mr James Hill's position, in a word?

Mr James Hill. — I do not think I can say it in one word, Mr President. I am prepared to use my three minutes, though, if you would allow me.

President. — I call Mr Marras.

Mr Marras. — (I) I withdraw the amendment.

President. — Amendment No. 4 is withdrawn.

I put paragraph 5 to the vote.

Paragraph 5 is adopted.

On paragraph 6, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

After paragraph 6, I have Amendment No. 5 tabled by Mr Fabbrini, Mr Bordu, Mr Cipolla and Mr Marras, on behalf of the Communist and Allies Group (SF In.Sin.), and worded as follows:

After paragraph 6, insert the following new paragraph:

'6a. Affirms the principle that, especially in areas with a high emigration rate, priority should be given to investments designed to provide greater employment opportunities.'

I call Mr Marras.

Mr Marras. — (I) I withdraw the amendment.

President. — Amendment No. 5 is withdrawn.

On paragraph 7, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

After paragraph 7, I have Amendment No 6, tabled by Mr Fabbrini, Mr Bordu, Mr Cipolla and Mr Marras, on behalf of the Communist and Allied Group (SF. Ind.Sin.), and worded as follows:

After paragraph 7, insert the following new paragraph:

'7a. Stresses the need for urgent and drastic dissuasive measures in regions of high concentration with a view to preventing subsequent congestion, encouraging the channelling of investments into areas where labour is plentiful and also in order to stem emigration and promote a process of repatriation.'

Mr Marras, are you maintaining this amendment?

Mr Marras. — (I) I withdraw this amendment, too.

President. — Amendment No. 6 is withdrawn.

On paragraphs 8 and 9, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

Paragraphs 8 and 9 are adopted.

President. — After paragraph 9, I have Amendment No. 7 tabled by Mr Mitterdorfer and Mr Brugger and worded as follows:

After paragraph 9 insert a new paragraph worded as follows:

'9a. Urges the Community to follow with particular attention the economic and social development of those of its regions which border on third countries and whose growth is hampered by external trade factors.'

I call Mr Mitterdorfer to move the amendment.

Mr Mitterdorfer. — (D) Mr President, I think I might be allowed to briefly state the reasons for proposing this amendment, although the rapporteur has already said that the contents are covered by his explanatory statement. But the matter does seem important, and I would ask you to allow me as the representative of a peripheral region to give a brief explanation.

The peripheral regions are in a particularly difficult position. They are subject to certain restrictions which are difficult to pinpoint in economic terms. One example I would like to

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mention are the conditions attaching to the ownership of land in the vicinity of military defences, which are a burden on these regions. Furthermore, I feel that my arguments are supported by the fact that during another debate this Parliament included the peripheral regions among the areas urgently in need of regional aid and that in 1970 in particular the Commission also agreed to this during the debate, although it did not then form part of the resolution. I would therefore ask today that this subject be included in the resolution for the very reason that it was included in paragraph I of the earlier motion. My request is therefore that this amendment be considered.

President. — What is the rapporteur's position?

Mr Delmotte, rapporteur. — (F) Mr President, the committee wished to give this amendment a difficult time. It requested its rapporteur, who agreed with this line, to mention the fact in the explanatory statement.

In his amendment, Mr Mitterdorfer 'invites the Commission to pay particular attention...'; in paragraph 19 of the explanatory statement I said that 'the Commission should pay particular attention to the economic and social development of border regions'.

We have therefore been consistent, and we have followed Mr Mitterdorfer's wish. That, Mr President, should be sufficient, and I ask that this amendment be rejected.

President. — I put Amendment No. 7 to the vote.

Since the result of the vote by a show of hands is not clear, we shall now vote by sitting and standing.

The result is a tie. Consequently, the amendment is rejected.

On paragraphs 10 to 21, I have no amendments.

I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — I apologize for taking up time, but I thought this was the point on paragraph 19 of the report where I should ensure that Parliament was informed of those amendments in the report which the Commission feel unable to accept. There are three of them. Perhaps I might merely report the reasons briefly to Parliament.

There are the amendments that relate to the question of widening the definition of infrastructure which I mentioned in my main

remarks and will not therefore repeat, namely, the amendments to recital 5, to Article 4(1)(b) and to Article 5(1)(b). I do not believe that there is a great deal of difference between the Commission and the Committee on Regional Policy and Transport on the question of the definition of infrastructure.

Nevertheless, I am bound to be extremely conscious at present, when we are coming very close to the point of political decision in the Council of Ministers, of the effect of amendments on the possibility of getting the fund established. As has been indicated from a number of quarters, not least in the speech of the German Chancellor earlier this week, there is increasing concern within the governments of the Member States of the Community that the definitions in relation to the distribution of the regional policy fund should be drawn with great precision and not in a vague and loose way. These particular amendments would lead to a widening of the definition to a degree of imprecision that I think is imprudent at this stage. Therefore, I am bound to advise Parliament that the Commission will not feel able to accept that group of amendments.

The second amendment we are not able to accept is that to Article 4(2)(b). This seeks to raise the level of aid from the fund to industrial investments to the same level of 30 per cent that is available for infrastructure grants. Here I think there is a straightforward misunderstanding about the matter. The regulations lay down an overall upper limit of 15 per cent of the value of the investment which can be contributed to by the regional development fund. The regional development fund can contribute 50 per cent of state aid up to a level of 15 per cent of the total investment, whereas in the case of infrastructure investment, under the regulations, the regional development fund will be able to go up to 30 per cent of the total investment. Any discrimination there at present is the other way round.

Finally, I take advantage of this opportunity to mention an amendment that has already been taken, but in my ignorance of Parliament's procedures I was not able to catch your eye, Mr President. That was the amendment as to whether the regional policy committee should have as a mandatory duty that of calling people from the regions and from the social partners. The Commission will not feel able to accept that amendment for rather the same reasons I gave earlier. We are fighting very hard at present in the Council to ensure that the text as it stands persists and that there is a clear obligation on the machinery that will be set up as a result of these proposals to enable people from the regions who have their voice heard either as

Thomson

representatives or as people coming from the various social partners. This is a politically sensitive matter. If we were to seek to make it mandatory on the government of Members States we would certainly be rejected and in the rejection we might lose what we are already proposing.

I thought I should put to the House where the Commission stands on these amendments.

President. — I call Mr James Hill.

Mr James Hill. — May I ask for a clarification from the Commissioner? Her said that he will not be able to accept certain amendments. Will he carry his statement further to Amendment No. 1 on which we voted today on the qualified majority. Is he unable to accept that, too?

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — I explained that the Commission would not be able to accept that amendment. Perhaps, Mr President, you will allow me to add one sentence. As I seem to rise to my feet only to state that the Commission will not be able to accept amendments, perhaps I may be allowed to add that there is a considerable list of amendments which the Commission is more than happy to accept.

President. — Does anyone else wish to speak?

I put paragraphs 10 to 21 to the vote.

Paragraphs 10 to 21 are adopted.

I put to the vote the motion for a resolution as a whole.

The resolution as a whole is adopted.¹

8. *Scientific and technological programme—requirements and prospects for a common policy on technology.*

President. — The next item is a joint debate on the following two reports:

— the interim report drawn up by Mr Flämig on behalf of the Committee on Energy, Research and Technology on the progress necessary in Community research and the proposals from the Commission of the European Communities to the Council for a scientific and technological policy programme (Doc. 219/73);

— the report drawn up by Lord Bessborough on behalf of the Committee on Energy, Research and Technology on the requirements and prospects for a common policy on technology (Doc. 211/73).

I call Mr Flämig, who has asked to present his report.

Mr Flämig, rapporteur. — (D) Mr President, ladies and gentlemen, I should first like to explain on behalf of the Committee on Energy, Research and Technology why we are submitting an interim report today.

Originally our committee had in fact decided to report to you on progress made in Community research. This report was to have as its basis the pluriannual research programme which was fixed in June of this year and to which reference is made in the first part of the title of this interim report. But when our committee to its delight—and surprise, I might add—received the Commission's proposal for a scientific and technological policy programme, we felt that these proposals should first be examined. That therefore is the subject of the interim report submitted to you today. This does not, of course, remove the necessity for an in-depth examination at a later date of the situation with regard to Community research and the progress desired in this field.

Mr President, honourable Members, this House is once again faced with the problem of fixing and setting in motion a Community research and development policy. I say 'once again' because it would take too long and probably be too discouraging to enumerate all the reports and resolutions that have been discussed and adopted by the European Parliament in this field. I have said quite deliberately 'fixing and setting in motion a Community research and development policy' because we have to admit that today, shortly before the end of 1973, the Community is unfortunately still at this stage.

As I have said, we have repeatedly stressed the urgent need for a Community policy in the field of research and development. We have not tired of recalling that without scientific progress there will be no economic progress. I expect that the Earl of Bessborough will also be emphasizing this point in his report. The improvement of the standard of living of the Community population is not the least of the factors that depend on this progress. We have again and again given expression to our conviction that the Community of the Nine represents an appropriate background for scientific cooperation and a development policy. This is all the truer when it is remembered that com-

¹ OJ No C 108, 10. 12. 1973.

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petition is becoming increasingly strong and will probably be even stronger in the future as a result of the innovations made by the technically advanced countries.

The Community as such must be put in a position to make full use of its creative and innovative capacity. This is the only way in which it can prevent itself from being placed in a position of colonial dependence as a result of technological innovations.

Despite numerous proposals from the Commission on research and development policy, despite the support given these proposals by the European Parliament, despite the intention to set up a common research centre and despite the responsibilities in the research sector under the ECSC and EEC treaties, the Community still does not have a research and development policy worthy of the name. We have repeatedly pointed out that at the Summit Conference in The Hague on 1 and 2 December 1969 the Heads of State or Government again confirmed their desire to intensify technological activity in the Community, to coordinate and promote industrial research and development in key sectors by means of Community programmes and to make the required finances available. That was the decision taken.

In spite of this declaration of goodwill the results have been—in a word—slender, if not insignificant. The few cases in which activities involving European cooperation have been set in motion were the result of individual decisions, and then, as a rule, only at a bilateral level.

These individual programmes have become a jumble of activities bearing no relation one to the other and, as the Commission has stated before our Committee, they have unfortunately very often been ineffective as well. It is possible that these very modest results were the cause of a new declaration at the Paris Summit Conference from 19 to 21 October 1972. According to this declaration, and I quote, 'objectives will need to be defined and the development of a common policy ensured'.

This surely means the coordination of the various national policies by the Community institutions and the common implementation of measures which are in the Community's interests. To this end the Community institutions were to draw up an action programme which included an accurate timetable for its implementation and details of suitable funds.

This declaration could, I feel, really form the new basis of a Community research and development policy. It is in the light of these remarks extracted from the final communiqué

in Paris that we must today see the Commission's proposals now under discussion. The problem must again be examined in its entirety at Community level. All the objectives, methods and procedures require appraisal.

Mr President, I do not want to go into every detail of the Commission's proposals. You will find them in the interim report. This also applies to the views of the Committee on Energy, Research and Technology on the procedure, the creation of the structure for fixing the activities to be implemented and the finances which must be made available to the Community. Finally, you will also find in the report an analysis of the activities which, according to the Commission's proposal, the Community policy should support.

President. — Mr Flämig, could you also give us the position of the Socialist Group?

Mr Flämig. — (D) Mr President, I should only like to stress three points. Firstly, immediate steps must be taken to coordinate national research and development policies. As a result, both the Committee and the group support the formation of a committee called CREST for scientific and technical research. Paragraph 6 of the motion for a resolution emphasises how illogical it would be if the necessary funds were not made available. The committee therefore feels that the Commission has acted rightly in suggesting at the last moment that 1m u.a. be provided. As you know, we took a decision on this point this morning.

Mr President, ladies and gentlemen, the adoption of the proposals you have before you would represent a modest step forward, but nevertheless a step which could be taken immediately. The Community research and development policy would at last begin with a solid foundation. I would ask you, honorable Members, to adopt the motion for a resolution and to take note of the explanatory statement.

The Socialist Group has expressed its approval of this proposal and also asks that you vote for it.

President. — I call Lord Bessborough, who has asked to present his report. He promised me to speak at the same time on behalf of his group.

Lord Bessborough, rapporteur. — I should like at the outset to thank the chairman of our committee, Mr Springorum, and the other members of the committee for the help that they have given me in drawing up this report.

Lord Bessborough

Last month there took place in this chamber a most important debate on economic and monetary union and I should like to consider industrial and technological policy as part of the great aim of the Community to achieve such a union. But before it is achieved, it seems to me, and I am sure to my colleagues, that greater progress could be made with closer cooperation between Member States and firms within them in specific industrial and technological sectors and that such cooperation will itself strengthen the Community's present imperfect economic structure.

My own report deals with technology, which I have defined as 'applied industrial research and development likely to be of economic advantage to the Community.' I am not dealing with basic research. The term 'a common policy in technology' may seem ambitious and grandiose, and in some ways I should have preferred to entitle the report, 'the need for greater Community cooperation in industrial research and development'. Indeed, technological policies in different industrial sectors may differ considerably.

However, my task as allocated to me was the specific one of defining the need for a common policy. This I have attempted to do in the motion for a resolution and the explanatory statement now before the House. I think I am right in saying that the resolution is now very much agreed by all members of the Committee on Energy, Research and Technology.

In my explanatory statement I have attempted to cover certain specific areas where there is already a good deal of cooperation within the Community as well as with third countries, as in the Cooperation in Science and Technology Agreements—the COST agreements—and I have also indicated certain areas in which I believe cooperation specifically within the Nine might be pursued more energetically.

There has been a good deal of discussion about the Community creating a single scientific, technological and industrial base in Europe similar to that which may be said to exist in the United States and Japan—and of course emphatically in the Soviet Union. I understand the views of those who maintain that, in fact, there is not a single industrial base in either the United States or Japan and that we cannot and perhaps should not have one in the Community either.

This all depends on how we define the term 'a single industrial base'. I assume it to mean as I think Mr Spinelli considers it to mean in his report, and as I assume the Community considers it to mean—a base within which there are not only no tariff barriers but no technical

obstacles to trade, whether they be legal, economic, fiscal or related to access to public contracts. Certainly the achievement of economic and monetary union will greatly assist in eliminating these present barriers.

In this sense, I think we must agree that we are aiming for a single industrial base. Of course it is true that there are a multiplicity of large companies in the United States and Japan. Nevertheless, in those countries they are not inhibited by the kind of non-tariff barriers which I have mentioned and which still exist within Western Europe.

I should perhaps refer to certain passages in my explanatory statement. I should like to draw the especial attention of the Commission—and Mr Dahrendorf knows my views on the subject pretty well—to paragraph 7 in the report on the division of responsibilities. In drawing up this report I have found that it has not been easy to agree realistic proposals relating to specific sectors when there is this division of responsibility in the Commission—that is to say, as between the responsibilities of Mr Dahrendorf and those of Mr Spinelli. The fact that both Commissioners cover technology and have produced reports in different frameworks has made it more difficult and, I think, must make it more complicated for the Council to take decisions.

