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Report of Proceedings
from 7 to 11 May 1973
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NOTE TO READER

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.

The original texts of these interventions appear in the edition published in the language spoken.

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IN THE CHAIR: MR BERKHOUWER

(The sitting was opened at 5 p.m.)

President. — The sitting is open.

1. Resumption of session

I declare resumed the session of the European Parliament adjourned on 6 April 1973.

2. Forwarding of Draft Supplementary Budget No. 1 for 1973

I have received from the Council of the European Communities Draft Supplementary Budget No 1 for the 1973 financial year.

The draft has been circulated as Doc. 34/73 and, pursuant to Rule 23(2) of the Rules of Procedure, referred to the Committee on Budgets.

The presentation of and debate on the Commission's report will take place on Tuesday, 8 May 1973 in the presence of the President of the Council.

Furthermore, in accordance with Rule 23A (3) of the Rules of Procedure, the time-limit for the tabling of proposed modifications has been set for Wednesday, 9 May 1973 at 1 p.m.

Members are reminded that the vote on Draft Supplementary Budget No 1 will be taken on Thursday, 10 May 1973 at 10 a.m.

3. Documents received

President. — Since adjournment of the session I have received the following documents:

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

- the texts of the Additional Protocols to the EEC-Tunisia and EEC-Morocco Association Agreements consequent on the accession of new Member States to the European Economic Community (Doc. 26/73).

This document has been referred to the Committee on External Economic Relations;

- the proposal from the Commission of the European Communities to the Council for a directive concerning the harmonization of Member States' legislation with regard to coffee and tea extracts and

their substitutes, including chicory and blends based on these extracts (Doc. 27/73).

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

- the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of Member States' legislation regarding aerosols (Doc. 29/73).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Public Health and the Environment and the Legal Affairs Committee for their opinions;

- the proposal from the Commission of the European Communities for a regulation amending Regulation No 121/67/EEC as regards the prices recorded for pig carcasses in the Community (Doc. 39/73).

This document has been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a transfer of funds to cover the balance sheet of research and investment expenditure for the financial year 1973 (Annex 1 to Section III (Commission) of the Budget of the European Communities) (Doc. 41/73).

This document has been referred to the Committee on Budgets as the committee responsible and to the Committee on Energy, Research and Technology for its opinion.

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

I. a regulation opening, allocating and providing for the administration of a Community tariff quota for Port wines falling within sub-heading ex 22.05 of the Common Customs Tariff, originating in Portugal

II. a regulation opening, allocating and providing for the administration of a Community tariff quota for Madeira wines falling within sub-heading ex 22.05 of the Common Customs Tariff, originating in Portugal

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III. a regulation opening, allocating and providing for the administration of a Community tariff quota for Moscatel de Setubal wines, falling within sub-heading ex 22.05 of the Common Customs Tariff, originating in Portugal (Doc. 42/73);

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 on the levies applicable to imports of mature cattle and to meat from such cattle originating in Yugoslavia (Doc. 43/73);

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 drawn up by Mr Karl-Heinz Mursch on behalf of the Committee on Regional Policy and Transport on the proposal from the Commission of the European Communities to the Council concerning a regulation supplementing Regulation (EEC) No 1191/69 of the Council of 26 June 1969 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway (Doc. 28/73);

- Report drawn up by Mr Mario Vetrone on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for

I. a regulation on imports of citrus fruit originating in the Republic of Lebanon

II. a regulation on imports of olive oil from the Lebanon (Doc. 30/73);

- Report drawn up by Mr Norbert Hougardy on behalf of the Committee on Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for a regulation on trans-frontier oil and gas pipelines (Doc. 31/73);

- Report drawn up by Mr Norbert Hougardy on behalf of the Committee on

Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for a directive on measures to alleviate the effects of hydrocarbon supply difficulties (Doc. 32/73);

- Report drawn up by Mr Roger Houdet on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for a directive amending the Council Directive of 26 June 1964 on intra-Community trade in bovine animals and swine (Doc. 33/73);

- Report drawn up by Mrs Elisabeth Orth on behalf of the Committee on Social Affairs and Employment on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of Member States' legislation on cosmetic products (Doc. 35/73);

- Report drawn up by Mr Pierre Giraud on behalf of the Committee on Energy, Research and Technology on the communications from the Commission of the European Communities to the Council on
 - (a) the progress necessary in Community energy policy
 - (b) energy policy problems and resources; 1975-1985 (Doc. 36/73);

- Report drawn up by Mr Jean de Broglie on behalf of the Committee on Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for a regulation establishing a common system applicable to imports of hydrocarbons from third countries (Doc. 37/73);

- Report drawn up by Mr Heinrich Aigner on behalf of the Committee on Budgets on the giving of a discharge to the Commission in respect of the implementation of the European Communities' budget for the financial year 1970 and on the report of the Audit Board (Doc. 38/73);

- Report drawn up by Mr Raymond Bousquet 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 directive on the harmonization of legislation on driving licences for road vehicles,

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- II. a directive for the approximation of Member States' legislation on technical inspection of motor vehicles and trailers (Doc. 40/73);
- Report drawn up by Mr Raymond Offroy on behalf of the Committee on Budgets on Draft Supplementary Budget No 1 of the European Communities for the 1973 financial year (Doc. 44/73);
 - Report drawn up by Mr Charles Durand on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation concerning interest on sums paid out of the EAGGF and by way of food aid which are recoverable (Doc. 45/73);
 - Report drawn up by Mr Horst Seefeld, general rapporteur, on the Sixth General Report of the Commission of the European Communities on the activities of the Communities in 1972 (Doc. 46/73);
 - Report drawn up by Mr Jean-Eric Bousch on behalf of the Committee on Economic and Monetary Affairs on the economic situation in the Community (Doc. 47/73);
 - Report drawn up by Mr Charles McDonald on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 121/67/EEC as regards the prices recorded for pig carcasses in the Community (Doc. 48/73).

4. Authorization to draw up reports

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the following committees, at their request, to draw up reports:

Committee on Public Health and the Environment

- report on the action programme of the European Communities in regard to environmental protection policy.

The Committee on Economic and Monetary Affairs and the Committee on Agriculture have been asked to deliver opinions.

Committee on Economic and Monetary Affairs

- report on the economic situation in the Community.

Committee on Energy, Research and Technology

- report on the four-year research programme as the point of departure for the progress necessary in the sphere of Community research
- report on the requirements for a future guideline in respect of Community gas supplies
- report on the requirements and prospects for the development of a Community technology policy.

5. Statement by the President

President. — I have received notification from the President of the Council that, at its 239th meeting, the Council approved the Commission's intention to set up an office, in the form of a decentralized department of the Commission, to promote closer links between undertakings in the European Economic Community.

Due note is taken of this communication.

6. Submission of a petition

President. — I have received a petition from Mr Falcone, Mr Volpe, Mr Cinanni and five other signatories on the proposal for the International Statute on the Rights of Emigrants.

In accordance with the provisions of Article 48(2) of the Rules of Procedure, the petition has been entered in the register as No 1/73 and, pursuant to paragraph 3 of the same Rule, referred to the Legal Affairs Committee.

7. Membership of committees

President. — I have received from the EDU Group the following requests for appointments:

- Mr Bousquet as a member of the Committee on Regional Policy and Transport, to replace Mr Terrenoire;
- Mr Terrenoire as a member of the Committee on External Economic Relations, to replace Mr Bousquet.

Are there any objections?

The appointments are ratified.

8. Allocation of speaking time

President. — In accordance with the usual practice and pursuant to Rule 31 of the Rules

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of Procedure, I propose that speaking time be allocated as follows for all reports on the agenda.

- 15 minutes for the rapporteur and one speaker for each political group;
- 10 minutes for other speakers;
- 5 minutes for speeches on amendments.

Are there any objections?

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, I can understand the wish to limit speaking-time on certain subjects, but I find it hard to accept that this time limit should be imposed without making any distinction as regards the importance of certain debates. I shall give you an example if I may. In the course of this part-session four reports dealing with energy policy will be discussed. The time allocated to them will be limited to ten and fifteen minutes, notwithstanding the fact that dozens of other reports are far less important. These reports are of a highly technical character, yet the speaking time allocated to them is the same.

Thus when important matters are raised, it is impossible to hold really adequate debates because the speaking time is limited. If the four reports on energy policy are to be dealt with simultaneously, it strikes me as illogical that the same speaking time limit should be applied to them.

I therefore appeal to the Bureau to ensure that different provisions are made as regards speaking time whenever important problems come up for discussion. I refer not only to purely political debates on general political affairs, but also to important problems of group politics. Speaking time should not be the same for all political debates.

President. — Mr Bertrand is right. The presentation of certain reports will not take more than five minutes.

Mr Hougardy will probably be presenting three or four reports at the same time. Were he to present them separately, he would be entitled to 15 minutes each. It therefore seems reasonable to allow him more than 15 minutes for the joint presentation of his reports on this important matter.

I call Mr Hougardy.

Mr Hougardy. — (F) I fully support the statement by Mr Bertrand, but I would like to emphasise another point, which I think is

extremely important. However, in order that no one should misinterpret my remarks, I will start by paying tribute to the translators whose task has increased since the enlargement of the Community.

The point I would like to mention is as follows: is it normal for a report as important as that by Mr Giraud to have been distributed to us only a few minutes before the opening of the present sitting? This report, I would repeat, is of vital importance for the debate which we have been demanding for so long and I consider it unacceptable for Parliament to work under such conditions.

President. — I note your statement, and full account will be taken of it.

Mr Hougardy. — (F) I am holding no one responsible for this situation, but I am convinced that our colleagues who are not members of the Committee on Energy, Research and Technology will not have the time to examine this document between now and tomorrow. It contains a whole series of important provisions and although the chairman of the Committee on Energy, Research and Technology, Mr Springorum, has given every opportunity for this debate to take place under optimum conditions, such late distribution will not allow Parliament to work under proper conditions.

President. — You are, of course, perfectly correct, Mr Hougardy, and it is now up to the Bureau to ensure that reports which cannot be distributed in time are not placed on the agenda.

Mr Hougardy. — (F) Very good.

President. — I trust you will approve of Mr Bertrand's suggestion that, as rapporteur for several reports, you should have more than fifteen minutes' speaking time.

Mr Hougardy. — (F) I shall not abuse the privilege, Mr President.

President. — Thank you, Mr Hougardy.

Mr Hougardy. — (F) Mr Bertrand is right.

President. — I call Mr James Hill.

Mr James Hill. — As chairman of the Committee on Regional Policy and Transport I wish to raise one point.

Hill

Mr George Thomson is to make a statement tomorrow. I understand there will be no debate, no questions and in fact no discussion after the statement and that this is the normal procedure in Parliament.

I respect that and am sure it is for a very good reason. I wish to put the point of view of the Committee on Regional Policy and Transport. The policy we are to discuss is a completely new one. It is of vital importance to many millions of our constituents. I am sure that the committee, when it discusses the matter in Rome on 23 May, would like some of the opinions of the parliamentarians who are not on the committee.

May I crave your indulgence to allow us perhaps fifteen minutes of Question Time after Mr Thomson's statement?

President. — I regret very much that, under our rules, I cannot permit this. Would it in fact be useful to have a debate immediately after the statement? If I am well informed, Mr Thomson will give us a memorandum about regional policy. I would then ask you to make a report on that memorandum as soon as possible so that we can discuss it in a plenary session as soon as possible.

Mr James Hill. — If I may make a correction, I was asking not for a debate but for some very short questions so that the Committee could hear the views of other parliamentarians on the subjects that are worrying them.

President. — I repeat my proposal to you to call your committee together as soon as possible and to have Mr Thomson in there immediately so that we may have a report from the Committee as soon as possible.

Mr James Hill. — We bow to your will, Mr President, and will do that.

President. — Thank you very much.

I call Mr Memmel.

Mr Memmel. — (D) Mr President, as I am in complete agreement with what Mr Bertrand has said, that it would be advisable to devote varying lengths of time to reports, I should now like to be specific and ask you to request the rapporteur of the first two or perhaps even the first three reports now on the agenda to keep things as brief as possible or not to have a debate on them. For permission to use mopeds and safety glass for use in motor vehicles are not exactly world-shattering subjects and we

should not therefore spend too much time on them.

President. — I am inclined to agree with Mr Memmel, but opinions may differ.

I would think that, as in the case of the report on cosmetics, special considerations apply here.

Are there any further comments?

Allocation of speaking time is therefore decided, having due regard to what has been said about the four reports on energy policy.

9. Decision on urgent procedure

President. — I propose that Parliament deal by urgent procedure with the reports that could not be tabled within the time-limits laid down in the rules of 11 May 1967.

Are there any objections?

I call Mr Hougardy.

Mr Hougardy. — (F) Mr President, I thought that you were going to conclude the debate by fixing a minimum time-limit for the distribution of the reports before their discussion in plenary session.

I have never been very strong in the matter of regulations, and I have always remained on a practical level; but what is the conclusion? Is this procedure to be continued? That is the question which I am asking; a report like that by Mr Giraud, which has required so much work, merits more serious examination by the whole of Parliament.

I am not blaming the Bureau. I do not hold them responsible.

President. — May I remind Mr Hougardy that according to Rule 13 of the Rules of Procedure: 'Except in the cases of urgency referred to in Rule 14, a debate may not be opened on a report unless it was distributed at least twenty-four hours previously.'

Where this is not the case, we must adopt urgent procedure. I repeat that I shall do everything in my power to avoid holding debates in plenary sitting on important reports which are not submitted in good time.

I would ask Mr Hougardy please to note that the Bureau is continually besieged with requests to place reports on the agenda, even where the normal time-limits have not been complied with.

President

This is not the fault of the Bureau alone, but also of those who wish to discuss reports despite the fact that they have not been distributed. Once again, I note what Mr Hougardy has said, and I shall do all I can to comply with the normal procedure. Important reports must be submitted in good time. This means that reports which are not submitted in time cannot be considered for debate in plenary sitting.

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 6 April 1973, I had a draft agenda drawn up and distributed. There have, however, been certain new developments.

I call Mr Vals on behalf of the Socialist Group.

Mr Vals. — (F) Mr President, I would like to point out to you that Mrs Orth is at present indisposed and cannot attend either today's sitting or even perhaps the part-session.

The problem raised is a complex one; This is why my group would like the examination of this report to be postponed to the next part-session and if necessary would like the committee which is responsible to appoint another rapporteur, if it is essential for this report to be discussed before the holidays.

President. — I take it you are requesting, on behalf of your group, that this matter be deferred to a subsequent part-session?

Mr Vals. — (F) That is correct, Mr President.

President. — I propose the following order of business:

This afternoon:

- Consideration by urgent procedure of the motion tabled by the chairman of the political groups on the consequences of the drought in Africa;
- Report by Mr Bermani on safety glass in motor vehicles;
- Report by Mr Armengaud on radio interference.

The next item was Mrs Orth's report on a directive on the approximation of Member State's legislation on cosmetics. In view of the explanations given by Mr Vals, and his request

for deferment made on behalf of the Socialist Group, this report is deferred to a subsequent part-session.

The report by Mr Baas on arrangements for processing goods under customs supervision is also deferred.

I call Mr Bermani.

Mr Bermani. — (I) Mr President, I wish to point out to you that, to Mr Memmel's partial satisfaction, I am not able to present the report which I should have introduced on the proposal from the Commission of the European Communities for a directive on the approximation of Member States' legislations on the type-approval of mopeds, which was to have been discussed at today's sitting, because the relevant document has not yet been approved by the Legal Affairs Committee.

I am prepared instead to introduce the report on the proposal from the Commission of the European Communities for a directive concerning the approximation of Member States' legislations on safety glass for use in motor vehicles.

President. — This matter has already been settled, Mr Bermani. Your report will be dealt with this afternoon.

Mr Bermani. — (I) Mr President, I merely wished to make it clear that the third point on today's agenda cannot be taken, because the document relating to it has not been discussed by the committee responsible.