I should personally have liked to be in possession of a single programme bringing these two reports together—and I have no doubt that Mr Flämig will agree with me. I hope that this may still be done, although I would not like to say whether it is likely to be done by 1 January. I should like to see the two programmes brought together because they overlap and are put into different frameworks. It would not be an impossible task and I would not mind tackling it myself, with the help of Mr Dahrendorf. Meanwhile, of course, I should like to thank both Commissioners for these reports because they are both full of meat in their different frameworks and of very great interest, covering as they do many industrial sectors and in sectors as defined by Mr Dahrendorf in energy, the environment, etc.

In paragraph 18 of my explanatory statement I say that at the time of the adoption of my Report, the Energy Committee had not yet had an opportunity of studying the second programme—Mr Dahrendorf's—in detail. I am glad that Mr Flämig says towards the end of his Report that a more detailed examination—and I think he repeated it this afternoon—of each sector and each section of the Dahrendorf proposals will follow. I look forward to attending further meetings of our committee when we will analyse each industrial sector as it comes along.

Lord Bessborough

I should also like to mention the Rotterdam meeting, which is in section 15 of the report, and my suggestion that the European industrial research association which that conference recommended should be consulted by the Commission. I was glad to learn just before coming to Strasbourg that the working party which is to set up this European Association is to have its first meeting in London on 3 and 4 December. This is news which I have just received, and which I have not had an opportunity to communicate yet to my chairman, Mr Springorum. Evidently things are moving along.

I was glad to learn this. But, at the same time, I should like to ask the Commission whether it can tell me something about the inventory of resources which the Rotterdam conference recommended and how far the inventory has got. I have not seen it yet, but I hope that it will begin to be published. I do not necessarily want to see it all published whole if it can be published sector by sector as it is completed by the two directorates-general in the Commission. We do not want to wait until the whole inventory has been produced, or we might have to wait a very long time. Whether there should also be increased industrial representation in the European Committee on Research and Development, the CERD, which we have been told about, I am not certain. At present British industry is not represented on it at all. There are two very well known British scientists and a former Labour Minister on it.

I should like at all events the Commission to consult industry by one method or another, through one channel or another, to the maximum extent possible.

I have not included in my report a section on atomic energy, but when I speak for the group in a few minutes, I shall say something about European cooperation and also especially about the enrichment of uranium.

On aerospace I might add to the report—this is in section 23—that since the report has come out some Members may have read the speech of Sir George Edwards, Chairman of the British Aircraft Corporation, on 8 November. It was in *The Times* of 9 November. In this he underlined the unique strength of the European aircraft industry, whether in engines, aeroframes, guided weapons, avionics and all the supporting disciplines and skills. As I have said in my report, I am not making any recommendations regarding the restructuring of the European aircraft industry, but the fact that Europe forms 25 per cent of the total world civil aircraft market and is currently equipped with over 70 per cent of American-built airliners should give

us cause for concern, and I hope that Mr Cousté, when he gets out this report on industrial policy, will give serious attention to this. I think that report should appear early next year. I believe that there should be greater cooperation in research and development in aerospace in Europe than there is already.

I referred to the European aero engine industry's efforts in regard to aircraft noise and pollution, a question in which Senator Noè is interested. I was glad to see that a programme of this kind was advocated by the Commission in the Dahren-dorf proposals and that the European Engine Consortium is now meeting. I am glad that Her Majesty's Government, through the Department of Trade and Industry and government research establishments, industry and the universities, has been contributing in an important way to this programme. Whether it would be desirable for such research programmes also to be funded and perhaps managed from Brussels I am not quite certain at this point. No doubt the industry would like Community funds to be made available. But until I have established the total national funding by the different countries concerned, I would not like to recommend that there should be additional Community funds at this stage. However, I think our committee should keep an eye on this question.

Similarly, there are various areas for closer cooperation. I will not go into them now. I hope that the questions which I list in my explanatory statement will be looked into by the Committee on Energy, Research and Technology.

I hope what I have proposed on the whole, especially in regard to environmental pollution and to underwater technology, is fairly realistic and will get a fair wind from at least one government in the Council of Ministers.

As to underwater technology, there might be a strong case for Community funds being made available for the more advanced underwater research and technology where oil drilling might take place in much deeper waters than has hitherto happened. I should like to see this myself, and it is a suggestion I put forward.

I am glad that the PREST Sub-Group on Oceanology has now been set up; and that the Joint Research Centre has already begun to diversify out of the nuclear sphere. This has all happened since my report was drafted.

Above all, I hope the Commission will make up its mind about which industrial sectors should be given priority attention, whether they be seen as joint or merely cooperative or coordinated projects. I endorse the view expressed by Mr Pisoni in his draft opinion from the Committee on

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Budgets that major proposals for new Community research policy should contain an estimate of the financial implications involved.

On the question of finance, I stand firm on the recommendation that some system should be worked out in agreement with the principal national financial institutions and the European Investment Bank with the ultimate object of supporting research and development work in different industries whether in the form of joint research or in the more polycentric manner which I advocate in paragraph 32.

I also hope that there will be no further opposition to the legal extension of the Communities' competence in these matters. I think particularly of the Article 235 and hope that it will be implemented.

Although these proposals are of a very long-term character, there is urgency and there must be a political will on the part of the Council to pursue them.

The question of parliamentary control is also important. I hope that, when the Commission makes more specific proposals to the Council, they will be subject to some kind of scrutiny by Parliament.

Finally, let me say, as is stated in paragraph 1 of the motion for a resolution, that Europe will not be able, and has not yet been able, to face the challenge of the great powers unless it increases and strengthens its determination to follow the kind of policy set out in the motion now before the House.

With your permission, Mr President, I will now say a word or two on behalf of my group.

I particularly wish to say something about atomic energy research, which is relevant especially to the debate on Mr Normanton's report on Tuesday night. I hope that members will look very closely at Part II of Mr Dahrendorf's proposals on energy research because I am convinced that further cooperation in fusion, solar energy, hydrogen research and the treatment of radio-active waste is certainly something with which the Community should concern itself. I agree with this. We know that it concerns itself with the different methods of enriching uranium.

Parliament recently discussed the merits of the two main methods and considered which should be given Community support. As Members know, I have always thought that the centrifuge will be the most economic technique and that there would certainly be benefits to be gained from pooling existing expertise with the object of achieving the maximum economies of scale

through a joint venture serving the largest possible market.

I am glad, therefore, that the British, German and Dutch Governments concluded their agreement for cooperation in this sphere three years ago and that the two companies concerned, CENTEC based in Germany and URENCO in the United Kingdom, are now in the process of merging. I feel sure that this is the way by which Europe will be offered the most economic enriched uranium, that is to say, at the lowest cost. There may be a good case for continuing production by the diffusion method, especially until such time as the centrifuge becomes fully operational.

I understand from the exchanges this morning between Lord O'Hagan and President Ortoli that the question of enriched uranium was the subject of a decision by the Commission last night and that certain recommendations were made to the Council. As usual, the press appears to be extremely well informed about the meeting. Rumour has it that it was agreed to recommend to the Council adoption of the diffusion as opposed to the centrifuge method. I should be grateful if Mr Dahrendorf would assure us that there is no question of dropping the centrifuge in favour of the other method and that R and D in both cases will continue to proceed in parallel.

I should be grateful to the Commissioner if he said something about this tonight. It is a scandal that these reports of Commission meetings appear in the Press the following day but that Parliament is not informed. I was told just before joining this debate that the London *Daily Express* had headlines on this subject with the intimation that the centrifuge process will not be proceeded with. I hope that the Commissioner will tell us that these fears are unwarranted.

On the subject of atomic energy generally, I am glad to say that Britain and the Atomic Energy Authority in the last seven years have been very European-minded.

I am now merging two speeches together and the President has allowed me a little extra time. I hope that he will give me a few more minutes, because I was entitled to a quarter of an hour on each speech. I certainly will not be more than a few more minutes.

The Atomic Energy Authority is very European-minded. I am glad that progress is being made in cooperation with other countries within the Community. But I should not like to see too much duplication of the work which has already been done by the International Atomic Energy Agency in Vienna. Work on safeguards has been

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duplicated both by Vienna and by the Community.

Coming to the end of my remarks, I welcome the cooperation which has been achieved in thermo-nuclear fusion. I welcome the agreement signed on 9 October, just over a month ago, by the United Kingdom Atomic Energy Authority and by the Commission on this subject. I hope that this agreement will form a pattern for similar cooperation in other industrial sectors—that is to say, the Community contributing, as it is here, a very substantial sum of money to research which is being conducted in a given country, in this case at Culham in Britain.

I also hope that there will be continuing support for the high temperature reactor, which from the outset, from 1956 onwards, was a European and OECD project. Many people think it increasingly an attractive alternative to the light water reactors. Above all I would say that we must cooperate in the development and production of reactors, be they high temperature, light water or fast-breeders. A great deal is being done.

But above all cooperation depends on industrial links between specific firms supported by exchange agreements between R and D organizations. I will not deal now with what I intended to say to indicate the areas in which cooperation has been successfully achieved in reprocessing services, with the three companies led by United Reprocessors, GmbH, which combines the companies of the three countries. This combine has been created. The same situation applies to the transport company for irradiated fuels. There are many other examples in atomic energy of this cooperation, perhaps more than any of us had known hitherto. I feel that other industries might benefit by combining R and D programmes in a similar manner.

Finally, I hope that the Commission will look again at the possibility of a European nuclear ship. If oil prices double or treble in the next few years, nuclear power in shipping may well be competitive. I have sailed on the Otto Kahn and I know that Germany, in collaboration with Japan, has carried out feasibility studies. The present lead of Federal Germany in ship reactors would clearly make it unreasonable to do further research on other ship reactors, but there is clearly scope for other European countries including the U.K., Germany and France to cooperate, primarily through licensing arrangements but also in other ways.

This too presupposes tie-ups between ship owners and ship builders to achieve standards of

design and construction. Let us agree that Germany is in the lead here and support her through funding arrangements and replication. Then I believe that larger scale operations could be achieved than would be possible unilaterally. I am glad that Mr Dahrendorf has emphasized cooperation in certain nuclear fields and I hope he will take into account my additional suggestions this evening.

(Applause)

President. — I call Mrs Walz on behalf of the Christian-Democratic Group.

Mrs Walz. — *(D)* My group would first of all like to thank Mr Flämig for his clear and knowledgeable report, the interim report on the policy programme, and also Lord Bessborough for his excellent and particularly important report on the bases, conditions and prospects of a common technological policy.

In the Lord Bessborough's report and in the comments he has just made emphasis is placed on the interdependency of research, technology and industrial policy, which cannot be separated without adverse effects.

We would like to congratulate the Earl of Bessborough in particular on going into very great detail, unlike the policy programme, on the legal safeguards and on referring not only to Articles 235 and 236 but also—and even more important—the taking of decisions by a qualified majority. We consider this particularly important. He calls for the elimination of legal, economic and fiscal obstacles to the free movement of goods, and this too we support.

We were also glad to see that the Bessborough report deals somewhat more thoroughly than the policy programme with financing—an aspect the Flämig report does not and could not include—and that mention is especially made of equity capital and cooperation between state banks which, together with the European Investment Bank, make funds available to industry.

Lord Bessborough also sees—as did the Spinelli report—the necessity for a European agency for research and development to take over the functions of management, implementation and control; and we would ask that this idea be taken up again as well. The 'single technological centre' referred to in the Bessborough report undoubtedly means that Lord Bessborough is also thinking of a kind of office of technology establishment. He does after all say that he does not intend to deal with the structures in any great detail. But the wording of his report does seem to show that he is thinking of an office of this kind.

Walz

We would just like to raise a number of additional points and emphasize some of them. Why must we no longer confuse technological cooperation in certain sectors such as COST with a common strategy in technological policy? It is not only the shortage of highly qualified personnel, not only the continual reduction in budgetary funds for research in the Member States of the Community that compels us to work as rationally as possible and to place as little emphasis as possible on national prestige; our future as an economic power, and therefore our material and spiritual prosperity are at stake if we do not soon attain a united technological and industrial policy.

I should like to briefly explain this with the aid of two examples, space travel and communications satellites. We Europeans at first believed that for a 10% participation in the post-Apollo programme we would gain access to all the know-how, whereas in fact the Americans had never given an assurance to this effect.

Today, following years of negotiating, we have to content ourselves with a sortie lab without obtaining any knowledge on manned space travel, with the result that we even have to pay for the relevant licences. Why must the flow of know-how be so sparse? The American aircraft and aerospace industries, with over 900,000 employees, account for about 4-5% of overall industrial production. Their role in exports is particularly significant: the products of these two industries make up more than 9% of US exports. Without its success in this field, the USA would have had a passive balance of trade for many years.

The decision not to build a European launcher rocket which would be competitive has also kept us out of the communications satellite business. The construction of a French satellite launcher is hardly a substitute for Europa III. The planned worldwide communications network is expected to produce profit growth of \$8-10,000 millions in 20 years. INTELSAT is already making a profit. In these circumstances, can Europe expect to have a share of the know-how and profit?

In addition, America and the Soviet Union are preparing to establish a kind of duopoly by linking up the two communications systems, Intelsat and Molnyia 2, to form one world-wide communications system (an Intelsat station will be set up in Moscow and a Molnyia 2 station at Fort Dietrich, Maryland). At the same time, the Soviet Union, through Inmasat, wants to ensure that it has the upper hand with regard to maritime satellites. Is it possible that the British navy satellite, on which we have just

reached a joint decision, will be in any way competitive? There is after all another important factor: the industrial development of the developing countries will primarily concern the consumer goods industries and conventional technologies. In the highly industrialized countries job security, the pre-condition of every social constitutional state, will only be possible in the future if there is research, development and production in new technologies, as Lord Bessborough has just explained in his report. What industries that are firmly established would waive their competitive edge? That is why summit conferences must stop producing no more than friendly expressions of mollification and formal demands for progress. They must become completely practical in nature. It sounds so nice to speak of a better quality of life for all. But it is out of the question if the necessary foundations are not laid in the form of an optimum common technological progress, without this necessarily presupposing maximum growth. This common technological optimum is, however, still in an embryonic state and is being obstructed by national egoism and national competitive thinking. I am therefore particularly grateful to Lord Bessborough for making practical proposals for cooperation just now.

We are sorry, Mr Dahrendorf, that your policy programme makes little mention of the legal financial aspects. We feel that it is the Commission's task to take the initiative—it has done so in many ways, but also not in some others—and not to take the line of least resistance. At the 1971 Summit Conference mention was expressly made of 'ensuring the development of a common technological policy.' How can something be ensured if the legal safeguards are not provided, as the Bessborough report states? In addition, renewed thought should be given to the Spinelli proposal for devoting less finance to the excessively subsidized agricultural industry and more to the promotion of other important Community activities, and also to his call for 2% of national public research and development budgets to be transferred to the Community research fund. However, as Lord Bessborough has emphasized, priorities should first be set and these funds then spent on them. We are a little doubtful as to whether the Committee of the Seven, which your report says is to outline future prospects in a year's time, will be enough for the fixing of priorities. The members of this committee would really have to be super-geniuses if they were to accomplish that in one year.