President. — That is understood, Mr Bermani. The order of business continues as follows:

Tuesday 8 May 1973

10 a.m., 3 p.m. and, possibly, the evening:

- Question Time;
- Possibly, debate following Question Time;
- Statement by Mr Thomson on Community regional policy.

I trust that the Commission will shortly submit a document to Parliament on this matter so that we can debate it as soon as possible.

- Presentation of and debate on Mr Offroy's report on Draft Supplementary Budget No 1 of the Community for the 1973 financial year;
- Possibly, vote on a motion on relations between the EEC and the United States;

President

- Joint debate on the following four reports:
 - Report by Mr Giraud on the Commission's communication on energy policy;
 - Report by Mr de Broglie on imports of hydrocarbons;
 - Report by Mr Hougardy on oil and gas pipelines;
 - Report by Mr Hougardy on hydrocarbon supply difficulties;
- Report by Mr Wohlfahrt on goods purchased duty-free by travellers;
- Oral Question No 27/73, with debate, by Mr Fellermaier on competition in the motor car industry.

I call Mr Lücker.

Mr Lücker, chairman of the Christian-Democratic Group. — (D) Mr President, I should like to say something about your suggestion that a motion for a resolution on relations between the European Communities and the United States of America should be tabled tomorrow afternoon at the scheduled time of 3 p.m. As a member of the enlarged Bureau, I am of course aware that we discussed this matter at the last meeting in Brussels and agreed that the European Parliament would be well advised to react politically to the statement made by President Nixon's chief adviser, Mr Kissinger, a few days ago.

Today, however, various factors have come to my knowledge which could not have been known to us at the time of the meeting of the Bureau in Brussels. I have been informed today, and my group has discussed the matter, that a delegation from the European Parliament and a delegation from the American Congress began a series of meetings today with, I believe, Mr Kirk in the chair.

Secondly, I have heard that the two delegations not only intend but have already agreed to publish a political communiqué on their discussions on Wednesday.

Thirdly, I have learned that the Political Affairs Committee is considering the preparation of a report on relations between the Community and the United States, and I naturally need say nothing on the political importance and scope of this subject.

But we did wonder this afternoon whether it would be very opportune for the European Parliament to express an opinion on these relations in the form of a resolution a day before the delegations of the European Parliament and the U.S. Congress publish a political statement, as

they will do on Wednesday. I am naturally aware, Mr President, that the statement by the two delegations—Mr Kirk will forgive me for saying this—cannot replace a statement by Parliament. Parliament naturally has its own responsibility. But the coincidence of two statements being issued on the same subject from Strasbourg within 24 hours of each other would seem to me likely to cause the public some political confusion.

I should therefore like to make the following suggestion: I should be in favour of your clarifying this question with the chairmen of the groups of this House, if that is possible.

As an alternative, I would ask that the matter be removed from our agenda, if the other group chairmen agree, so as to avoid a statement being issued by this Parliament at almost the same time as the statement which the two delegations have already decided to publish on Wednesday.

President. — With due respect to Mr Lücker, I would point out that concerted discussions between a study group from this Parliament and our American friends do not constitute an innovation. Mr Lücker has perhaps overlooked this fact. In deciding, at my proposal, to give Parliament the opportunity to pronounce on this very topical matter, the enlarged Bureau was however already aware of it.

I call Mr Kirk.

Mr Kirk, chairman of the European Conservative Group. — As Mr Lücker has said, there is a meeting currently proceeding between a delegation of the United States Congress and a delegation of this Parliament under my chairmanship. We met this morning, we have broken up into groups, and we are making considerable progress.

I would not conceal from the Parliament that there are considerable areas of discussion which have not yet clarified themselves between our delegation and that of the United States Congress. It is our intention to try to agree a joint declaration before we adjourn on Wednesday morning and to have a public session on Wednesday morning during which a number of problems which have already arisen and which will undoubtedly arise will be thrashed out in public.

In the light of that, there is much to be said for Mr Lücker's proposal, either that the group leaders should meet and discuss the matter again or that the matter should be left in abeyance, because it is unlikely that we shall be able to agree a text in this Parliament on Tuesday

Kirk

afternoon—that is, in advance of conclusions on very difficult matters that the delegation is likely to agree with the American delegation on Wednesday morning. Tomorrow seems to be the wrong time for the Parliament to try to make a declaration.

I therefore support Mr Lücker's proposal, in the sense that it is important that the group leaders should meet again and discuss the matter before any final decision is taken as to when, if at all, Parliament should take a decision in plenary session.

President. — I call Mr Fellermaier.

Mr Fellermaier, on behalf of the Socialist Group. — (D) Mr President, in spite of the commendable arguments advanced by Mr Lücker, I feel that we should leave the agenda as it is and Parliament should not decide to remove the item from the agenda, but that the enlarged Bureau should meet tomorrow to consider in the light of the results of further discussions with the American delegation whether a communiqué by two delegations can replace from a political point of view the publication of an opinion by Parliament.

As it will not be possible to reach a decision on this this evening, however, I feel that we would be best advised, Mr Lücker, if you agree, to postpone a decision on whether or not to issue a statement and not take a formal vote here and today.

President. — I call Mr Baas.

Mr Baas, on behalf of the Liberal and Allies Group. — (NL) Mr President, in the Liberal Group we have reached the same conclusion as Mr Lücker. We too feel that a debate held tomorrow on this subject would not really do it justice. In our opinion Parliament cannot commit itself before a number of subjects have been discussed once more in depth.

I therefore agree with the opinion voiced by my colleagues. Everything depends on whether Wednesday will provide grounds for a debate.

On the other hand I feel that the idea of holding a public debate between two delegations is in itself a step forward, since it focuses attention on this exchange of views, and could at the same time give us a chance to discover the general attitude currently prevailing among the American delegates as well as the main points involved in our contacts with the United States.

President. — I have been informed that Sir Christopher Soames would like to make a state-

ment tomorrow on behalf of the Commission on Atlantic relations.

Such a statement is particularly relevant at the present time, during the visit by our American colleagues.

I call Mr Kirk.

Mr Kirk. — It would be helpful if Sir Christopher would make a statement tomorrow afternoon. I see nothing in what Mr Lücker, Mr Vals, Mr Baas, Mr Fellermaier or I have said which suggests that we would not like that, with even the possibility—I know that our rules on the point are difficult—that one or two questions be put to Sir Christopher.

We have had Mr Kissinger's declaration, and obviously a reply from the Commission would be helpful. I know that there are problems about questions, but it might be helpful if some questions could be asked.

We have already discovered that there are areas of great difficulty in the discussion, though there are areas where we agree. I agree that in advance of our final session on Wednesday morning it would be difficult for Parliament to make a definitive resolution anticipating what the two delegations are likely to say. If after we have expressed our views at lunchtime on Wednesday, Parliament wishes to say that we are talking nonsense or that it approves of what we are saying, I am all in favour that it should do so. In advance we may run into difficulties. I absolutely agree that Sir Christopher should make a statement tomorrow.

President. — I must make a correction. The Commission has now told me that Sir Christopher wishes to speak only if Parliament holds a debate on the matter.

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, if the Commission had issued a statement, this would have constituted an important political event and the European Parliament would have been given the opportunity to exchange views in the matter.

However, if the Commission is waiting to see whether we submit a resolution, I withdraw my remark.

President. — I call Lord Gladwyn.

Lord Gladwyn. — Although I personally would greatly welcome the issuing of some resolution by our delegation which has been talking for the last day or two with the Americans, I am

Lord Gladwyn

personally strongly opposed to having a debate on it in the Assembly; that is fundamentally wrong.

If we are to have a debate on such a very important matter as Mr Kissinger's recent declaration we should surely do that on the basis of a considered report put to us by the Political Affairs Committee and no doubt other committees. It should then be the subject of a considered debate in the Assembly, not on the basis of a "free for all" or, perhaps, a rather vague resolution submitted as a result of the present talks. That, as I say would seem to me to be thoroughly wrong, and might give a very wrong impression.

President. — I call Mr Petersen.

Mr Petersen. — (DK) Mr President, I fully agree with Lord Gladwyn. I do not think we can have a debate in Parliament before we have received full documentation, a report on the delegation's meetings and, possibly, a report from the Commission. I do not think it will be possible to hold a meaningful debate at this time, during this week. It will have to wait until we have the documentation before us, when we can base our debate on a thorough study of the material laid before us.

President. — I think it would be logical to follow Mr Kirk's proposal and wait for the Commission's public statement on Wednesday. It seems to me that the committee should deal with the matter in the manner envisaged by Lord Gladwyn, and this means that we will subsequently be able to deal with it on the basis of a committee report. I think that Parliament would agree to Mr Lückner's proposal, seconded by Mr Fellermaier.

I see we are in agreement on this point.

The order of business continues as follows:

Wednesday, 9 May 1973

9 a.m.

— Meeting of enlarged Bureau;

until 10 a.m.

— Meetings of political groups;

10 a.m., 3 p.m. and, possibly, the evening

— Statement by Mr Spinelli on industrial policy;

— Report by Mr Seefeld on the Sixth General Report of the Commission;

— Report by Mr Gerlach on the Audit Board's performance of its duties;

— Report by Mr Aigner on the giving of a discharge for the implementation of the 1970 budget;

— Report by Mr Bousch on the economic situation in the Community;

— Oral Question No 3/73, with debate, by Mr Jahn and others, on Community information policy;

from 6 p.m.

— Meetings of political groups;

Thursday, 10 May 1973

until 10 a.m.

— Meetings of political groups;

10 a.m. and 3 p.m.

— Vote on the motion for resolution contained in the report by Mr Offroy on Draft Supplementary Budget No 1 for 1973;

— Report by Mr Bersani on the resolution of the Parliamentary Committee of the EEC/EAC Association;

— Report by Mr Dewulf on the Agreement between the EEC and Egypt;

— Report by Mr Cifarelli on agriculture in mountain areas;

— Report by Mr Mursch on the obligations inherent in the concept of public service;

— Report by Mr Schwabe on the normalization of the accounts or railway undertakings;

— Report by Mr Bousquet on driving licences for and technical inspection of motor vehicles;

from 6 p.m.

— Meetings of political groups.

Friday, 11 May 1973

until 10 a.m.

— Meetings of political groups;

10 a.m.

— Oral Question No 26/73, without debate, by Mr Normanton on cruelty to animals;

— Report by Mr Vetrone on imports of citrus fruit and olive oil from the Lebanon;

President

- Report by Mr Armengaud, without debate, on imports of olive oil from Morocco and Tunisia;
- Report by Mr Houdet on trade in cattle and pigs;
- Report by Mr McDonald on prices of pig carcasses;
- Report by Mr Durand on the calculation of interest on recoverable sums;
- Report on behalf of the Committee on External Economic Relations on trade arrangements applicable to goods processed from agricultural products;

I call Mr Armengaud.

Mr Armengaud. — (*F*) You have just indicated that I shall be presenting a report on a motion concerning olive oil. However, the Committee on Development and Cooperation is no longer the committee responsible for this matter. The committee responsible is the Committee on External Economic Relations, and I am therefore not the rapporteur.

President. — Perhaps it would then be better to postpone the debate on this report?

Mr Armengaud. — (*F*) The matter can be settled in a couple of minutes.

President. — I call Mr Fellermaier.

Mr Fellermaier, vice-chairman of the Committee on External Economic Relations. — (*D*) Mr President, I can say, on behalf of the Committee on External Economic Relations, that this report, which the committee adopted on Friday, raises no problems and can be adopted by Parliament without debate.

President. — Mr Armengaud, do you agree that this report should be adopted without debate?

Mr Armengaud. — (*F*) I do, Mr President.

President. — Thank you very much.

This report will accordingly be dealt with according to the procedure without debate.

Are there any more comments on the draft agenda?

The draft agenda is adopted.

11. *Tabling of a motion and decision on urgent procedure*

President. — I have received from Mr Triboulet, on behalf of the European Democratic Union Group, Mr Lückner, on behalf of the Christian-Democratic Group, Mr Vals, on behalf of the Socialist Group, Mr Achenbach, on behalf of the Liberal and Allies Group and Mr Kirk, on behalf of the European Conservative Group, a motion on the consequences of the drought in Africa (Doc. 49/73).

The motion is accompanied by a request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

I therefore consult Parliament on the adoption of urgent procedure.

Are there any objections?

The adoption of urgent procedure is agreed.

12. *Consequences of the drought in Africa*

President. — The next item is consideration of the motion tabled by Mr Triboulet, on behalf of the European Democratic Union Group, Mr Lückner, on behalf of the Christian-Democratic Group, Mr Vals, on behalf of the Socialist Group, Mr Achenbach, on behalf of the Liberal and Allies Group and Mr Kirk, on behalf of the European Conservative Group (Doc. 49/73).

I call Mr Triboulet, on behalf of the EDU Group, to move the motion.

Mr Triboulet. — (*F*) Mr President, honourable Members, I am very grateful to the President of this Assembly, to my fellow group chairmen and to all Members for agreeing to open this part-session with the discussion of such an urgent and serious problem as the drought in Africa.

There are of course many regions in the world which are suffering today from drought; but the news which we are receiving from a number of black African states is particularly distressing. This is why my fellow group chairmen and I have recalled that we are bound to these peoples by a deep and longstanding fellowship.

How can we speak of Senegal, Mauritania, Chad, Upper Volta, without recalling all the friends we met, either, for some of us, many years ago, or more recently for others who in this Assembly form part of the committee once called the Committee on Relations with African States and Madagascar and now called the Committee on Development and Cooperation?

Triboulet

We have too many memories of our travels in these countries, the people we met there, these workers, these peasants, these shepherds, these stock-breeders, who are now in distress, for us to remain insensitive to this human problem. In these countries, the source of prosperity is water. Of course the EDF has contributed towards the irrigation of these regions. But irrigation takes place from rivers and when these—as is the case at present with the Senegal river—fall below a certain level, irrigation is no longer possible and the land is immediately unproductive. The stock-breeders, the shepherds leave the areas where their flocks were grazing and, with their animals, reach the banks of the river. This causes serious social problems, since the people who are already there are to some extent invaded by their neighbours and the subsistence of both parties becomes extremely problematical.

Alongside these social problems, there are also absolutely insoluble economic problems, since these animals, which can no longer be fed, are put up for sale and the price of meat drops to zero, while all the resources of the population depend on the harvests of cereals, millet, sorghum, maize, which practically no longer yield anything as a result of the drought! All the people converge towards the towns: Dakar, like the capitals of the other states I have mentioned, is surrounded by a population of peasants who are waiting for food which they are no longer able to produce themselves, even for their families.

The figures, since we must speak of these, indicate a catastrophic deficit of cereals. For Senegal: 200,000 tons; for Mauritania: 80,000 tons; for Mali: 330,000 tons; for Chad: 25,000 tons; for Niger: 100,000 tons; for the Upper Volta: 50,000 tons. These are the quantities necessary to bridge the gap until the next rains and until the next harvests.

In the face of this shortage, it would be unpardonable if our countries, which have problems of agricultural surpluses, did not supply immediate aid in the form of food to these countries. Admittedly, in principle, aid in the form of food is debatable: whenever a country can be assisted by improving its irrigation, this is the best system, but in a case of distress, famine and urgency like this one, only aid in the form of food is adequate.

I have spoken of a deficit of 200,000 tons for Senegal, the state which I am taking as an example. What are the promises of aid in the form of food in the face of this? 45,000 tons altogether; it is completely inadequate. There are 25,000 tons from the United States, 8,000 tons from the EEC, 6,000 tons from Canada, 5,000

tons from France, and 1,000 from various other aids. That is 45,000 tons in the face of a deficit of 200,000 tons!

It is therefore necessary that all countries capable of providing further aid in the form of food—and in particular the EEC—should take immediate measures.