The standing advisory staff of 17, as the Spinelli report proposed and as has been put into effect

Walz

in the USA, appears to us to be more realistic, especially as roughly the same potential has to be appraised. Alternatives must be developed—and this advisory staff certainly cannot do this in a year—to make the decision easier for us politicians and to break the dominance of the technocrats. In so short a time so small a staff could only scratch the surface.

These critical remarks should not be understood to mean that we do not welcome the proposals contained in the policy programme, and we hope that they at least can be implemented as soon as possible. But we would like to go further. In particular, we would like to introduce an item entitled 'promotion of new technologies' like the one that appears in the German research report. What must be done is not simply to develop technologies in individual sectors but to make them fertile for as many areas as possible. And this development will only be possible if there is cooperation between the disciplines.

We do not therefore have a great deal of time left. We must have a common technological and industrial policy as soon as possible and this policy must at the same time be incorporated in our external policy, something which we should now at least have learnt from the energy crisis. If the Europeans do not realise that their standard of living in future will depend on the success of a common policy of this nature...

President. — Speaking time is limited to ten minutes, and you have already spoken for thirteen.

Mrs Walz. — (D) Unfortunately I have two reports to deal with, which I was not told before; but I have almost finished.

If, then, we want to safeguard the jobs of our citizens and our standard of living, we must agree on common priorities as soon as possible. Otherwise the great economic power that is Europe will not rest firm on its foundations for long but leave the field clear for the real super-powers. The result will then, however, be not partnership with each dependent on the other; it can only be dependence.

Thank you, Mr President, for the extra minute.
(Applause)

President. — I call Mr Bordu on behalf of the Communist and Allies Group.

Mr Bordu. — (F) Mr President. Now that the needs of mankind are rapidly developing we believe that technological progress should serve

man above all, and in particular the working man, in order to improve working conditions, reduce working hours and improve the quality of life. On the basis of these principles, we do not see technological development as a necessary form of competition between continents. Technological development entails a certain cooperation between countries, it must allow the fuller development of productive forces limited by national capabilities. With this in mind we feel that the common policies should be based on the following three concepts:

- the formulation of measures to combat pollution effectively and to protect the environment;
- the joint achievement of major industrial and scientific projects which, owing to the expense involved, could not be satisfactorily undertaken at national level;
- the development at European level of planning in order to encourage medium term programmes for the achievement of economic and social objectives in each Member State.

This policy is partly subject to choices which one must be determined to make .

In our opinion it is necessary to avoid the waste involved in, for example, military expenditure—which would allow valuable resources to be placed in the service of peace and mankind.

Today, with the multinational companies—veritable states within a state—we are faced with companies that have an interest in numerous sectors and which have as much capital at their disposal as could be found in the budgets of several Member States. We therefore ask the following questions.

Are these companies still going to benefit from public funds earmarked for research?

Are they going to benefit from public funds in order to create new industries for private profit?

Are they going to benefit from the consecutive opening of public contracts?

In our view, public funds must be used in the first place to support public institutes and centres. The technological sector must be saved from the fatal grasp of the multinational companies. We must set in motion a policy which conforms with national interests, creates favourable conditions for improved cooperation at European and extra-European level.

We therefore agree with the need to coordinate research. We are in favour of wide-ranging joint efforts. However, we are convinced that

Bordu

the private sector—in particular, the multinational companies—will profit the most from a policy which should be entirely directed towards the needs of mankind.

Thus, today's debate calls into question once again non-democratic institutions, community policy developed for the sole benefit of the big finance companies, all of which clearly makes it impossible for us to approve the motions submitted.

President. — I call Mr Dahrendorf.

Mr Dahrendorf, Member of the Commission of the European Communities. — (D) Mr President, Hegel once said 'the Minerva owl begins its flight only when dusk falls'. What Hegel once said about science apparently applies to this House where scientific policy is concerned, that is, just like last time, it is only brought up after a long and hard day's work in the House.

Mr President, I am willing to be brief, as you ask, but would at the same time like to ask that at some stage we should find the time, after all, to discuss this topic thoroughly and in the light of day.

(Applause)

I want to restrict myself to clarifying a few points which may help in creating a joint position between the Commission and Parliament. We are dealing here with two reports which, in the Commission's opinion will further our thinking on scientific and technological policy in a very important way. Both reports refer to the final communiqué of the Paris Summit Conference which stressed—and Mr Flämig has quoted it here—the importance of establishing goals in the scientific and technical field in order to assure the development of a joint policy.

May I say for the benefit of German readers of the Paris Declaration that in all the other languages the words "science and technology" are connected less closely than in the German text; all the other languages say 'to establish such goals in the fields of science and technology' something I discovered thanks to Lord Bessborough.

The Commission has used this call by the Summit Conference above all in an attempt to do one thing, and that is a thing that concerns me above all, namely to gather together all the threads of Community policy on science and technology in such a manner as to enable us in the foreseeable future to be able to talk at least of important beginnings.

That means that we must try to create a programme for political progress. And this year, before the Summer recess, we submitted the action programme with which Mr Flämig's report deals. It creates the framework in which the individual projects of scientific research and technological development can be accommodated; no more, but also no less. May I perhaps quickly make one more point on the question of least resistance: we are planning that this framework should be completed by the end of the year, as was called for by the Summit Conference. The next step is then to fill in this framework with a considered quantity of projects of scientific research and technological development, with clear priorities, to create a comprehensive, detailed research programme. What I would like to see, Mr President, is for these proposals to be linked with the revision of the programme for the Joint Research Laboratory, which is necessary in any case, so that we can thus make it perfectly clear that we see a close connection between research within the Community, coordinated research and research by the Member States. We are thus dealing here today with the first step, with the framework, as I just said, with the attempt to improve the political conditions under which the individual programmes will take effect.

This means, if I may say this to Lord Bessborough, that many of the important proposals which he made will crop up again in the Action Programme that will be submitted during the first half of next year to fill in the framework.

A few remarks in the framework itself. A key element in our proposals consists in coordinating the scientific and technological policies of the Member States. Incidentally, I am referring here to the scientific and technological policies of the Member States financed by public funds, not of course to development financed by multinational companies or from any sort of companies or from private quarters.

Now in connection with the coordination and in connection with our proposals it is impossible not to notice a certain reserve in the opinions expressed by this House. Mr President, I want to make something perfectly clear here: in this matter the Commission has not sought the path of least resistance.

The Commission, rather, takes the view that it is not going to hold us much if we continually demand that, starting tomorrow, we pursue the entire scientific and technological policy jointly so as to be able to take practical and joint action.

Dahrendorf

We believe that the Summit Conference was right in saying that first and foremost a start should be made by attempting to coordinate national policies. This would be an important step; after all, we are dealing here with national policies which from the budgetary point of view, for example, are entirely subject to national competencies. The desire to coordinate them is a step in the direction of joint action.

We have given a great deal of consideration in the Commission as to the best way of taking such a step. We reached the conclusion that we have a precedent in the Community institutions, an example, and that is the experience of the Committee on Medium-term Economic Policy.

For this reason, and not for the sake of some tactical consideration, the Commission thought that, for the period of coordination—and I am prepared to say, as a forerunner to a subsequently genuine Community policy—the organizational form of the Committee on Medium-term Economic Policy could usefully help us.

What we are insisting upon is firstly that this form remains as it is in the Committee on Medium-term Economic Policy. To speak plainly, there can be no question of coordination becoming a job for the Council.

Secondly, we insist that coordination in no way prejudice the right and the duty of the Community institutions to take initiatives, discuss proposals and make decisions. The planned Coordinating Committee, the coordinating body with the nice abbreviation CREST, is thus a substitute for the decision-making bodies, and it does not even supplement them, but is an attempt in a new form, in what we hope will be a more effective form than we have had until now, to make coordination possible. I am very grateful that the competent committee and its rapporteur recognize the significance of this step and recommended the House to go along with the Commission on this question.

One element of this coordinating action has not been mentioned at all in the discussion and a brief observation on it would not be out of place. Coordination of scientific and technological policies of the Member States does not apply to all fields. It will not apply for example to defence policy, to research in the sector of defence policy. Coordination will also not be attempted in the field of basic research. I would like here to give an answer, in advance, to a written question which Mrs Walz has put in this connection. It is not and cannot be the Community's intention to try to prejudice the independence of fields of research which the

Member States for good reason are keeping autonomous. It is thus not our intention to restrict the necessary independence of basic research. As the responsible member of the Commission I have for this reason been very careful to see that our participation in the plan for a European scientific foundation will not result in this institute being bound by a government instance, that it does not lead to its independence being restricted.

I believe that those who are working on the European scientific foundation are very well aware of this. At the preparatory meeting in Paris on 24 and 25 September we set up a committee which is to submit proposals within 18 months—perhaps indeed a great deal sooner than that—on the setting up of such a foundation. When I say 'us', I mean in fact the research bodies and institutes themselves. The Commission has more the status of an observer than that of a participant in this matter, which seems to me correct. In anticipation therefore of Mrs Walz's question I would say: it is more likely that the European Scientific Foundation as we have conceived it will further increase independence and worry the individual governments than that it will restrict autonomy.

The question of the Community's own research is a key point in this discussion, and rightly so. In the same way, the question of priorities plays a central part in the work of the responsible Committee. We do not expect that the body which is to help us in planning our future should also advise us as to priority. What we do expect is that such decisions on priorities be made in accordance with what we suggest here. The Community will carry out its own research in the future, too.

This research will be linked to the political priorities of the Community, which—to be perfectly clear—does not mean that the quantitative relationship between the various fields of research are to be equated with the quantitative relationships between the various budgetary priorities of the Community. In other words, we do not intend to devote 80% of Community research to research in the agricultural field, but we want Community research to be applied to the other priorities in terms of their significance and we would like to indicate now, as the Action Programme does, the fields to which we attach priority. One of these is energy. Now energy research, as the Community is thinking of it, includes the highly topical question which Lord Bessborough raised, the question of enriched uranium. Mr President, in answering this question I find myself for several reasons somewhat at a loss. I was unfortunately not present this morning when

Dahrendorf

Mr Ortolí commented on this subject. All the same, there is no reason for me to add to what he said, either generally or specifically. The Commission is just as shocked as Lord Bessborough that despite all attempts to restrict our decisions to a small circle they are, on each occasion, publicized. I would like to point out here that the Commission is, as a result of several incidents, in the process of thoroughly investigating the source of these leaks. I have not had the opportunity to see today's newspapers which Lord Bessborough is referring to. If these papers do contain the items he has referred to—and I have no reason to doubt that—then I believe I am justified in saying the following:

The Commission has never discussed the question of whether one method of uranium enrichment is better than another, nor has it ever dealt with any proposal which might have led to the development of one method in preference to another, or not to develop a method because another was available. This never has been discussed by the Commission and it seemed to us that it was never a legitimate topic for Commission discussion. As far as we are concerned, there have been two very important sides to this question. The one side is assuring Europe of energy in general—and there can be no question that at this time the whole question of uranium enrichment must be taken in this context—and the other side of the question is how we can prevent the simultaneous existence of different methods resulting in being disadvantageous to the European consumer or to those who have developed these different methods. We were not then taking sides against one method or another, but were concerned with achieving for Europe whatever would be most effective in giving us security of supply, given that various methods are available.

Mr President, there are a lot of other things which can be said on the subject of the Community's own research. At some time in the future, as I mentioned before, on some auspicious occasion, I would very much like to talk a little on the Joint Research Laboratory and on the development of this Joint Research Laboratory, a subject which I personally am very concerned with and on which the Commission adopted a report at its meeting of 7 November, a report which certainly deserves to be discussed in the responsible committee and then perhaps in the House itself. I would just like to emphasize that this subject is of great concern to us, that indeed we see a key significance for the Joint Research Laboratory in terms of its effect on research and perhaps for our reputation both in scientific policy and in the scientific fraternity in Europe. I hope

that I will succeed here in clearing up a few points which will make it easier for you to talk of the Joint Research Laboratory here and in the Council of Ministers, as well as to the scientific world.

Among the subjects which we in the Commission consider important in the context of a Community scientific policy are scientific and technical information and the preparation of scientific services. Neither has been mentioned here, although they were considered by Mr Flämig in his report and, as regards information, also in Lord Bessborough's report. I would just like to emphasize both these again.

Our attempt to find some very talented people to advise us on a specific subject is the result of our desire to put what one could call the scientific forecasting capacity of this Community to use for Europe. In other words, we simply want to see what is happening in Europe in the way of experiments, we want to look into the future a little and in that way get some ideas about possible developments, ideas which could then in certain circumstances be significant for the decisions which we will be making in other fields.

In order not to bite off more than we can chew and not set our sights too high, we have proposed to start by assigning a small number of people for a limited time to look at what is happening and to tell us what they think could usefully be developed from it.

Two questions have been raised, from the rapporteur and from Mrs Walz: the question of finance and the matter of the legal position. We are continually being told that we haven't said enough on these points.

As far as finance is concerned, the framework programme which I mentioned here is a programme which at present has no financial implications—at least no financial implications beyond those which already exist in the context of the 4-year-programme for research and beyond those funds this House so kindly granted today—something I would like to express my heartfelt gratitude for—by including in the budget the 1 million u.a. which we need for our 'wise men'; for example, as well as for several other projects which will have to be tackled in the near future.

The finance proposals can only be considered in next year's proposals, but for the time being the Commission is assuming that we are not going to have to greatly exceed what is contained in what is often known as 'document 700', the report which Mr Spinelli submitted to the Commission in 1972.

Dahrendorf

It is our belief that a key element in the Community research tasks in the coming years is to be found in coordination and stimulation, and perhaps also in coordination by the Community itself of practical projects. But this is something which deserves further discussion.

This is not, then a cunning attempt to avoid the issue of financing; rather, we are induced as a direct result of the way we see progress in our research policy to say so little at this stage.

As regards the legal basis, I am well aware that this House would clearly prefer to use Article 235. As far as I personally am concerned, if I may say so, I have nothing against that. The same topic cropped up at the Council discussions. All the same, I would like to point out to you that there is a whole series of arguments which are always invoked in reference to the use of Article 235 and they should not be disregarded.

In a different connection this Assembly today made a decision on the type of resolution in the Council of Ministers. Proposals under Article 235 require unanimity. That is one of the reasons why the Commission has a certain hesitation in respect of use of this Article.

In addition, we have to be careful when dealing with the scientific policy that the proposals we make are not restricted by the limitations of the EEC-Treaty, as could result from an interpretation of Article 235 with Article 203 of the Euratom Treaty and Article 95 of the ECSC Treaty.

However, as far as this question is concerned the Commission is influenced more by the presence of doubts, which cannot at any rate be simply disregarded, than actual hesitation, particularly considering the need to make progress.

One comment on Lord Bessborough's report; I hope, Mr President, that I shall still be able to conclude by 7.45 p.m. as you requested. Lord Bessborough discusses so many plans in his report that I really cannot do justice to them here. But I do want to say firstly, that the Commission intends to decisively support voluntary cooperation in the field of industrial research. It was no accident that the Director-General for research and science was present at the Rotterdam Conference, and we intend to act in the same way in the future;

Secondly, our proposals in the industrial-political field contain a whole series of measures intended to contribute to the encouragement of cooperation and also to encouragement to accept development risks;

Thirdly, we have practically completed a preliminary inventory which Lord Bessborough will soon have. That is a beginning. It may not be a beginning which is altogether satisfactory, but as is always the case, the first move has to be made somehow. Of course, some of what Lord Bessborough's report proposes still remains to be undertaken.