This is why, in paragraph 2 of our resolution, we say that it is absolutely necessary to take measures urgently to 'convey very rapidly to the interior of the African continent the first aid which is at present immobilized in the ports' and, of course, to increase our contribution very substantially. Europe is burdened with food surpluses and it would be unthinkable for us not to help these countries.

We are always speaking of the idea of Europe, and we wish to illustrate it to our peoples. We have here an extraordinary opportunity to do so. If, in each of our states, it was said that Europe has been capable of effectively aiding the African populations threatened by famine, the cause of Europe would, I believe, be finally won, in particular amongst the youth, who will certainly be moved by this generous action in favour of the starving.

This is why we are addressing this appeal to all our colleagues in the certainty that they will know how to reply.

(Applause)

President. — I call Mr Vals on behalf of the Socialist Group.

Mr Vals. — *(F)* Mr President, honourable Members, I should like to associate myself fully with the words which have just been spoken by Mr Triboulet and to mark the total solidarity of the Socialist Group with the contents of the motion for a resolution.

It is certain that we are all extremely moved by the news which is reaching us from this region of the Sahel. The articles in the press and particularly the photographs show how dramatic the situation is. It has been justly recalled that we are bound to these peoples by historic ties, but we must also remember that it was with their representatives that the first Treaties of Association of the Community were signed.

I therefore associate myself with what has been said, but I should like to go a little further.

Some days ago, on 26 and 27 April, the Socialist Parties of the Community met in congress in Bonn to discuss social problems arising in the Community. However, they thought that they

Vals

could not remain indifferent to the famine which is now affecting a great part of the world. This is why, if we are fully in agreement on the proposals made to increase the aid in the form of food to the peoples of the Sahal in substantial proportions, so that they can face the deficit there will be in the harvests in the course of the year, we should like our considerations to be extended to the problem of famine throughout the world.

This is why we should be glad if, in the coming days, the European Parliament, the Commission and the Council took the initiative to propose a world food plan, designed in particular to set up and provide international finance for stocks of reserves in the countries which are periodically threatened in this way, and if one were to consider an examination of the means to be employed, in collaboration of course with these countries, in order to eliminate progressively the threats posed by the return of famine in these parts of the world. We shall therefore rally to the motion for a resolution, which I have also had the honour to second on behalf of my group.

(Applause)

President. — I call Mr Jahn on behalf of the Christian-Democratic Group.

Mr Jahn. — *(D)* Mr President, honourable Members, what is concerned here is a humanitarian obligation which concerns each one of us and every European.

The explanatory statement made here by Mr Triboulet, who initiated this resolution, is supported by my political colleagues. Now that the parliamentary groups have agreed on this joint resolution following a thorough examination of the situation in these areas and above all in the Sahel region of Africa, the Christian-Democratic Group, on whose behalf I am speaking, does not intend to provide any further substantiation but simply to ask that steps be taken with the utmost urgency. The famine must be overcome. To take up your suggestion, Mr Vals, my group is also, I believe, convinced that we will have to take long-term measures of this kind, in other words store the surpluses we have and then send them to areas in which there is famine. For our most important task is to help people in a humanitarian manner here and throughout the world.

My group therefore approves this resolution and welcomes it.

(Applause)

President. — I call Sir Douglas Dodds-Parker on behalf of the European Conservative Group.

Sir Douglas Dodds-Parker. — I support Mr Triboulet and the other two speakers in what they have said on behalf of their groups. I also support the resolution on behalf of the European Conservative Group. I understand that it cannot be debated. There is no necessity to do this, I think, after the very full facts presented to us by Mr Triboulet.

It is well known that much of Africa, roughly from the Equator to the 12th parallel north, has been short of rain for 18 months or so. Other parts of the world, particularly western India, are equally short at the moment, but that is not the subject of this resolution.

On behalf of my group, I wish to move a short additional amendment to the resolution. We believe it is necessary to make specific proposals for early action by the Community.

I therefore move on behalf of the European Conservative Group an additional paragraph 4:

'Instructs its Committee on Development and Cooperation to submit before the close of the present part-session specific proposals with regard to the assistance to be given, as a matter of priority.'

(Applause)

President. — We thus have an amendment submitted orally by Sir Douglas Dodds-Parker. All Members have been able to follow the wording of this amendment via the interpreters. I think it can be accepted, and I would therefore ask all speakers to consider it part of the motion.

I call Mr Armengaud on behalf of the Liberal and Allies Group.

Mr Armengaud. — *(F)* Mr President, I should merely like to raise the voice of the Liberal and Allies Group in support of the movers of the motion in particular Mr Triboulet.

I think that in such cases discretion is a necessary virtue; I shall consequently say nothing. I shall merely pledge the support of the Liberal and Allies Group for the resolution, including the amendment proposed by Sir Douglas Dodds-Parker, dealing with a subject which is obviously related to that contained in Mr Triboulet's motion.

President. — I call Mr Offroy.

Mr Offroy. — *(F)* Mr President, I merely wish to state that I have recently returned from Africa, where I encountered some of the situations to which previous speakers have referred.

Offroy

I shall quote a remark made to me by an African statesman. He said, 'For months, there has been talk at the European Community level of "freezing" arable land and of curbing production of milk and cereals. In short, there is talk only of economic Malthusianism, at a time when we are suffering from serious famine. Do you not think that history will be severe in its judgment when it sees the shocking contrast between the deliberations of European technicians and the suffering of the people of the Sahel countries?'

That, Mr President, is the contribution which I wish to make to the debate which has just started.

(Applause)

President. — Mr Offroy, it was these very considerations which prompted me to take this initiative with respect to the motion tabled by the group chairmen.

I call Mr Gundelach on behalf of the Commission.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, although the Commissioner responsible for food aid to Africa is not present this evening, I should like on behalf of the Commission to endorse the views expressed by the various party groups on the very serious food situation that has arisen in Central Africa owing to drought.

If the question is dealt with in Committee, Mr Cheysson will probably wish to have the opportunity, later on this week of informing Parliament in greater detail about the measures the Commission has already taken to provide emergency aid to the African regions in question.

Certain measures have already been taken, other measures have been proposed to the Council, and the Commission hopes that the Council will be able to take the necessary decisions as soon as possible so that effective food aid may be sent from Europe to the stricken areas in Africa, food aid that we have a duty to give and which we are able to give, in the same way as we have given it to other areas hit by famine in recent years. Bangla-Desh and the Palestinian refugees are examples that immediately come to mind.

(Applause)

President. — I hope that, in accordance with the spirit of Sir Douglas Dodds-Parker's amendment, the committee concerned will be able to arrange an exchange of views with the competent Member of the Commission of the European Communities this week and give tangible effect to the amendment.

I put the motion, including Sir Douglas Dodds-Parker's amendment, to the vote.

The resolution so amended is adopted¹.

13. *Directive on safety glass in motor vehicles*

President. — The next item is a debate on the report drawn up by Mr Bermani on behalf of the Legal Affairs Committee on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of Member States' legislation on safety glass for use in motor vehicles (Doc. 13/73).

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

Mr Bermani, rapporteur. — (I) Mr President, ladies and gentlemen, the proposed directive under consideration is a very important one for the safety of motor vehicle drivers and their passengers. It aims at approximating Member States' legislations on safety glass for use in motor vehicles, pursuant to Article 100 of the Treaty, which falls principally within the terms of reference of the Legal Affairs Committee.

The directive deals with windscreen, side windows and rear window; but while safety glass which has been given type-approval according to EEC regulations is sufficient for the side windows and the rear window, there is a more serious problem with regard to the windscreen. The directive points out that there are about 40 million vehicles in circulation in the Community, to which those of the new Member States must now be added. In France alone there are over one million windscreen breakages per year as a result of accidents and only one in every three drivers escapes without injuries, some of them very serious.

The Commission therefore, in its anxiety to change the present situation, as indicated by such sad and frightening statistics, proposes that laminated glass windscreens should be made obligatory for all countries of the Community instead of toughened glass windscreens. The laminated glass windscreen is made of two thin sheets of glass with a layer of plastic in between. What happens then? In a collision the toughened glass windscreen is shattered, vision is lost and, if the driver or passenger should strike his head against the windscreen the so-called 'guillotine' effect is produced with a risk of decapitation. The laminated glass windscreen, however, eliminates all these dangers and above all, since it does not break like the toughened glass wind-

¹ OJ, Series C from 4 June.