Mr President, this debate has taken place at a useful time—I don't of course mean the actual day, but in the context of the Community's decision-making process. As I have said, the Commission submitted its action programme on 25 July of this year in response to the call by the Summit Conference. A group from the Council of Ministers has considered it, and we have now reached the stage when it appears appropriate to call a Council meeting and make the attempt to reach decisions before the expiry of the time-limits fixed at the Summit. Such a Council meeting is now planned in principle for the end of this month or the beginning of next. I was gratified to hear during question time this week that the Council President intends to stick to this timetable. It is conceivable and it is to be hoped that, with the support and consideration of this House, a first important step towards a common scientific and technological policy will have been taken before the end of this year.

On behalf of the Commission, permit me to cordially thank the rapporteurs and say how valuable it would be for us if the Assembly were to adopt these resolutions.

(Applause)

President. — I call Mr Flämig.

Mr Flämig, rapporteur. — *(D)* Mr President, I would like to make one brief remark; I would like to point out here that what we have just had here was not a debate on the problems on the agenda. We had at best the rudiments of a debate which could not hope to do justice to the subject. The reasons are well known; I don't want to list them yet again, but would just like to say this much in reference to what Lord Bessborough said: I do not think that taking both reports together is to be recommended, since even in this debate the two have got hopelessly mixed up with one another; we have had uranium enrichment, reactor strategy, some new technologies and some space research, vastly expensive projects which would be well worth discussing seriously.

I would therefore suggest that we discuss these important matters point by point on some other occasion, and if possible at a better time of day. That is also the reason, Mr President, why we

Flämig

have only presented an interim report here today and not a final report.

President. — I call Lord Bessborough.

Lord Bessborough, rapporteur. — I entirely agree, I believe that it is important that we should debate this matter in our own committee and, I hope, on the floor of the House later.

President. — The smallest undertaking costs millions. That was also true of regional policy. That's why we have discussed this problem at great length. I have duly noted this point and we shall try to do something about it.

Does anyone else wish to speak?

The general debate is closed.

We shall now consider the two motions.

On the motion for a resolution in Mr Flämig's report, I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

On the motion for a resolution in Lord Bessborough's report, I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

9. Appointment of a Vice-President of the European Parliament

President. — I have received from the Socialist Group a request for the appointment of Mr Ariosto as Vice-President of the European Parliament to replace Mr Corona.

I propose that Parliament proceed immediately with this appointment.

Are there any objections?

I declare Mr Ariosto Vice-President of the European Parliament and offer him my congratulations.

(Applause)

10. Change in agenda

President. — In order to avoid a night sitting, I propose that we withdraw the following reports from today's agenda and put them on the agenda for tomorrow, Friday:

— the report by Sir Tufton Beamish on the recommendation of the EEC-Turkey Joint Parliamentary Committee (Doc. 210/73);

— the report by Sir Tufton Beamish on the recommendation for a regulation on the conclusion of the Supplementary Protocol to the EEC-Turkey Association Agreement (Doc. 218/73);

— the report by Mr de la Malène on a Community tariff quota for hazel nuts originating in Turkey (Doc. 227/73).

Are there any objections?

That is agreed.

11. Order of business

President. — I call Mr Liogier.

Mr Liogier. — (F) Mr President, colleagues, we were consulted on the second report by Mr Delmotte—announced as such and presented for the first time to this Assembly—on regional policy and the means of implementing this policy.

Mr Bertrand proposed initially that only the rapporteur should be given the floor and that the vote should subsequently be taken immediately. This was quite clear. However, as I see it, a proposal of this sort is unacceptable and should be rejected according to the Rules of Procedure, irrespective of our friendly feelings towards Mr Bertrand.

Mr Yeats, worried that this proposal, accepted by the Chair, might receive a favourable vote, felt he should intervene to limit the effects by insisting that at least those speakers duly designated by their group should have the possibility of speaking, which would not exclude—far from it—the possibility of every speaker on the list taking the floor.

Mr Bertrand's proposal having been rejected by the vote, the Chair, interpreting Mr Yeat's speech in the most restrictive way, felt it necessary to put to the vote a proposal on the order of business whereby participation in the debate would be limited to those speakers nominated by the political groups, that is, just one speaker per group. This proposal was only adopted as the lesser of two evils.

¹ OJ No C 108, 10. 12. 1973.

Liogier

I myself was one of those speakers on the list in a personal capacity. 'O Liberty, how many crimes are committed in your name, what slavery is yours!' Along with a number of other colleagues in the same situation, I found myself cast into the outer darkness where there is wailing and gnashing of teeth, as the Bible has it. For my part, I cannot accept my sad lot without protest, and I appeal to the spirit of justice and equity of our President for the future by reminding him of the old adage: '*Errare humanum est, perseverare diabolicum*'! Mr Delmotte's second report was presented to us for the first time this afternoon. Before the debate on the first report there had been discussions in committee. If this first report was not adopted in plenary sitting, it was because that it was felt that a second report was indispensable. Indeed, from the time of the last sitting until quite recently, there were new discussions in committee in preparation for the current debate.

This is why, in my view, a second report should involve a second debate which should be sufficiently searching to deal adequately with the serious problem we are asked to consider, and especially allowing those speakers on the list to express their personal views—which I believe is a right—in the light of recent discussions.

Here again Mr President it would perhaps be a good idea to draw a lesson from latin good sense and wisdom revealed in the phrase *in medio stat virtus*—avoiding the extremes of Bedlam and the dumb eunuchs of the harem.

(Laughter)

President. — I take note of your statement, Mr Liogier.

12. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Friday, 16 November 1973, with the following agenda:

9.30 a.m. to 12.00 noon

- Report by Mr Klepsch on the customs territory of the Community Report by Sir Tufton Beamish on the recommendation adopted in Istanbul.
- Report by Sir Tufton Beamish on the Supplementary Protocol to the EEC-Turkey Association Agreement.
- Vote without debate on the report by Mr de la Malène on a Community tariff quota for hazelnuts.
- Report by Mr Kollwelter on rates to be charged for the use of transport infrastructures.
- Report by Mr Seefeld on social legislation relating to road transport.
- Report by Mr Müller on the interior fittings of motor vehicles.

The sitting is closed.

(The sitting was closed at 7.50 p.m.)

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IN THE CHAIR: MR DEWULF

(*Vice-President*)

(*The sitting was opened at 9.30 a.m.*)

President. — The sitting is open.

1. *Approval of the Minutes*

President. — The minutes of proceedings of yesterday's sitting have been distributed.

Are there any comments?

The minutes of proceedings are approved.

2. *Apologies for absence*

President. — Apologies for absence have been received from a number of Members, particularly from members of the Committee on Budgets, which is meeting at this moment. Others have been held up by the bus drivers' strike.

3. *Texts of Treaties forwarded by the Council*

President. — I have received from the Council of the European Communities certified true copies of the following documents:

— Agreement between the European Economic Community and the Republic of the Upper-Volta on the supply of food aid in the form of maize;

— Agreement between the European Economic Community and the Republic of the Niger on the supply of food aid in the form of maize;

— Agreement between the European Economic Community and the Republic of Chad on the supply of food aid in the form of common wheat;

— Trade Agreement between the European Economic Community and the Eastern Republic of Uruguay;

— Agreement between the European Economic Community and the Republic of Sri Lanka concerning the supply of food aid in the form of flour of common wheat;

— Trade Agreement between the European Economic Community and the Socialist Federal Republic of Yugoslavia;

— Agreement in the form of an exchange of letters modifying the Convention between the European Economic Community and the United Nations Relief and Works Agency for Palestine refugees concerning aid to refugees in the countries of the Middle East as far as the quantities of certain contributions for the second year of application (1973/74) are concerned.

— Agreement between the European Economic Community and the United Nations Relief and Works Agency for Palestinian refugees on the supply of butteroil as food aid.

The documents will be placed in Parliament's records.

4. *Regulation on the definition of the customs territory of the Community*

President. — The next item is a debate on a report drawn up by Mr Klepsch on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 1496/68 of 27 September 1968 on the definition of the customs territory of the Community (Doc. 212/73).

I call Mr Klepsch, who has asked to present his report.

Mr Klepsch, rapporteur. — (D) Mr President, ladies and gentlemen, the Commission's proposal on the definition of the customs territory of the Community, which is now before us, is of a purely technical nature. Its aim is to avoid any discrimination in intra-Community trade against imports from third countries.

Such discrimination can and does arise from the definition of the customs territory of the Community contained in the Treaties of Accession, which is not precise enough for the purpose of fixing the customs value of the goods. A brief illustration of this: on the basis of the definition in the Treaties of Accession, the customs value of goods exported from France to Denmark via Germany includes all transport costs as far as Denmark, whereas that of goods exported from Spain to Denmark via France and Germany includes transport costs to the French border only.

Such hindrances to intra-Community trade are avoided by the Commission's proposal which is now before us. At first, it was to apply for one year only, to see whether it would be possible to dispense with this definition within this time-limit. However, the difficulties in interpretation have not disappeared. It will therefore be necessary to maintain the regulation in force until the final abolition of internal Community customs duties as agreed between the original six Member States and the three new acceding countries, which means that the regulation will have to be extended until 30 June 1977.

The arguments were convincing enough to lead the Committee on External Economic Relations to the unanimous conclusion that the proposal should be approved. I therefore ask you to vote for it.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — The Commission is grateful to Mr Klepsch and his committee for their work and the opinion which they have produced. Mr Klepsch has put more clearly than I could the reasons behind the Commission's proposal, so I do not think that I need take up the time of the Parliament this morning on this point.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote

The resolution is adopted.¹

¹ OJ No C 108, 10. 12. 1973.

5. Recommendation adopted by the EEC-Turkey Joint Parliamentary Committee—EEC-Turkey Association

President. — The next item is a debate on two reports drawn up by Sir Tufton Beamish on behalf of the Committee on External Economic Relations on

— the recommendation adopted on 10 September 1973 in Istanbul by the EEC-Turkey Joint Parliamentary Committee (Doc. 210/73); and

— the communication from the Commission of the European Communities to the Council on the outcome of the negotiations with Turkey consequent to the enlargement of the Community,

the recommendation for a regulation of the Council on the conclusion of the Supplementary Protocol to the Association Agreement between the European Economic Community and Turkey consequent to the accession of new Member States to the European Economic Community, and

the recommendation for a decision of the Council concerning the opening of negotiations with Turkey on an Interim Agreement consequent to the accession of new Member States to the European Economic Community (Doc. 218/73).

Since Sir Tufton Beamish has had to return to London, these two reports will be presented by Lord Mansfield, whom I now call.

Lord Mansfield (replacing Sir Tufton Beamish, rapporteur). — I should like to explain Sir Tufton's absence, and also to record his apologies, Mr President, to yourself and the House. I am lucky in that, until yesterday, at any rate, I was a member of the competent committee and went to Turkey, so I am able to introduce these two reports, with your permission. Sir Tufton was called home, like many of my colleagues in the House of Commons, and he wished me to apologize for his absence. Since I went on the joint delegation to Turkey in September, it in perhaps in a way fitting that I should give this report now.

I was originally nominated as rapporteur in April of this year, but unfortunately illness prevented me from producing the joint report to the plenary sitting in May. It therefore gives me great pleasure to step into the breach now.

All my colleagues who went to Turkey would, I think, agree that the Turks made us very welcome. They were preoccupied with their own impending general election, but they attached

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great importance to their association with the EEC and had many things to say to us, many of which they were in considerable anxiety about and some of which are touched on in these reports.

To bring matters up to date, the Turks duly held their election on 14 October and, perhaps contrary to public expectation, the Social-Democratic People's Republican Party polled more votes than before and doubled its number of seats. The Justice Party lost 78 seats. The National Salvation Party, with a strong Islamic appeal, emerged as the third most powerful party. The government resigned, and Mr Ecevit was asked to form a new government. I understand that he has not yet been able to do so. So the old government, under Senator Talu, has remained in as a caretaker government.

The effect of this, apart from anything else, is that there has been no decision about the political prisoners in Turkey. It is right to say that the whole delegation from the European Parliament was concerned about this question of political prisoners, but under Turkish law amnesties in Turkey have to be legislated by Parliament, receive the President's signature and be gazetted before they become law. Before the Turks have a new government it will not be possible under their law to release all or any of these prisoners.

I now come to the text of the two reports, one of which deals with the recommendations adopted in Istanbul at the meeting of the Joint Parliamentary Committee, and the other with the Supplementary Protocol adapting the Association Agreement to the new Member States. One can take these two reports together because they are complementary.

Dealing with the Supplementary Protocol first, this lays down a time-table for the gradual reduction of customs duties and similar charges to the new Members until 1 June 1977, when they will be in line with those which have previously applied to the Six. The reduction will take place in five stages; each of them will amount to 20 per cent of the difference between the duties at present applied to Third countries and those applied to the Six.

Apart from the discussion on transitional provisions, there were perhaps three main points that emerged from the negotiations which led up to the signing of the Supplementary Protocol: first, the treatment to be accorded to Turkish agricultural products such as cotton and petroleum products; secondly, the problems of protection for Turkish industry and the adaptation of the consolidated liberalization list; and finally, the difficult question of generalized preferences. Agriculture, strictly speaking, was outside the scope

of the negotiations, but it was agreed that additional concessions would be made to Turkey to compensate for any loss she might incur following the adoption by the new Member States of the Community arrangements for imports of agricultural products. The Association Council met immediately after the signing of the supplementary protocol and agreed to certain concessions, and the first draft regulations giving effect to them were reported on during our parliamentary part-session of September.

I will not detain you with details of the arrangement for cotton and petroleum products. They are dealt with sufficiently in the report. Suffice it to say that the decisions reached were acceptable to both sides. I wish I could say that the arrangements for generalized preferences were equally satisfactory, but unfortunately the wishes of our Parliament in this matter have still not been met and Turkey has not been included in the list of countries receiving such preferences.

The Turks regard this with considerable anxiety, because it has the grave political disadvantage that when the major industrialized countries review their own systems of generalized preferences they are less likely to look with favour on Turkey than they would if she were included in the list held by the European Economic Community. The committee totally rejected the argument that it is inappropriate to include Turkey in this list because she has an Association Agreement with the Community and the argument that a country which is part of Europe similarly should have no place on the list. The Joint Committee felt that inclusion in the list would give Turkey a very real advantage, particularly with regard to the United States, which is required to take into account the treatment accorded by other countries when drawing up its own list of generalized preferences.

Apart from this point of principle, however, the arrangements made for Turkish products in the Supplementary Protocol are reasonably good. Although a few products will be unavoidably discriminated against on the United Kingdom market in 1973—Turkey accepts that situation—when the Community system of generalized preferences is adopted by the three new Member States on 1 January next Turkey will receive from the enlarged Community treatment no less favourable than that granted to any country benefiting from generalized preferences.