Bermani

screen, it allows the driver to retain a certain amount of vision. At the present time laminated glass windscreens are compulsory only in Italy; in other State they are not so.

It is proposed therefore that motor vehicles in all other States should be fitted with laminated glass windscreens. In its directive, the Commission proposes that the windscreens of all faster vehicles should be changed by 1974, that is to say, vehicles capable of reaching a speed of 130 kilometres per hour, while by 1976 the windscreens of all other vehicles should have been changed.

From the economic point of view, the price increase which would result from making laminated glass windscreens obligatory, is not a very significant one. The increase as against the cost of a toughened glass windscreen would range from 2.3% to 2.6%. And this small increase will become even smaller at a later stage when these windscreens are mass produced. In North America and Japan, countries in which this type of safety glass is in widespread use, the production costs are lower than those I have quoted. From the economic point of view therefore, it cannot be said that the proposal will have any great bearing on the total price of the motor vehicle. The fitting of a laminated glass windscreen will mean an increase of from 0.4 to 0.8% (an average therefore of 0.6%) on the basic price of the vehicle. This is a trifling increase, especially if we relate it to the advantages enumerated in detail in the directive's explanatory statement and the greater degree of protection afforded in collisions or in serious accidents, especially in regard to possible eye injuries. Laminated glass windscreens are also recommended by university professors who have studied the problem from the medical and social point of view. Finally, they have also been adopted by the International Federation for Motor Sport for all racing vehicles. And, as my colleagues are doubtless aware, cars on our major highways travel almost always at enormous speeds, almost at racing speeds, unfortunately, with all the risks and dangers that this implies. The national consumers associations have also come out in favour of making laminated glass windscreens obligatory. The magazine 'Auto, motori e sport', which sells millions of copies all over the world and is known by all motorists, has expressed its belief that the windscreens to which we refer should be fitted on all cars as soon as possible.

In the light of these considerable and widely acknowledged advantages, I do not see how there can be any doubts about the timeliness of this proposed directive from the Commission of the European Communities, and there is even a

further social consideration which might be mentioned here. What, in fact, is the present position? It is that the laminated glass windscreen, with which there is definitely less danger and the use of which is optional at the moment, is fitted only to the more expensive machines, so that the man with more money to spend has greater safety and protection in this regard than the man who is less well endowed with financial means.

At meetings of the Legal Affairs Committee and of the Economic Affairs Committee, it has been claimed that it would be better to wait until technical advances make it possible to produce even better safety glass than the laminated type. I have already said in reply that this reasoning seems false to me. It would be the same as saying of a medicine which cures a certain sickness in 80% of cases that we ought to wait for one capable of curing 100% while in the meantime using a medicine guaranteed to cure only 40% of the cases affected. There is no doubt that the progress already mentioned will come; in the meantime, let us make use of the laminated glass windscreen.

Various other questions have also been raised in this connection. We are asked whether it is right that laminated glass should be used only in new machines and not in old ones. It has been decided to equip only new machines with laminated glass because those already in use are gradually going out of circulation. To equip old machines with this type of safety glass would have only a marginal bearing on the safety factor: The important thing is that all new machines should be fitted with this type of windscreen.

Our English colleagues have pointed out that the directive speaks only of four-wheeled vehicles and makes no mention of three-wheeled ones; thus, in paragraph 5 of the motion for a resolution, we read: 'Invites the Commission to prepare, where appropriate, proposals for directives similar to the present one for three-wheeled vehicles, vehicles running on tracks, tractors and agricultural machinery and also wheeled equipment used for public works'.

Having said all this, I believe that Parliament will be glad to approve of this directive and I thank the Commission for having proposed it, because I must say once again, even though my dear colleague Mr Memmel says quite rightly that there are much more important directives, that I believe that this one that we are considering must not be underestimated, since what is at stake in it, as the facts and the statistics show, is the lives and bodily safety of thousands and thousands of persons.

Bermani

I therefore invite Parliament to approve this proposal for a directive which has already been approved by the Committee on Economic and Monetary Affairs, the Committee on Regional Policy and Transport and the Committee on Social Affairs and Employment.

(Applause)

President. — I call Mr Seefeld on behalf of the Committee on Regional Policy and Transport.

Mr Seefeld. — *(D)* Ladies and gentlemen, nothing really need be added to Mr Bermani's report or the motion. Very good work has been done. The only reason I have asked to speak is that an unfortunate misunderstanding led to the Legal Affairs Committee completing its work on 21 March while Committee on Regional Policy and Transport could not deliver its opinion before 23 March. It nevertheless includes essentially everything that my committee, for which I was rapporteur, had to say.

Permit me to add just a few remarks, because I feel that they are important. I should first like to say that the Committee on Regional Policy and Transport, as Mr Bermani has mentioned, expressly approves and welcomes the directive as proposed by the Commission.

Secondly, we have in particular stressed that the possibility of the introduction of this type of glass leading to an increase in the price of motor vehicles is not considered by our committee to be a question of decisive importance. What concerns us is the safety of people travelling in motor vehicles and the question of price should not be all-important in that respect. We have also pointed out that there is no real reason why there should be substantial increases in price.

Thirdly, the question of safety on our roads plays a decisive role. We are assuming that safety glass can have a decisive effect on road safety. We expect it to result in a decrease in the injuries caused by accidents. That, Mr President, is very closely related to the subjects repeatedly tabled by our committee before this Parliament and other bodies, for we must do everything in our power to reduce the number of dead and injured in road accidents.

And the last and most important point, Mr President, is that it was unfortunately not possible to include in the motion for a resolution one remark which we made and which I consider the most important. I do not want to amend the motion for a resolution; I should just like to add before the Plenary Sitting that we do not believe that total safety in the motor vehicle can be achieved with the aid of a windscreen made of

laminated safety glass alone. We have therefore appealed to the Commission in this connection again for it to be made compulsory as soon as possible for motor vehicles to be fitted with the three-point safety system in the whole of Europe, that is to say with

1. safety belts,
2. headrests and
3. windscreens made of laminated safety glass.

Only when all this equipment is provided will that degree of safety be achieved which we consider for vehicles and their users. Only when all this equipment, which we consider supplementary, has been generally accepted will in our view real progress have been made in the field of safety.

To this I would like to add the request to the Commission that efforts be made to introduce legislation to this end very quickly and very soon in Europe.

President. — I call Mr James Hill on behalf of the European Conservative Group.

Mr James Hill. — I speak on behalf of the European Conservative Group, and we as a group do not oppose the measure. We feel that anything which increase the safety for drivers and passengers is to be commended. Mr Seefeld, who is on the Committee on Regional Policy and Transport, has done an excellent job. I wish merely to question the wording of the fifth paragraph of the opinion which says:

'...the Committee on Regional Policy and Transport feels that price should play no part where questions of safety are concerned.'

I must point out that there are many safety factors to be considered. In only a certain proportion of cars can the price be adapted to take account of safety factors. I believe that the wording of the opinion possibly has come out in the English version a little more harshly than was intended.

I believe that price plays a great part in these considerations. If we were to think of price alone and the safety factors which have been mentioned, then perhaps the lead given by the United Kingdom in this matter, by our not allowing a new vehicle to be put on the road without seat belts and harnesses, may be the preferable course to follow. In monetary terms such a course probably would be cheaper than making everybody change from one type of windscreen to another. Therefore, with that proviso, I fully endorse the rest of the opinions.

Bermani

The first part of the document is rather harsh in that all vehicles which would be capable of a speed of 130 kph, and indeed which can exceed that speed, will have to have their windscreens changed by 1 October 1974, if these resolutions are agreed to. There are not many cars these days which at moments of crisis are not able to reach 130 kph. I do not know who is to set the standards in terms of this speed limit. Will it be the police, the licensing authorities, or some independent body who will have to decide whether a car is capable of 130 kph?