Nevertheless, I feel—and I am sure that I speak for all members of the Joint Committee, particularly the European section of it—that generalized preferences should be entertained here, although the present arrangements are acceptable as far as they go. The Committee on Ex-

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ternal Economic Relations therefore welcomed the Supplementary Protocol and calls for its speedy ratification by national parliaments, subject to the reservations which I have already mentioned.

I turn to the question of the development of trade. In the report attention is drawn to the rapid development of trade between the Community and Turkey in recent years. The share of the original Six members of the EEC in Turkey's total exports has increased from 496 million dollars in 1968 to 885 million dollars in 1972, and the Six's share of Turkey's total imports has risen from 764 million dollars in 1968 to 1,563 million dollars in 1972. A great deal of the credit for this must go to the trade provisions of the Additional Protocol. Unfortunately, the overall increase in trade between Turkey and the Community has been accompanied by a worsening of Turkey's trade balance with the Community, but perhaps it should be regarded in this light, that in the case of a country such as Turkey such a situation is bound to arise because it is industrializing rapidly and has to spend a considerable amount of money on imported capital goods.

The questions of trade and industrialization have to be taken together. They are, of course, inseparable. The Joint Parliamentary Committee were able to see something of the products of Turkey's new industries during their visit to the trade fair at Izmir. What we saw was encouraging, as far as it went, but Turkey obviously has a long way to go if she is to be competitive in European markets and we must do all we can to help her speed up the pace and the level of her industrialization. One obvious measure is the provision of financial aid. This will be further increased by the signing of the Supplementary Protocol. One matter to which the report refers is the Keban Dam on the Euphrates, which is now being completed and which will produce 6,000 million kilowatt-hours of electricity annually. Such investment can do nothing but good for the new and young Turkish industries.

In addition to such direct help to Turkish industry, the Community also helps Turkey in an indirect way under the provisions of the new Supplementary Protocol, for Turkey is authorized to amend within certain limits the list of liberalized industrial products which she imports from the Community, and provision is made for the reintroduction of quotas in certain circumstances. I hope that that sort of protection will finally become unnecessary.

The recommendation agreed at Istanbul rightly stresses the fact that we must not be obsessed with purely commercial considerations. Our

ultimate objective is the full accession of Turkey to the European Community. I should like to draw the attention of the House to the paragraph in the recommendation which stresses the need for the progressive coordination and harmonization of the economic and social policies as well as the commercial policies of Turkey and the Community.

I want finally to come to the question of Turkish guest workers within the Community. This is a problem which affects Turks very much and it also affects certain countries within the Nine, some of them to a considerable degree and others, like the United Kingdom, hardly at all. The scale of the problem is enormous. The number of registered Turkish workers in Community countries on 1 January 1973 was over 600,000, most of them in West Germany. That, of course, does not take into account any illegal immigrants. It should be remembered that these guest workers save their money and make a great contribution to Turkish foreign exchange earnings. They transferred over 740 million dollars in 1972.

I am coming to the end, Mr President, but I make no apology for speaking at this length because the Turks regard these matters with the greatest anxiety. Everything said in the Chamber will be read by them with the keenest of interest, and it is not right, in my respectful submission, that as rapporteur—even if standing in for Sir Tufton—I should permit these matters to be glossed over. I make no apology, but I will be only two minutes more.

Vocational training is one of the matters which the Turks regard as very important. Apparently there are not sufficient instructors or training centres to train skilled workers, and one invaluable by-product of immigration could be the training of technicians for Turkey. But too little is done for various reasons, including the fact that Turkish workers are not always familiar with the language of the host country. This is an area in which the Commission could perhaps help.

There is a need to integrate Turkish workers into the trade-union structure of the host country and to give them the same rights as indigenous workers. Finally, there is a need to provide real equality within the society of the host country. Turkish workers and their families should have equal social security rights. There is an educational problem to be met, involving the need to train bilingual teachers and to deal with the shortages of crèches and day nurseries, especially in West Germany. All these matters must be considered at Community level.

With those words I commend these two reports to the House.

President. — I call Mr Broeks, on behalf of the Socialist Group.

Mr Broeks. — (NL) Mr President, I should like to thank the rapporteur for his excellent reports. I would add that our group has no difficulty whatever in accepting both reports. I should also like to thank Lord Mansfield for introducing them.

I asked for the floor to comment on a political implication contained in these reports. Lord Mansfield has already reminded us that free general elections have been held in Turkey; it goes without saying that we and probably the entire Parliament are extremely pleased about this. I would add that we as Socialists are especially pleased with the results of these elections, but I am not sure that I would be speaking in the name of the entire Parliament. I gathered from Lord Mansfield's words that this might not be the case.

Attempts have been made to form a new government, but without success. A further attempt is now being made. Under the circumstances it is understandable that no amnesty has yet been granted to political prisoners. As socialists we are particularly concerned with their fate, although the same must surely apply to all of us here. I hope that those who form the new government will do the same as those who went before them intended to do, and that is, to grant an amnesty to all with the exception of those convicted of serious acts of violence. But until an amnesty is granted we shall continue to ask ourselves as socialists whether we have the right to urge our governments to ratify the Supplementary Protocol, which is scheduled to happen within the next few days.

I hope that Turkey will soon have a government, but I hope also that this will mean that an amnesty will be granted.

As far as the Supplementary Protocol as such is concerned, we have no objections whatever to asking our governments to ratify it as soon as possible. We do object to doing so, however, before we receive assurances concerning the fate of political prisoners in Turkey. I think this point of view will be understood, and I sincerely hope that we shall soon have more information about the new government to be formed in Turkey. I hope that we shall then also know whether the new government intends to grant an amnesty or not. Considering the person who has been instructed to form the new government, it is not at all sure that the latter will grant amnesty.

We should like to make it clear that if no amnesty is granted to the political prisoners, we

shall feel obliged, as the Socialist Group, to ask our governments not to ratify the Supplementary Protocol.

President. — Thank you, Mr Broeks. I am sure that all Members of this House will share your concern and that of your group.

I call Mr Klepsch, on behalf of the Christian-Democratic Group.

Mr Klepsch. — (D) Mr President, ladies and gentlemen, I should like to comment on three points. I believe that we should emphasize what Lord Mansfield has said so well and what the rapporteur has stated so ably in his report, that we can now see that there has been a complete return to parliamentary democracy in Turkey. There has never been any kind of doubt as to the democratic institutions in Turkey, and we are pleased that the last election in Turkey has shown everyone that the Turkish people has quite freely chosen between several parties and has elected a parliament which, like those in our own countries, must try to gain a majority. I must also welcome the fact that the democratic process in Turkey is following exactly the same course as in our own countries. I share the opinion expressed by Mr Broeks that it is a long process, but we know from our own countries—it is doubtless the same in his country—that the party with the greatest number of seats does not always form the government since it does not always have the majority of members behind it. Nevertheless, we are pleased to learn that a fully democratic parliamentary system is in operation in Turkey. That is also important from the point of view of Turkey's eventual incorporation into the Community.

As regards the amnesty, you will all be aware that the two large parties declared before the elections that there would be an amnesty for those who had not planted bombs or been involved in other acts of violence. We do not doubt that the two main parties, of which at least one must form the government, will keep their word. I believe Mr Demirel and I believe Mr Ecevit. I would not like to take it upon myself to differentiate between the credibility of statements made by Turkish politicians. And we know from frequently painful experience in our own countries that, as I have said, the formation of a government may take a long time. I would not like to attach any conditions to the adoption of the report. Secondly, I should like to say that the great advances in Turkey's economic development, which lead us to hope that at the end of the period of association we shall be able to welcome Turkey as a full member of the European Community, make it necessary for us to

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examine more closely a second aspect, namely, the extent to which cooperation with the countries of the European Community is helping Turkey's internal economic and industrial development. We shall have to ask ourselves—and we shall have to consider this in one of our next reports—what progress is made by investment in Turkey, how things stand as regards the right to settle, and perhaps also the question of work permits for persons from the Community who will have to work in Turkey to bring about this development.

In addition to the useful interdependence which already exists as a result of Turkish workers' finding employment in the countries of the Community, we must help to ensure that industrial and economic development in Turkey keeps up with population trends there, which are well ahead of population trends in the Community.

We shall be able to approve the whole of this report; indeed, we must approve it and take the steps it recommends. However, in future reports we should study the part of the whole problem which I have just outlined in greater detail.

Finally, I should like to say that I believe that in Turkey we have a partner who is really concerned to make the necessary efforts for association, so that we can all grow together. We should recognize this expressly, and I would urge the Commission to make more concessions to Turkey within the scope of the generalized preference scheme.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — I should first like to express my admiration for the skill with which Lord Mansfield has deputized for Sir Tufton Beamish in presenting these reports. I wish that I felt the same adequacy in undertaking my own task of substituting for Sir Christopher Soames. I would join those who have congratulated Sir Tufton on the reports which Lord Mansfield has presented on his behalf.

This short but important debate has shown that these reports have come at a particularly significant time in the historical development of Turkey. The committee from this Parliament taking part in the joint discussions in Turkey did so on the tenth anniversary of the Association Agreement between the Community and Turkey, the fiftieth anniversary of the Turkish Republic and the opening of the Bosphorus Bridge—a physical and psychological symbol of great importance of the link between Turkey and the Community—and, not least, at the time of the Turkish general election.

The House was glad to hear from Lord Mansfield that the representatives of this Parliament took the opportunity of these discussions to emphasize their concern about political prisoners in Turkey and about amnesties for those not accused of criminal offences. As Lord Mansfield rightly said, even a short debate in this Parliament is carefully studied in Turkey, and I am sure that the expressions of view which we have heard about political prisoners and the amnesty—which I understand was supported by two of the main political parties in the election—will be listened to very carefully indeed.

I want to deal with the substance of these reports and to bring the Parliament up to date so far as I can on what has happened since Sir Christopher Soames last spoke in the House on 3 July. In regard to the Supplementary Protocol, the Member States are going through the ratification procedures, and I hope that it will become effective next year.

There have been delays over the Interim Agreement for practical and administrative reasons such as translation, the drafting of legislation needed to put some aspects of the agreement into operation and other delays of that kind, but I have every reason to believe that the agreement will become effective on 1 January. In this way, all the commercial aspects of both the Association Agreement and the Supplementary Protocol will come into effect well before the protocol itself. I know that the House had hoped that this would be the case, and I am happy to say that this is one example of how the Commission has been able to take account of the wishes expressed by the European Parliament.

Apart from the procedural situation, the two principal points mentioned by Lord Mansfield and presented in detail in the proposed resolutions are the questions of generalized preferences and the guest workers. As Sir Christopher Soames said on 3 July, the Council of Association between the Community and Turkey, which met in Ankara on 30 June, took note of the Community's undertaking to grant to Turkey advantages no less favourable than those provided by generalized preferences. The undertaking would apply to the two industrial products for which intra-Community tariff and quota arrangements had not yet been granted to Turkey—that is, certain textile and petroleum products—as well as to certain agricultural and processed agricultural products.

In the light of this undertaking, the Commission is drafting regulations which we are about to send to the Council, and I hope that these will become effective at the same time as the Interim Agreement. The House will be consulted on one of these regulations, in accordance with

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Article 43 of the Treaty of Rome. In this way, a situation which has been seen by some—this was implied by Lord Mansfield—as discriminating against Turkey in the matter of generalized preferences will be met for 1974 in a pragmatic, but I believe entirely effective, manner.

On the question of Turkish workers in the Community, preparations are being actively pursued to enable the Council of Association to take the necessary decision in the field of social security according to Article 39 of the Additional Protocol. I am confident that this decision will be taken by the end of the year.

On the other problems concerning Turkish workers raised in the resolution, in particular occupational training, education and trade-union arrangements—the last being something that I was glad to see in the report—I can only say that the Community as such, at least for the moment, does not have at its disposal, as a Community, the appropriate juridical or financial means to deal with these problems.

There is a gap here which the Member States have tried to fill by bilateral measures, in the hope of one day arriving at a coordinated plan on a Community basis. I hope that the climate created by the kind of report now submitted to the House will help to speed up that process. For example, there is the convention on the occupational training of Turkish workers signed recently with the Federal German Republic. As Lord Mansfield said, it is in the Federal Republic of Germany that the great majority of Turkish workers in the Community live. Certain *Länder* in the Republic have also taken measures in education, including the engaging of Turkish teachers paid by the appropriate German authorities, and other measures of that kind.

As for the progressive realization of the free circulation of workers between the Community and Turkey, it would be inappropriate at the moment to say more than that the Community and Turkey will certainly honour the obligations they undertook in the Ankara agreement and its protocol.

The last point raised in the resolution is the opening of a Community information office in Turkey. I know that the House feels that this matter has proceeded slowly and is impatient about progress—and I realize the reasons for that impatience. Our talks with the Turkish authorities should now come to a fairly rapid conclusion, and the final preparations for the opening of the office are under way. I am sorry that this has not proceeded as quickly as everyone had hoped, but progress is being made.

I should like to refer on behalf of the Commission to the constructive atmosphere which has characterized throughout the year the Com-

munity's relations with its associated partner, Turkey. We have signed agreements as important at the Supplementary Protocol, the Interim Agreement, a second financial protocol and a coal and steel agreement. The Community has participated for the third time in the Izmir International Fair, and four members of the Commission have visited Turkey on different recent occasions.

Mr Dahrendorf recently represented the Commission at the celebrations of the fiftieth anniversary of the founding of the Turkish Republic, Mr Scarascia Mugnozza represented the Commission on European Day at the International Fair, and Sir Christopher Soames and Dr Hillery both took part in the Council of Association in Ankara on 30 June. So there has been a good deal of activity on the Commission front in terms of the relations with Turkey.

At a moment when the Turkish people have just expressed their will in elections and when their representatives are applying themselves to further reform, modernization and industrialization, I should like on behalf of the Commission to assure them that the European Community is ready to give Turkey every possible help and support in its efforts to build for itself a modern democracy.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the two motions for resolutions in turn.

On the motion for a resolution contained in the Beamish report on the recommendation adopted in Istanbul, I have no amendments or speakers listed.

Does any one wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

On the motion for a resolution contained in the Beamish report on the Commission communication and the two Council recommendations, I have no amendments or speakers listed.

Does any one wish to speak?

The resolution is adopted.¹

6. *Community tariff quota for hazelnuts originating in Turkey*

President. — The next item is a vote without debate on the motion for a resolution contained

¹ OJ No C 108, 10. 12. 1973.

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in the report drawn up by Mr de la Malène on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation opening, allocating and providing for the administration of a Community tariff quota for fresh or dried hazelnuts, shelled or not, falling within sub-heading ex 08.05 G of the common customs tariff, originating in Turkey (Doc. 227/73).

I have no speakers listed.

Does any one wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

7. Decision on a common system of rates to be charged for the use of transport infrastructures

President. — The next item is a debate on a report drawn up by Mr Kollwelter on behalf of the Committee on Regional Policy and Transport on the proposal from the Commission of the European Communities to the Council for a decision on the introduction of a common system of rates to be charged for the use of transport infrastructures (Doc. 195/73).

I call Mr Kollwelter, who has asked to present his report.

Mr Kollwelter, rapporteur. — (D) Mr President, ladies and gentlemen, the Committee on Regional Policy and Transport of the European Parliament has taken a great deal of trouble over the report which I am now putting before you. You will see from page 3 that the Commission's proposal on a system of rates to be charged for the use of transport infrastructures was put before Parliament as early as May 1971. However, your rapporteur and the Committee have not wasted their time but have studied this difficult and important subject very carefully.

I am not exaggerating when I point out that this is the most important question of transport policy which the European Parliament has so far had to consider. The cost of infrastructures does not relate to the many boulders which have to be cleared out of the way in order to initiate the common transport policy; it is in fact one of its cornerstones.

In all our countries, the problem of infrastructures has got out of hand. Whereas the railways pay for their rails, bridges and tunnels them-

selves, the situation of road and inland waterway transport is different. Roads and inland waterways are planned, built, financed and maintained by the state. Although certain levies are imposed on users of roads and inland waterways in every country in the form of levies on vehicles and fuel and of a shipping levy which has to be paid on certain canals and rivers, in none of our countries is it really recognized that all these taxes and levies are payment for the use of the transport infrastructures.

Moreover, there is some difference of opinion as to whether the income from these taxes really covers all the costs of maintaining these infrastructures. There is a suspicion that in many cases transport by road and inland waterway constitutes unfair competition for the railways, which bear their own costs. However, in every country the railways have large deficits running into thousands of millions of units of account which have to be financed from the general national budgets, since the State is responsible for the railways. Can we therefore say that the railways pay their own way?

Mr President, we stand on the brink of a morass. We do not know how high the costs are; we do not know what taxes or levies will be required to cover them and we use general income from taxation to finance enormous investment projects whereby competitors in the field of transport are artificially subsidized in order to take the bread from the mouths of other competitors. And then we have to keep these alive also with enormous sums from the national budget. We must escape from this chaos. A modern transport policy can no longer be run as it was in the days of the stagecoach.

The construction of transport infrastructures has become a major industry in our time and must be treated as such. We must, therefore, make sure that those who incur such costs and make a profit out of them also bear the cost involved. This means that those making use of transport infrastructures must bear the full cost of rail, road and waterway and pass these on to their customers through the prices they charge. This also applies to private traffic on the roads and to long-distance traffic just as much to traffic within a town.

Mr President, ladies and gentlemen, we are not faced here with a problem which has only arisen since the foundation of the European Economic Community but with one which has remained unsolved in every country of the European Community. It would be a great step forward for the Community were we to succeed in implementing a modern transport policy which would help to solve this problem in every

¹ OJ No C 108, 10. 12. 1973.

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Member State. The Community would gain much if this were the case.

But what does the Commission's proposal mean for the common transport policy? I have already said that we are here concerned with one of the cornerstones.

Countries which apply a number of different solutions to the problem of infrastructure costs are unable to cooperate in a Common Market and even more unable to implement a common transport policy. Such costs now account for a very large proportion of transport costs generally. How can we work out a common prices policy for transport when so large a proportion of the cost is distorted? How can we harmonize vehicle taxes when we are not clear as to how these are to be incorporated into the infrastructure account? Can we hope for a greater freedom of movement across the frontiers between the countries of the Community when all these measures are bogged down because one of the greatest cost factors—namely, infrastructure costs—is not handled on a Community basis? We are really concerned here with a cornerstone of common transport policy.

Mr President, one does not lay a cornerstone if one does not know what one intends to build. This was one of the reasons why the Committee on Regional Policy and Transport and the committees—asked for their opinion—again and again asked whether such grave interventions into the finances of the Member States were justified in the manner in which the Commission desired them.

The Commission's proposal gave rise to grave misgivings when looked at in isolation. But this situation has now undergone a fundamental change. The Commission put before the Council and Parliament on 24 October of this year a communication in which it set out a general approach for the further development of the common transport policy. The Committee on Regional Policy and Transport will very soon be presenting a report on this subject. In this new overall approach the proposal of payment for infrastructures is given appropriate emphasis. We can therefore today agree more easily with the important proposal made by the Commission knowing that it will be incorporated into an overall transport policy.

On the other hand, I should like to see it as a good omen for the efforts of the Commission and a revival of transport policy that we are here today, scarcely more than fourteen days after publication of the communication of the Commission, in Parliament discussing one of the cornerstones of transport policy.

Mr President, ladies and gentlemen, what is this system the Commission is proposing? First of all, it proposes that year-by-year accounts be carefully kept of all infrastructure expenditure: then, and only then, shall we know how much the governments are spending on railways, roads and waterways.

Certain taxes and levies are to be imposed upon those using the routes—that is to say, road hauliers and inland waterway companies—and these are to be used solely to meet the costs of upkeep. Most of these taxes and levies are already in existence, but the rate charged is by no means in accord with the actual cost of the routes. Too much or too little may be levied in individual cases. Moreover, there is no guarantee that the income from these levies will be used for the purpose of maintaining the transport infrastructures.

The sharing of costs between the various users will, according to the Commission's proposals, be effected by applying two principles. The first is what is known as the 'principle of overall economic marginal costs', which ensures a fair distribution of costs among those who have caused them. The second is the 'principle of budgetary balance', which is concerned to see that the books balance at the end of the year.

Since the idea of the overall limit is a key concept for the system proposed, we have attached an annex to the report in which the Commission's ideas are explained.

Your committee and the rapporteur have discussed with the Commission a large number of suggested amendments to the Commission's proposal, which, however, had to be withdrawn one by one. We came to the conclusion that the Commission's proposal constituted a complete whole which may provide the basis of a modern transport policy.

Apart from a number of proposals which aim to formulate the policy clearly without deviating from the actual proposal as made by the Commission, you will find that my report contains only four substantial proposals for amendments.

The first proposal is for an amendment that a decision of the Council shall oblige Member States to construct the system of payment for infrastructure costs for rail, road and inland waterway so that later sea-going transport and air transport may be included without any important new amendments being required.

The aim of the second amendment is that when the provisions for implementation are worked out the European Parliament will again be consulted. Normally, it is the custom to leave the implementing provisions to the Commission and

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to the Council without referring the matter back to Parliament. In this case, however, the fairness and workability of the whole system are so markedly dependent upon the implementing provisions that Parliament must be consulted.

At this point I must unfortunately draw your attention to a small error in the motion for a resolution, which has been noted in a corrigendum. We are asking only that Parliament be consulted and not, as was stated in error in paragraph 9 of the motion for a resolution, also the Economic and Social Committee. The committee's decision is correctly stated on page 11 in the amendment to Article 2, paragraph 2, and on page 25 in paragraph 46 of the explanatory statement.

The third proposed amendment to Article 6(1) states that in the case of inland waterways also the possibility of levying a vehicle tax should be kept open. The committee does not wish to say that a tax must be imposed. It might prove in time that the combination of a fixed vehicle tax paid monthly and variable shipping dues which are only paid when the vehicles are used is the more flexible system and a better solution to the problem of inland waterways.

The fourth amendment relates to the limits to be set to the period of transition. The Commission had proposed various transition dates for the road and inland waterway transport systems. This, in our view, would create additional complications. The committee has therefore proposed that a single transitional period of fifteen years be provided for, for both roads and inland waterways.

Finally, I should like to point out that the system proposed by the Commission whereby those using the transport infrastructures would pay the cost of upkeep direct so that it would ultimately be passed on to those using the various forms of transport by no means excludes the possibility of pursuing aims of regional policy, settlement policy and social policy at present being aimed at using the instruments of transport policy.

On the contrary, the new, clear relationship between these measures means that they are more rationally planned and applied. The costs of these will have to be found from the national budget and be repaid to the transport firms. The Community has already laid this down in a Council Regulation. The advantage from the point of view of infrastructure accounting will be that in future compensation payments can be more accurately calculated. We shall know whom we are subsidizing, whereas in the present chaos we are often aware that the right hand does not know what the left hand is doing in

measures of regional and social policy in the sphere of transport.

I should like to call upon the Commission of the European Communities to ensure that this proposal is implemented as the first great step towards a general approach in the Council and in the Member States. I am convinced that the Commission, as newly composed and after so long a time, will wish to depart from some of the 1971 proposals. I hope that this will be done on the lines proposed here today by the Committee on Regional Policy and Transport. We must admit that the measures we are discussing will require considerable adaptation by Member States and by transport firms. But these will be adaptations carried out in the interests of greater rationalization. I would also repeat that without a common system of payment of the infrastructure costs we cannot hope to have a common transport policy.

(Applause)

President. — I call Mr Seefeld, on behalf of the Socialist Group.

Mr Seefeld. — *(D)* Mr President, ladies and gentlemen, the Commission of the European Communities has proposed that Community institutions should create a basis for a common system of payment for use of transport infrastructures. The purpose of the proposal is to offer a solution which insures optimum use of transport routes from a general standpoint while at the same time ensuring sufficient income to cover all expenditure on the construction, operation and maintenance of these routes and a harmonization of the conditions of competition as applying to transport.

The committee responsible, namely, the Committee on Regional Policy and Transport, and the other committees of the European Parliament asked for their opinion have discussed at a number of meetings the Commission's proposal for a decision on the introduction of a common system of payments and the memorandum attached to the proposal. After studying the matter with the experts of the Commission, the committee made a number of alterations to the texts and came to the general conclusion that the present proposal by the Commission is a well-thought-out whole and one of the most important bases of any common transport policy.

Matters connected with costs of transport routes are undoubtedly among the most serious in the sphere of transport policy. Nonetheless, we must try to solve these problems within a reasonable time. Problems of harmonizing conditions of competition between the Member States and

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between the individual transport firms are too important to be put off indefinitely.

In December 1971, the Council decided that Member States would carry out a study to see what would be the effect of the measures gradually to be taken in the field of payment for use of railway, road and inland waterway infrastructures. It was agreed that the work should be completed by 30 June 1973. I regret to have to say that the Commission has not yet submitted to the Council any conclusive report on the work which is being carried out.

And in other areas where there are problems such as the working out of a transitional system for the railway or legal requirements for the application of a common system of payments for the use of international waterways, no solutions have yet been found to my knowledge. I consider that we should call upon the Commission and the Council to intensify their activity in these fields.

Developments in the financial situation of the railways are giving us all increasing grounds for anxiety. Deficits are rising and the ability to invest capital is continually decreasing, with the result that the ability of the railways to compete with other forms of transport are worsening. It is therefore important that the railways should receive compensatory payments as set out in Article 7 of the proposal for a directive.

On the subject of road transport, I should like to mention a problem which affects many people and also of course goods haulage. There are, as we are all aware, within the Community a number of motorways which are financed by toll fees. Other countries such as the Federal Republic of Germany—from which I myself come—meet the cost of construction, maintenance and operation of the roadway network by means of taxes imposed on vehicles and petrol and from the general taxation income. The result of these different systems of finance is generally a disadvantage as regards competition when journeys are made by motorway in a neighbouring country. Any future regulation on the costs of roads must make possible some compensation here.

In the inland waterway sector, it is important to create functional waterways. As we all know, the artery of Central European inland waterway transport is the Rhine. The extension and maintenance of this waterway requires substantial expenditure, and to pass these costs on to users was not considered because of the 'Mannheim Agreements' dating from 1869.

I do not wish here to discuss the legal aspects of regulations relating to Rhine transport, but

it would seem to me useful to point out that in 1869 transport on the Rhine was by very different vessels and carried out in a very different manner than in 1973. I trust that the countries which were signatories of the 'Mannheim Agreements' will find a solution that will advance a common transport policy. If the general public are not to be asked to bear the social costs, then those using the waterway system must do so.

The studies by the Member States to which I referred initially should as far as possible also extend to other factors contributing to social marginal costs—in addition to the private marginal costs—i.e., those costs which are the result of jams, accidents and damage to the environment. I consider that a great deal must still be done in this field. The losses to the economy which are caused by accidents are considerable—to make no mention of personal suffering.

Daily we see an enormous amount of time wasted in large cities by traffic jams. The damage done to the environment by the noise and exhaust of traffic requires that effective measures be taken to remedy the situation, and not only in Europe. Finally, let me voice one criticism. The Commission is endeavouring to ensure that income from charges for the use of infrastructures are paid directly into the various construction funds. It will only be possible to assess the ideas on which the Commission based its suggestions when the Commission has submitted its proposals on investment policy. But I should already like to express my doubts as to whether this solution, which is related so directly to those using transport infrastructures, really helps us to carry out the tasks involved, particularly when I think about integrated planning of transport routes. But I will not go into this question now.

Mr President, ladies and gentlemen, it is important that these problems should be solved as soon as possible, and our policy must be aimed at passing the costs of the various transport systems, which were previously borne by the public, on to the users in each case in order to do away with distortions in competition and to prevent wrongful development.

The Committee realizes that the system proposed by the Commission will involve great changes and difficulties connected with adaptation in the various Member States. But a common transport policy is inconceivable without some solution to the problem of the cost of infrastructures. The long period of transition provides an opportunity to adapt to changed circumstances without social tensions. This European initiative will open the way to a more

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rational transport policy for all countries of the Community in the future.

Mr President, it is in this sense that I and my colleagues in the Socialist Group understand the report by Mr Kollwelter. We should like to thank him for the difficult task he has performed, and I would emphasize that I am not just making the usual gesture of courtesy in saying this.

I would only say that we agree with Mr Kollwelter's report.

(Applause)

President. — I call Mr James Hill, chairman of the Committee on Regional Policy and Transport.

Mr James Hill. — When, at its meeting on 9 October, my committee finished its consideration of this report, I thought I detected a look of relief on the faces of some of my colleagues. Perhaps that is not surprising when one recalls that the Commission's proposal was first referred to the Transport Committee, as it then was, on 17 May 1971. Since that date, the Transport Committee and its successor, the Committee on Regional Policy and Transport, have considered this proposal at no fewer than 14 meetings. Some two-and-a-half years after the initial reference the House is being asked to consider a motion for a resolution and the amendments to the proposal itself.

Throughout this time Mr Kollwelter has acted as rapporteur, and I should like straight away to pay tribute to him not only for his admirable report and speech today—at great speed—but also for the immense amount of work he has put into a subject the complexity of which is indicated by the time the Committee have spent on it. I think, too, that the fact that the report was finally adopted with only one abstention and no votes against illustrates how the Committee was able to approach this difficult but important matter in a non-partisan and co-operative manner.

There are some subjects—not only in the field of regional policy and transport—on which all of us may possess strong views and consider ourselves as something of experts. But transport infrastructure costs do not, I think, fall into this category. Despite this, it would be hard to think of anything which touches our daily lives more closely. The food we eat, the clothes we wear, our travel to work, our holidays, the houses we live in—at every point transport and transport infrastructures—the roads, the railways, the canals—have a vital bearing; and the costs of those infrastructures and the way in

which such costs are borne by us, whether as taxpayers, as consumers or as users of the infrastructures, should be of the greatest concern to us all.

I welcome the Commission's proposals, as did the rapporteur. If we are to have an effective common transport policy, it is essential to have a common system for charging transport infrastructure users. The object, as far as possible, is to ensure that the costs arising from the creation, maintenance and improvement of infrastructures will be borne by charges made on the users. Obviously the House is not being invited to approve any detailed plans, but it is being invited to approve a proposal which, in the words of an official of the Commission appearing before the committee, is a 'cornerstone of a common transport policy'. At the same time, he stressed that the proposal we are now considering represents a starting point only.