The date 1 October next year is only sixteen months away. Many types of windscreens for certain cars are possibly no longer manufactured. It is well known that in Great Britain we have a great fondness for old cars. We preserve them for many years beyond their normal useful life. I am thinking particularly of the Rolls-Royce Silver Ghost. Are we to say that owners of such vintage cars, which might be capable of 130 kph, must change their windscreens by 1 October next year?

These cars are things of great beauty; they are antique vehicles worth many thousands of pounds simply because of the fact that they have been kept in the same state as they were when manufactured. It appears to be a flaw in the document that there is no exemption for any car. I am sure the rapporteur would agree that the document has not taken into account the fact that there are many types of windscreens which can be fitted very quickly and there are cars of all ages. Therefore, in these circumstances could there not be a slight alteration at some later date? I believe that this is the way to achieve harmonization in transport policy in terms of the safety factors.

President. — I call Mr Brewis.

Mr Brewis. — I wish to make a brief contribution to the debate because Mr Bermani referred to a point in which I am interested. I thank him for including in his report the paragraph relating to three-wheeled vehicles in Great Britain are not a matter of considerable importance because there are probably only 20,000 such vehicles compared to the many millions of three-wheeled vehicles on the roads of Europe as a whole.

The point I wish to make which concerns the Commission is that paragraph 5 of Mr Bermani's document appears to envisage that there will be many directives to cover three-wheeled cars. I believe that what is needed is a small amendment of the outline directive which was concluded in February 1970, before Britain became a member of the Community. In terms of danger

to the occupants of a vehicle it makes no difference whether it is a three-wheeled or four-wheeled car. If we are to have another cascade of directives to cover such a small matter when this could be done by amending the original directive, then surely we shall sink under a mass of paper.

President. — I call Mr Gundelach to State the Commission's opinion.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, the proposal for a directive on the use of laminated glass in car windscreens is one of the most important elements in the Commission's efforts to increase the safety of motor vehicles.

As the President remarked, it is not, perhaps, a question of world-shaking importance, but it is nevertheless something that affects the well-being and safety of hundreds of thousands of people. The work being done by the European Communities should therefore be regarded as extremely important.

This work, however, is often impeded by psychological and administrative difficulties and sometimes, too—as we have heard here this afternoon—by understandable pride in existing institutions, not least in the motor car sector.

In view of these difficulties it is of the greatest importance that the Commission should have Parliament's full and energetic support in carrying through measures such as these which, while seemingly undramatic, are nonetheless of the greatest importance to our daily lives. It is against this background that the Commission takes great satisfaction in welcoming the report by the Legal Affairs Committee and thanking Mr Bermani for the excellent work that has been done.

In addition to the observations already made, I should like to mention in the first place that this directive is one of a set of directives whose aim is to solve the problems I have referred to in the field of motor vehicle safety as a whole. Where such can be done by simple means, as we heard was the case with three-wheeled vehicles, for example, it will be done. Where a set of new directives is necessary, they will be issued.

I would just like to emphasize that we do not wish to harmonize simply for the sake of harmonization but that we only put forward proposals for directives that we consider essential, most effective and most flexible in achieving the specific objectives with which we are concerned.

Gundelach

Reference has been made to the date on which the use of laminated glass should become compulsory. I should like to say that the dates that have been fixed in the present proposal for a directive were decided on after very careful consideration and after very painstaking consultations and discussions with the interested parties to determine what would be most practical. From a safety point of view it would, of course, be desirable to implement the relevant provisions as soon as possible, almost immediately in fact. But there are practical considerations to be taken into account. This has been done, and the dates specified are the earliest possible in practice—but they are possible in practice.

As already mentioned, the Commission is prepared to consider the elaboration of corresponding proposals for directives taking in other types of motor vehicle. The Commission is already working on a proposal in respect of agricultural machinery.

I should in conclusion like to emphasize, as was mentioned in the explanatory statement to the proposal for a directive, that the Commission is currently working on a proposal for the fitting of safety windscreens in motor vehicles. I strongly recommend Parliament to approve the proposal in question.

President. — Thank you, Mr Gundelach.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, honourable Members, the rapporteur, Mr Seefeld, has made it very clear in his remarks as rapporteur that maximum safety will not be achieved until vehicles are equipped with headrests and safety belts as well as laminated glass. I had thought that the Commission would give us a definite date at this debate by which it would submit the other proposals for directives.

I should like to point out that this three-point safety regulation will become law in the Federal Republic of Germany on 1 January 1974. Here again we see that the fact that one Member State is doing a great deal in the vehicle safety field in the interests of its citizens results in the need for technical harmonization becoming apparent at an earlier date.

I would therefore ask the Commission's representative, Mr Gundelach, to state somewhat more clearly how long it will take the Commission to submit the remaining proposals for directives on improved motor vehicle safety.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, as Parliament will certainly remember, the Commission has drawn up a proposal for a directive on headrests—it is one of the three proposals for directives mentioned. The Commission is now preparing a proposal on safety belts, which it will be able to submit during the next few months. As I emphasized in my earlier statement, a set of safety measures is being prepared. They include the three that have been given special attention during the debate here this afternoon, but also a number of others. A number of proposals have already been submitted by the Commission. The rest can be expected in the very near future, and one of the proposals which was asked for here this afternoon has in fact already been submitted.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted. ¹

14. *Directive on radio interference caused by domestic electrical appliances—Directive on fluorescent lighting tubes*

President. — The next item is a debate on the report drawn up by Mr Armengaud on behalf of the Legal Affairs Committee 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 radio interference caused by domestic electrical appliances, portable power tools and similar devices
- II. a directive on the approximation of Member States' legislation on radio interference caused by fluorescent lighting tubes (Doc. 340/72).

I call Mr Armengaud who has asked to present his report.

Mr Armengaud, rapporteur. — (F) Mr President, following your request and Mr Memmel's advice, the report which I am to present on 'parasites'—of an electrical nature, I hasten to add—will be very brief.

(Laughter.)

We have before us two proposals for directives, the first on the approximation of Member States' legislation on radio interference caused by domestic electrical appliances, portable power tools and similar devices, and the second on the approximation of Member States' legislation on radio interference caused by fluorescent lighting tubes.

Armengaud

There are one or two very brief remarks to be made on these two directives; since the Legal Affairs Committee has introduced amendments to the form of the proposals rather than to their content, we must discuss them before we can comment on the motion for a resolution.

First of all, I regret that these two proposals for directives were not submitted at the same time as two others announced by the Commission, which are also intended to end radio interference caused by similar devices.

The Commission informed us that these texts would be made available immediately and that the report could consequently be drawn up very quickly. I shall therefore not insist on this point.

Nevertheless, the Legal Affairs Committee noted in the background to the explanatory statement that it would be necessary to eliminate technical obstacles in this connection to ensure unity within the Common Market.

With regard to the appliances in question, the Legal Affairs Committee felt that the directive should apply not only to appliances to be marketed, but also to those in use, which means that the owner of the appliance would also be required to take precautions against disturbing his neighbours by radio interference. This is why the Legal Affairs Committee suggested that national authorities should within the framework of the directive undertake random tests to ensure that appliances continue to conform to the standards laid down in connection with the elimination of radio interference and 'parasites.'

Moreover, with regard to the movement of products, the Legal Affairs Committee considered that it would be desirable, on the one hand, that the statements and certificates attached to appliances when they are delivered to the customer should be printed in the language of the country of use and, on the other hand, that where the appliance does not bear an internationally known label, a clear indication must be given to the purchaser that it complies with the standards laid down.

These are the only corrections which the Legal Affairs Committee has made to the text of the two directives before you. In addition, it has made one general observation. As you know, the Legal Affairs Committee believes in principles; it has complained that each time a text on eliminating technical obstacles is discussed, a sub-committee is set up. In fact, it considers that the number of such sub-committees detracts from the powers of the Legal Affairs Committee, even though these sub-committees are appointed by the committee.

The committee has therefore made this observation in the customary manner, but will not insist on the point.