What will be the effect of this proposal if the Council of Ministers agree to it? Put very simply, the system will mean that those who, for example, use the roads will have to pay in proportion to the amount of use they make of roads for the cost of building, improving and maintaining them. I have heard private motorists objecting fiercely to having, as taxpayers, to pay for motorways which road haulage firms use without charge. At the same time, the same taxpayer is asked to underwrite huge losses on the railways because hauliers choose not to use the railways. In addition, the taxpayer has to battle with juggernauts on roads and motorways when he tries to take the family car into the country at the weekend.

The new system of charging will be the answer to the taxpayer's prayers. Although he will have to pay for his weekend driving, road hauliers will have to pay far more to use the roads, and in addition he will be free of any vehicle taxation.

The Commission on Regional Policy and Transport considered that the new system should be initiated 15 years after the decision comes into force, that is, by the time the waterways are ready to be included in the system. If by then transport infrastructure costs are borne—as they largely are at present for the railways—by the users, it will become possible to arrive at an accurate costing of actual transport costs. At present, this is hard to achieve with an uncoordinated system of vehicle licence charges, tolls for certain roads in certain countries, tolls for bridges and so on. But with the actual costs known and paid on a common basis it will become easier to achieve conditions of genuine commercial competition between the various forms of transport, and substantial economies as

in the least-favoured regions, which may very well therefore be the least-used routes, would be covered by surpluses from traffic on routes in more fully developed regions.

The importance of this problem of costing and charging for the use of transport infrastructures has often been emphasized by the European Parliament. I wish to thank you on behalf of the Commission for the work the European Parliament has done on this subject over a long period and for the encouraging support that the Commission has always received in its efforts to achieve a new and more modern system.

The Commission proposal before you contains proposals for the definition of an overall policy for payment for the use of transport infrastructures. In order to reach a Community solution here, the Commissioners thought it necessary to draw up proposals which would reconcile as far as possible the following objectives. The first is that there should be the best possible utilization of existing transport infrastructures. The second is to obtain the necessary resources to finance the Community's expenditure of all kinds on creating transport infrastructures and keeping them in operation. The committee on this—which meets the necessary requirement in modern transport infrastructure budgetary balance based on marginal social cost in the example he used of transport in the Rhine, so much of the structure of transport obviously have a considerable impact on the administrative senses of the Commission before we propose, because of the radical nature of these plans, that they be introduced only by stages over a considerable period of time.

Mr James Hill, as Chairman of the Regional Policy and Transport Committee, while backing these proposals, mentioned the need in this transitional period for the necessary safeguards to ensure that the change is peaceful and does not cause undue hardship to any of the interests involved. For this reason, a general safeguard clause is included which could be used if the operation of the rules brought considerable difficulties to particular sectors.

Mr Hill also mentioned the limitations imposed by the Commission on the Parliament's consideration of this matter by Article 84 of the Treaty of Rome. It is true that a comprehensive approach to these problems can finally be

achieved only once the problems of the limitations inherent in Article 84 are dealt with. Mr Seefeld, in a note of criticism, regretted that there was a delay in the follow-up by the Commission of its proposals in this respect. Studies I hope that the results will be available within six months to Members of Parliament—so that there will be some concrete proposals to discuss. The committee has supported the Commission's proposals with certain amendments, all of which, with the corrigendum that the rapporteur mentioned, are acceptable to the Commission.

Finally, Mr Seefeld mentioned investments for infrastructure. The latest Commission document was conveyed to the Council a week or two ago and which is now in the hands of the Parliament, deals with this subject. The Council will hold its first discussion on the Commission's document on 22 and 23 November. Further discussions will, of course, await the advice and views of Parliament as guided by the expertise of the Regional Policy and Transport Committee.

President. — Thank you, Mr Thomson. Does anyone else wish to speak? The general debate is closed.

I have no amendments or speakers listed. We shall now consider the motion for a resolution.

8. Regulation on the harmonization of certain measures of social legislation relating to road transport

President. — The next item is a debate on a report drawn up by Mr Seefeld on behalf of the Committee on Regional Policy and Transport on the proposal from the Commission to the European Communities to the Council of a regulation supplementing Council Regulation (EEC) No 543/69 of 25 March 1969

President

harmonization of certain social legislation relating to road transport (Doc. 197/73).

I call Mr Seefeld, who has asked to present his report.

Mr Seefeld, rapporteur. — (D) Mr President, ladies and gentlemen, in Regulation (EEC) No 543/69 of 25 March 1969, the Council of the European Communities laid down certain regulations on the harmonization of social provisions relating to road transport. The purpose of this regulation is to increase road safety, to improve the social safeguards for drivers and to remedy existing distortions in competition in the sphere of goods and passenger transport.

In order to achieve these aims, the regulation lays down certain rules concerning a minimum age for drivers, the provision of two drivers to a vehicle, driving periods, breaks, rest periods and the introduction of a personal log book as a means of control. When this regulation was issued, it was stated in agreement with the governments of what were then the six Member States and with both sides of industry that it would be advisable not to attempt immediately to solve all problems connected with social legislation in road transport but to limit oneself in a first regulation to points of particular urgency. Aspects of traffic safety and social progress will require that measures be taken in the near future to extend the law as it at present applies. The Commission of the European Communities has therefore submitted proposals to the Council to complement social legislation concerning shift times, rest periods, public holidays and annual leave and a prohibition concerning the payment of bonuses for distance driven and tonnage conveyed.

Comprehensive social provision on road traffic is required in order to lessen the particular strains to which drivers are subject. With the many demands made on drivers today, a person subject to too much strain is a risk to the safety of others on the road. The particular strain placed on drivers of goods and passenger transport vehicles is reflected in the fact that they often become unfit to drive and even to work at a very early age. In order to avoid stress on drivers, and a consequent risk to road safety, stresses must be limited in time and sufficient rest periods be allowed as well as a reasonable period of holiday during which drivers can recover from the strains of their job, while a piece-rate system should be outlawed.

The fixing of a daily shift is in line with these efforts. The time which the employee gives to his employer needs to be limited in this sector, as well as in others. However, the limits to shift

times should not excessively restrict the availability of the industry, which is also necessary. This point of view is taken into account in that the maximum period for a day shift is fixed at 12 hours for a vehicle with one driver. However, it would seem permissible to extend the shift if the vehicle is equipped with provision for sleeping in which one of the drivers can rest at any given period. Whether in this case it is desirable that the maximum period of 16 hours for a shift be increased is something requiring careful study. What we must prevent, however, in the interests of road safety, is that the whole purpose of manning a vehicle with two drivers is frustrated.

Because of the effects on road safety of the difficult work which drivers have to carry out, legislation must specify the length of breaks and of rest periods.

The same applies to legislation fixing a period of continuous holiday.

Since provisions concerning the maximum shift worked, the weekly rest period and the minimum break times are not to be regarded only as provisions for the protection of salaried workers but should—as I have already said several times—be seen as measures contributing to road safety, they must also apply, the Committee decided, to independent operators, who may also constitute a safety risk in traffic because of overstrain. Moreover, were things to be otherwise, small firms in which the owner is also a driver would be at a competitive advantage *vis-à-vis* larger firms who employ drivers. The prohibition of piece-work rates is of great importance for road safety. Bonuses paid on the basis of distance driven and tonnage conveyed serve as an encouragement to drivers to ignore the law concerning driving times and speed limits and consequently constitute a serious risk to road safety.

We must also not discuss the possibility of amending Regulation (EEC) No 543/69 without making every effort to ensure that the regulations are applied and implemented uniformly in all Member States. Achievement of the aims set out in the Regulation largely depends upon whether steps are taken effectively to ensure that the obligations imposed in the interests of road safety, industrial safety and approximation of conditions of competition are adhered to.

We must, unfortunately, say that sufficient supervision in this respect is not ensured in every member country of the Community, and that infringements are not always adequately sanctioned. In one Member State, namely Italy, the implementing legislation required by the 1969 Directive has not yet been put on the Statute Book.

Seefeld

The differences in the application of social provisions in the various Member States result in distortions in competition, particularly in trans-frontier traffic. As a result, the desired harmonization of working conditions is inadequate. If we are not to reconsider the provisions of Directive No 543/69, it is necessary for the Commission to exhaust all possibilities of implementing these provisions. This includes the rights to invoke the European Court. It would seem that this step is necessary.

In order to obtain a regular picture of experiences gained and difficulties encountered in the implementation of this Directive, the general report on these questions which is to be drawn up by the Commission every two years should also be submitted to the European Parliament.

Social legislation concerning road traffic is very important as a means of increasing road safety and improving industrial safety. These aims will only be achieved when the existing provisions are uniformly applied and implemented in every Member State. But these provisions need to be supplemented because there are still a number of gaps.

This, Mr President, ladies and gentlemen, is what I wanted to add to my written report. I would also mention that the Committee was unanimous in its decision and would therefore ask you for a vote in favour.

(Applause)

President. — I call Mr James Hill, chairman of the Committee on Regional Policy and Transport.

Mr James Hill. — The regulation which we are now discussing supplements Regulation 543, made in 1969, which provided for the harmonization of such matters as crew requirements, driving periods, rest periods and control procedures and penalties. The present regulation deals with the harmonization of provisions concerning shifts and breaks during the course of shifts, annual leave and public holidays and the banning of bonuses for distances covered and tonnage carried.

The two regulations may, therefore, to a large extent be considered together, and my committee has, I think, always taken the view that where social legislation relating to road transport is concerned there are two major issues. On the one hand there is the driver's interest in terms of welfare and safety and, on other hand, there is the interest of the general public, whose own welfare and safety, to a large extent, depend upon that of the driver.

When one considers such hazards as gigantic lorries, sometimes with two trailers, overloaded lorries, streets designed for horses and carts, and narrow hump-backed bridges not even designed for wheeled vehicles, the need for additional safety measures is overwhelming. But to these hazards are added the risks involved where drivers are tired from long hours at the wheel or by inadequate breaks; and on top of all this the temptation posed by speed bonuses to drive carelessly or too fast is for many drivers irresistible.

Anything that can be done to protect both drivers and the public is to be welcomed, and this is an area in which it is not only desirable that there should be common standards but that these standards should be at the highest possible level. This is why the Committee devoted so much attention to Article 4 of the regulation, which relates to shifts, and to Article 7, which forbids bonuses for distances driven or tonnage carried.

The shift proposals were opposed from both sides of industry. The employers considered that they were impractical since they would involve an unrealistic increase in the number of statistics to be collected; more personnel would be needed; and they would lead to delays. The trade unions, on the other hand, felt that the shifts were too long.

I feel that the opposition from both sides of industry to these proposals indicates that we in the committee have probably got it just about right. In any event, my committee and the Committee on Social Affairs and Employment both felt that, provided two-men-crew lorries continued to be used, the lengths of shifts provided for were acceptable. I would, however, remind the House that the present figures already represent an improvement over those in the present situation, and that it is intended that they should be reviewed and that individual shifts should be reduced within five years to a maximum of 10 hours.

I would now invite the House to review the regulation from the point of view of road safety. Road safety has a very high priority for me, particularly after the many accidents we all have in our constituencies involving heavy lorries.

It has been estimated in some countries that drivers are responsible for 83 per cent of accidents, and infrastructures and vehicles for the other 17 per cent. The accent which this regulation puts on road safety as far as drivers are concerned is therefore of paramount importance. As a result, I would ask those employers who objected to the shift proposals to consider them

James Hill

from the angle of the safety of the public. If we cannot prevent heavy lorry drivers from driving at 60 mph on motorways with a visibility of 20 yards, at least we can ensure that at all times they had a good rest before starting their journey, adequate breaks, and another rest before starting their return journey. A rested driver clearly must be safer for other road users than a tired driver.

The other provisions of the proposed regulation which contribute to safety are those concerning annual leave and public holidays—which should be extremely popular with the drivers—and the banning of bonuses—which will not be so popular—for the distance travelled and load carried. I would go so far as to say that the payment of such bonuses is a positive encouragement to over-fast, careless driving and to overloading. It is a fact that of those lorries arriving in the United Kingdom at Dover which are inspected, between 25 and 30 per cent are found to be overloaded. This is a fact which has received wide publicity in Britain, and we should try to avoid this state of affairs.

Perhaps I should now sound a cautious note. The regulation which we are now considering is, as I said earlier, supplementary to Regulation 543 of 1969. I hope that the House has noted the rapporteur's rather depressing statement in paragraph 10 of the Explanatory Statement about the extent to which the 1969 Regulation has been enforced. The regulation has been in force in respect of transport between Member States since October 1969, and as regards transport within Member States since October 1970. In practice, I believe that it has been effectively enforced in only three of the original Member States. Luxembourg has recently taken steps towards implementation, but Italy has not even yet done this, and, as the rapporteur said, the Court of Justice is now involved. Where regulations of this sort are concerned, the failure of all Member States to comply fully with their provisions has a potentially more dangerous effect than having no regulation at all.

The committee considered most carefully the provisions of Article 9 which relate to the application of this regulation, and paragraph 2 of the Resolution urges the Commission to ensure that the provisions of this regulation are complied with. During our deliberations we considered the possibility of an amendment to Article 9 adding a new paragraph, the effect of which would have been to allow, with the consent of the Commission, the partial suspension by Member States of the present regulation if other Member States had failed to apply this regulation properly. In fact, this particular amendment was strongly resisted by the great majority

of the Committee, who felt that it was better to rely on Article 169 of the Treaty and to try to persuade the Commission to seek enforcement through the Court of Justice rather than to adopt a negative approach in an area where effective results can only be achieved by full realization of the provisions for harmonization.

Finally, I should like the Commission to give us a statement of the situation as regards enforcement measures in regard to Italy. We ought also to know what measures the Commission is taking to ensure that Member States—who, under Article 18 of the 1969 Regulation, are primarily responsible—are taking proper enforcement measures, such as roadside checks, inspection of log books, figures submitted and so on. Article 16 of the 1969 Regulation deals with the replacement of log books by tachometers. I believe that there has been some objection by drivers to the installation of tachometers, and I should be glad to have information on this matter from the Commission.

I am glad to note, in paragraph 71 of the Communication by the Commission on the Common Transport Policy, that it is their intention to harmonize working conditions on inland waterway transport and the railways, as the two regulations which we are discussing do for road transport. I hope that they will have more success in enforcing these regulations when they are made than they have had with those on road transport.

The Committee on Regional Policy and Transport had the benefit of the opinion of the Social Affairs and Employment Committee, held a hearing on the Regulation, and gave it very careful consideration. Having done so, it voted unanimously in favour of the Motion for a Resolution, the amendments and the report as a whole.

Finally, I should like to thank Mr Seefeld, one of our hardest-working members of the Committee, for this report and I commend it warmly to the House.

President. — I call Mr Lemoine, on behalf of the Communist and Allies Group.

Mr Lemoine. — (F) Mr President, Mr Seefeld's report, like that of Mr Kollwelter, deals with a problem of great importance which was recognized as such by the authors of the Treaty of Rome, since it is one of the two sectors for which special provisions were made in the Treaty. I shall only say a few words.

It had been clear for a long time that, in the field of road transport, the social provisions of

Lemoine

Regulation 543/69 needed revising. It is equally clear today that the requirements laid down regarding drivers' shifts and rest periods had not in actual fact checked the practice of 60-, 70- and 80-hour working weeks, and we are only too often reminded of the painful reality of road danger, with ever-lengthening lists of casualties.

Like all the trade union organizations, our Communist Group considers achievements in this field unsatisfactory, as much for the economy and the people as for the workers in this sector. While transport of goods and persons is a decisive factor for the development of production and trade and for regional development, we have to admit that this serious problem has not even begun to be solved.

Economically, the concept of a market economy and the profit motive have led to serious imbalances; existing infrastructures have been inadequately exploited, investments have been ill-adapted to development needs, whether in volume or choice of priorities.

From the social angle, particularly as regards the organization of urban transport and connecting services, the level of congestion is often such as to cause a huge and increasing waste of human energy.

With regard to the social conditions of transport workers, the very rapid transformations and technical developments with inevitable structural modifications have not always been properly controlled.

A whole series of problems has resulted—fewer jobs, different qualification requirements, professional rules called into question, new dangers for the health of transport workers and for public safety. The social implications of transport become more obvious as transport itself increases in importance. From this fact, in an economy based on free competition, arises the fundamental contradiction between the profit motive and a social objective.

Having said this, I think the proposals for modifications to Regulation 543/69 made in Mr Seefeld's report represent a timid step forward, an improvement which we appreciate but which we consider still inadequate. I should like to stress that the most realistic and efficient regulations and measures are of little value unless their implementation is supervised and violations are penalized. We also think that the trade unions, as the workers' representatives, must be enabled to intervene in all matters touching professional life; for instance, they ought to be given a place on commissions of enquiry into questions of health and safety. Perhaps an article should have been included in the draft regula-

tion providing for such participation, which could not fail to be of value in improving social policy for road transport. As the Committee on Social Affairs and Employment suggests in its opinion, this first step forward should be quickly followed by others.

President. — I call Mr Mursch.

Mr Mursch. — (D) Mr President, the rapporteur, Mr Seefeld, has quite rightly and impressively stated that the provisions of Regulation No 543/69 are being applied in some Member States of the Community only partly, and in others not at all. The Committee on Regional Policy and Transport has nevertheless reached the conclusion that there should be further development of Regulation No 543/69 with regard to, as has already been said, shifts, breaks, annual leave and public holidays, the overtime ruling and the prohibition of bonuses for distance driven and tonnage carried.

The Committee has arrived at this view even though these questions were originally considered less urgent and were not therefore included in Regulation No 543/69, as the Seefeld Report points out.

In forming their opinion, the committee members obviously had uppermost in their minds the thought that they should not stand in the way of the further development of social legislation and improvement of road safety. These arguments undoubtedly carry considerable weight and should, I feel, be welcomed by every member on the committee. But they are not the only points of view, not the only arguments which should be considered during an appraisal of this regulation. The primary object of harmonizing social legislation relating to road transport is the elimination of distortion of competition in this sector—and this object has not as yet been achieved.

It has not been achieved because Regulation No 543/69, although fully implemented in Germany, has been introduced very incompletely in other Member States and in yet others not at all. If Regulation No 543/69 is now extended, competition will very probably be distorted even further, without the main objective—namely, the elimination of distortion of competition and the harmonization of conditions of competition—being achieved.

What must be done with regard to the motion for a resolution now before us is to weigh up the arguments and various points of view. I will admit that both sides can be taken where the appraisal is concerned. After carefully considering all the aspects, I myself have reached

Mursch

the conclusion that Regulation No 543/69 should not be extended until it has been implemented in all the Member States of the Community. I cannot therefore agree to the motion for a resolution now before us.

Nor will not adopting the motion be a disadvantage: each Member State of the Community is allowed to implement appropriate provisions, or even go further, at national level. If I have understood the chairman of the committee, Mr James Hill, correctly, he has also implied that it would be better for no regulation at all to be adopted than a regulation which is not implemented.

I should also like to point out in this connection—for the sake of completeness—that all the parties in the German Bundestag have unanimously decided that the draft regulation before us will not be discussed and adopted, or not adopted as the case may be, until an assurance has been given that Regulation No 543/69 has been uniformly implemented in all the Member States of the Community and that appropriate controls have been introduced.

Germany cannot be expected to agree in the Council of Ministers, because the basic assumption must be that all the Member States have the same rights and duties under the EEC Treaty.

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — Like the Chairman of the Regional Policy and Transport Committee, I should like to congratulate Mr Seefeld on his report. He expressed with such lucidity the details of the proposals the Commission has put before the Council and Parliament that I will not waste the time of Parliament by going over them again.

I should like instead to concentrate on the central point of the discussion—whether it is perhaps entirely opportune to bring forward this new proposal now, when, as Mr Seefeld and Mr Mursch have both said, it is generally known that the enforcement of the original regulations is by no means perfect. To draw from the fact that the existing regulation is not being enforced the conclusion that one should not advance on this front is not logical.

The Commission's real task, the real task of the Community and Parliament, is to press the Member States to improve the enforcement of the existing regulations, while at the same time pressing on with the development of the common transport policy. The members of the European Parliament perhaps have a particular op-

portunity to contribute towards this process as members of their own national parliaments, because it is particularly in the national parliaments that one has an opportunity which does not lie within the power of the Commission or the Community to ensure enforcement at national level.

Mr Hill asked for information about the implementation by Member States of the original 1969 regulation, No 543. The Commission initiated the procedure on infringements under Article 169 of the EEC Treaty more than a year ago, and it is consistent with my remarks about the role of national parliaments that the Italian Government has submitted to the Commission its national regulations for enforcement, but that these draft national regulations are still before the Italian Parliament.

Mr Mursch raised the question of the effect of the imperfections of enforcement on the distortion of competition. The aim of the Community is, of course, to promote healthy competition between transport undertakings by harmonizing competitive conditions in the direction of social progress and increased road safety. To take the purist point of view and abandon making progress in the kind of regulation now before Parliament because of the imperfections would not remove distortions in competition. They are already inherent in the present situation, which we are trying to change.

There would be a strong public opinion generally throughout all our member countries that, when striking this difficult balance between considerations of distortion of competition and considerations of social progress and road safety, one should always tilt the balance in the direction of road safety and use that as a means of trying to promote a greater degree of undistorted competition.

I might say something here to Mr Lemoine, who expressed some scepticism about the lack of progress which is being made as a result of Community pressure. I should like to remind him that, before the original Regulation No 543 came in, national driving times were often 10, 12 or 16 hours a day. As a result of the 1969 regulation, there is now pressure downwards towards the eight-hour limit that it imposed. I can illustrate this process still further by taking a specific example of how this proposal will work. The first regulation, in 1969, allowed the weekly sum of daily spreadovers to total 104 hours in the case of two drivers of a vehicle with a bunk. We now wish to limit this to 80 hours a week. That is still a high figure, but this is a clear step forward socially and in road-safety terms, and must not be regarded as the end of Community action in the social sphere in road transport.

Thomson

I very much welcome the support from Mr Seefeld and the members of the committee for the other proposal that is before the Parliament with regard to the prohibition of bonuses on volume of goods and on distance. This is a controversial matter, and the authority of Parliament will greatly help to carry it forward.

The Regional Policy and Transport Committee adopted unanimously the draft resolution accompanying Mr Seefeld's report, which contains certain amendments to the draft regulations. The Commission has no difficulty in accepting those amendments.

Mr Hill, the chairman, asked for some information about the situation regarding tachometers. The position is that there is a two-year-old regulation making tachometers compulsory, which starts in January 1975. It is therefore not yet operative and will not be operative for another year. But many Member States will anticipate this date or have already done so—further evidence that the pressure of these regulations, backed by public opinion generated by this Parliament, helps to make progress.

We are all aware that the question of large lorries has greatly inflamed public opinion over recent months, not least in the United Kingdom. I hope that these proposals, which are in the direction of taming the juggernaut and bringing it under more adequate social control in the interests of human safety, will secure at least equal publicity for the fact that the Commission and the Community are concerned in bringing about results of this kind.

President. — I call the rapporteur.

Mr Seefeld, rapporteur. — (D) Ladies and gentlemen, I should like to thank the Commissioner and the Members who have spoken here. Mr Schwabe, who was a little too late in asking for the floor, intended taking up your remarks, Mr Mursch. May I be allowed to do this in his place?

Ladies and gentlemen, Mr Mursch and I discussed the views he has expressed here. At a committee meeting which he could not attend, I put forward his arguments. This was followed by a very long debate. The committee did not adopt proposals which I tabled as a kind of compromise version of Mr Mursch's views. I would therefore appeal to Mr Mursch, whom I have known and respected for many years, not to overlook the following: today's report is not entitled 'Harmonization of conditions'—or 'provisions'—'governing competition' and it is not a report aimed at eliminating distortions of competition. It is clearly entitled 'Harmonization

of certain social legislation relating to road transport,' and this social legislation is the principal aspect. I have commented on the economic questions in my report and orally as well. Like you, I of course know what the German Bundestag feels, but my opinion is still that we should adopt this social legislation for the sake of the people concerned. As far as I am concerned—and I admit this quite openly—the basis of the whole report is formed by all the effort that is being made to change the working conditions of people engaged in road transport.

I would therefore ask you all and appeal to Mr Mursch again to set aside your objections at least to the extent that you do not vote against the report. I should like to emphasize once again that after long debates we reached agreement in committee since we felt that, however many objections there might be to various aspects of the report and however much we would like to see additions made to it, it does represent a step forward.

President. — Does anyone else wish to speak?

The general debate is closed.

I put the motion for a resolution to the vote.

The resolution is adopted¹.

9. Directive on the interior fittings
of motor vehicles

President. — The next item is a debate on a report drawn up by Mr Müller on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the Member States' laws on the interior fittings of motor vehicles (strength of seats and their anchorages) (Doc. 194/73).

I call Mr Willi Müller, who has asked to present his report.

Mr Willi Müller, rapporteur. — (D) Mr President, I am sure you will approve when I say that I intend keeping this very short, not least because the directive with which the committee had to deal, though very important, is essentially a technical one and is, in addition, based on the 17th EEC Regulation, with which the manufacturers of motor vehicles in six European countries already basically comply. The object of the directive is to improve the strength of

¹ OJ No C 108, 10. 12. 1973.

Willi Müller

seats and their anchorages in motor vehicles. This will also help in achieving far-reaching agreement with the automobile industry outside the Community. The aim of the directive proposed by the Commission and referred to the committee is basically to reduce the hazards facing the users of motor vehicles. I will not go into detail again on the motion for a resolution and the committee's motives for making clear what it would like to see added to the Commission's proposal.

I shall limit myself to the important aspects. The committee unanimously agreed that this provision should also be extended to vehicles which because of their speed might give rise to the view that the dangers are not so great.

Another very important aspect is that the committee considers it necessary in the interests of public health to adopt the principle as soon as possible that a safe car must be created. In paragraph 8 of the resolution, we have therefore requested the Commission to submit before the end of 1974 a general report on activities in this field and to make clear in this report what it intends doing to achieve the object of creating a safety car of this type.

Mr President, in its discussions the committee then reached the conclusion reflected in paragraph 5, which requests that separate proposals be made for directives on additional fittings, in particular childrens' car seats. The discussion culminated in the realization that none of us felt that this went far enough, and that is why Amendment No 1, which proposes a new version, has been submitted to you and this House. This amendment is supported by all the political groups and has been unanimously adopted by the Committee on Public Health and the Environment.

I should just like to mention a few of the motives in this connection. The USA has set up a product safety commission, which has established that of 369 objects likely to be involved in accidents, the car is by far the most dangerous and that children suffer particularly serious injuries; fatal accidents involving children are most prominent. These claims are confirmed by independent investigations made in the Federal Republic which show that every year about 20,000 children suffer serious injury, leading in some cases to death, in cars. This excludes accidents involving children and cars where the children are outside the cars.

In addition—and this was a fundamental reason for tabling this amendment—there is the result of the surveys carried out, interestingly enough, in the Netherlands by the independent German foundation Warentest, which show that all

children's seats used in motor vehicles are unsafe in many ways. Something simply must be done about this. For while all other users of cars are able to prepare themselves for an accident at the last moment, children cannot. We feel that the Commission should see it as one of its most pressing tasks to take up this matter and to submit to us as soon as possible a separate directive harmonizing the provisions on childrens' seats.

Mr President, it is obvious that what has had to be said and what the committees have done is far from world-shattering and will in no way produce anything like European euphoria. But the point is quite simply to make it clear to everybody in all the Member States what value there is in achieving agreement in this field because basically what is concerned is man and his safety.

On behalf of the committee, I would recommend that you adopt this amendment. We approved it with one abstention.

(Applause)

President. — I call Mr Thomson.

Mr Thomson. — I should like to thank the Committee on Public Health and the Environment and the rapporteur, Mr Müller, for a positive and thorough report on a matter of such interest and public importance. As Mr Müller has said, it may not be a tremendous step in the construction of Europe, but it is a not unimportant step in creating the right sort of image of what this Community is concerned about.

I respond to what Mr Müller said about his amendment by saying that the Commission is prepared to accept the amendment, to deal with it in a spirit of urgency and to put forward proposals as quickly as practicable.

The Commission agrees with the amendment to Article 6 to the effect that the Member States should inform the Commission of the provisions which they intend to adopt. I should also like to confirm the point raised by the rapporteur regarding the general report before the end of 1974. I can confirm that the Commission is ready to accept such a report on safety inside motor vehicles.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 to 4, I have no amendments or speakers listed.

President

Does anyone wish to speak?

I put these texts to the vote.

These texts are adopted.

On paragraph 5, I have Amendment No 1 tabled by Mr Müller, Mr d'Angelosante, Mr Della Briotta, Mr Jarrot, Mr Noè, Mr Premoli and Mr Scott-Hopkins and worded as follows:

'Paragraph 5.

This paragraph should read as follows:

"5. Urges the Commission of the European Communities to propose as a matter of urgency specific draft directives for children's car seats;"'

Amendment No 1 has already been moved.

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On paragraphs 6 to 11, I have no amendments or speakers listed.

I put these texts to the vote.

Paragraphs 6 to 11 are adopted.

I put to the vote the motion for a resolution as a whole, incorporating the amendment that has been adopted.

The resolution so amended is adopted.¹

10. *Approval of minutes of today's sitting*

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of

this sitting which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

11. *Dates for the next part-session*

President. — There are no other items on the agenda.

We have come to the end of a hard week, not only for ourselves but also for our staff.

I thank all those who have given unsparingly of their help.

I also thank Mr Thomson, who has had to replace several of his colleagues on the spur of the moment.

The enlarged Bureau proposes that our next sittings be held at Strasbourg during the week from 10 to 14 December 1973.

The first plenary sitting would then begin on Monday, 10 December, at 3 p.m.

Are there any objections?

That is agreed.

12. *Adjournment of session*

President. — I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 11.40 a.m.)

¹ OJ No C 108, 10. 12. 1973.