Finally, in answer to a remark made by certain of our British colleagues, the committee has pointed out at the end of its report that arrangements must not be too strict or detailed, as there are two pitfalls to be avoided: one is making Community legislation too lax, thereby preventing European manufacturers from reaching the technical level made possible in Europe by technical progress; the other is applying excessively stringent norms which would provide an obstacle to the importation of similar products from third countries, insofar as they complied with the norms. Once again, there is a risk that these norms would defeat their own purpose; we must be reasonable, and must not go too far in any direction. You may say that this is no more than an abstract statement; we base it on the hypothesis that in this case the committee can be reasonable in a technical matter of this nature, which does not mean that it always will be in all cases.

Mr President, that is all I wished to say on these two proposals for directives, which the Legal Affairs Committee approved unanimously with certain amendments, and I am pleased to be able to inform you that the Economic Affairs Committee also wished to approve these proposals, which are on the whole satisfactory.

President. — I call Mr Gundelach to state the Commission's position on the amendments introduced by the committee.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, on behalf of the Commission, I should first like to thank the Legal Affairs Committee and Mr Armengaud for the considerate and thorough manner in which they have dealt with the proposals submitted. Among the various observations made, questions are once again asked about the appearance of other directives connected with the same problems.

Two directives have been asked about, and the answer is the same as that given to an earlier item on the agenda, namely that one of the proposals concerned was in fact submitted at the beginning of the year and the other can be expected during the coming weeks.

It will probably be easier to gain on overall view of the many and various proposals for directives, which are often of a technical nature, when Parliament receives the Commission's paper on industrial policy (which Mr Spinelli

Gundelach

will be introducing on behalf of the Commission later in this current week), as we have decided to include in this paper on industrial policy the work that is being done with a view to bringing about a more homogeneous market. This work is clearly an integral part of an industrial policy. This work on so-called harmonization is, then, embodied in the paper that will be submitted later this spring and which Mr Spinelli will introduce this week. The paper will have annexes with a list of the proposals for directives due to be dealt with and the proposals for directives that can be expected to be submitted in the future, category by category so that Parliament too will be able to gain an overall view of this work, which, if taken directive by directive, may well seem somewhat fragmentary, but which, when seen in perspective, is of very far reaching economic and industrial importance and important too for the protection of consumer interests and of safety and environmental interests.

As regards the present report and the Committee's request that a third paragraph be added to Article 3 making it compulsory to word guarantees in the language of the country where the appliances, etc., are to be used, I have to state that, as on several other occasions, the Commission considers that such a requirement goes too far. Member States are able, through their national legislation, to require that guarantees be worded in the language of their own country where such is considered necessary in the interests of consumers. In other cases it is clearly unnecessary, and this very strict requirement would therefore seem to be excessive.

The Committee's report proposes that an Article 3(a) be inserted in both directives, requiring Member States to carry out spot checks to ensure that regulations are being observed. The Commission fully understands the reasons for this request, which it in fact endorses. The question is, however, whether the problem cannot be adequately dealt with by national legislation. Nevertheless, the Commission will keep an open

mind when considering Parliament's recommendations in this sphere.

President. — Thank you, Mr Gundelach, for replying to Mr Armengaud's comments.

Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted ¹.

15. Agenda for next sitting

President. — The next sitting will be held tomorrow, Tuesday 8 May 1973, with the following agenda :

10 a.m., 3 p.m. and, possibly, the evening

— Question Time

— possibly, debate on topical issues

— Statement by Mr Thomson on Community regional policy

— presentation and consideration of the report by Mr Offroy on Draft Supplementary Budget No 1 of the Communities for 1973

— possibly, debate and vote on a motion for a resolution on EEC relations with the United States

— Joint discussion of the report by Mr Giraud, Mr de Broglie and Mr Hougardy on energy policy

— Report by Mr Wohlfart on duty-free purchases by travellers

— Oral Question No 27/73, with debate, by Mr Fellermaier on competition in the motor car trade.

The sitting is closed.

(The sitting was closed at 6.55 p.m.)

¹ OJ. Series C, from 4 June.

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IN THE CHAIR : MR BERKHOUWER

(The sitting was opened at 10 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

President. — The minutes of yesterday's sitting have been distributed.

Are there any comments?

The minutes are approved.

2. *Documents received*

President. — I have received the following documents:

— Report drawn up by Mr Mario Vetrone 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 Regulation (EEC) No 1059/69 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products (Doc. 50/73);

— Report drawn up by Mr Ludwig Fellermaier on behalf of the Committee on External Economic Relations on the texts of the Additional Protocols to the EEC-Tunisia and EEC-Morocco Association Agreements consequent on the accession of new Member States to the European Economic Community (Doc. 51/73);

— Report drawn up by Mr Jan Baas on behalf of the Committee on External Trade Relations on the proposal from the Commission

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of the European Communities to the Council (Doc. 282/72 - I) for a regulation on arrangements to enable bonded goods to be processed before being made available for consumption (Doc. 52/73).

3. Procedure for Question Time

President. — Before opening Question Time, I have to inform the House that the enlarged Bureau has studied this procedure in the light of the experience of the last three part-sessions. I would draw Members' attention to certain aspects of this procedure, which has been in operation for a short time only.

I would remind the house that the procedure is laid down in Rule 47 A of the Rules of Procedure and in the implementing rules.

I would particularly stress the following points:

- at each Question Time any Representative may put only one question to either the Commission or the Council;
- questions must be brief and allow of a brief reply;
- questions must not relate to business on the agenda for the current part-session, even if the item is only an oral question without debate;
- the President decides the order in which questions are dealt with, with due regard to their urgency and political importance; he also decides on the admissibility of supplementary questions, bearing in mind that Representatives are allowed only one supplementary question each;
- the answer given by the institution concerned must not take the form of a lengthy statement or depart from the subject.

I would also make several points concerning the conditions for holding a debate on the Commission's reply to a given question, in view of the comments made by the Legal Affairs Committee and Bureau, and of parliamentary practice:

- such a debate may, in principle, not be requested until the Commission has replied to all supplementary questions;
- the decision to hold such a debate shall not be taken until the close of Question Time;
- where there are several requests for debates, the President decides which issue of general topical interest and political importance shall be debated;

— a request for a debate following Question Time shall not be granted automatically, but as an exception justified by the urgency of the subject.

Are there any comments?

I call Sir Tufton Beamish.

Sir Tufton Beamish. — Arising out of that interesting and important ruling, may I ask about the order in which questions are to be taken? I understand what you have said, Mr President, about evaluating their importance, and that is a sensible attitude. But with respect, it seems to me that although we have a satisfactory dialogue with the Commission, which we value highly, contacts with the Council of Ministers are far less satisfactory and very haphazard.

I notice that the questions to the Commission come before questions to the Council of Ministers. Will this be an invariable practice, or will the Secretariat consider the point I have raised, because I should like to make certain that we get an opportunity to ask questions of the Council of Ministers and that they should be answered?

I do not raise this point because I have myself tabled a question which, as is well known, the Council of Ministers was reluctant to answer, but I raise the matter as one of principle involving the work of Parliament.

President. — In reply to Sir Tufton, I would say the following:

At the Council's request the order of business for today is so arranged that questions to the Commission come first.

I share Sir Tufton's view that we should not neglect dialogue with the Council also. I would point out to honourable Members that such a dialogue can be pursued by putting oral questions with debate to the Council. This possibility is open to us, and I would ask the House to reflect on it. I hope that this procedure will in fact be used to pursue, in the most effective manner possible, a dialogue in which the Council is also prepared to engage.

This in reply to the question. I shall now move on to the actual questions put today. The Council has requested that the questions to the Commission be placed first on the agenda. I have complied with that request.

I am in full agreement with the honourable Member that we should look for ways and means of pursuing our dialogue with the Council as intensively as possible.

4. Question Time

President. — The next item is Question Time.

I call Oral Question No 25/73 by Mr Normanton to the Commission of the European Communities on the construction of a Channel tunnel.

The Commission is asked whether it will place transport infrastructure in the forefront of its thinking when preparing detailed Community plans for Regional Development, and whether urgent consideration will be given to the initiation of a Community project to construct a tunnel under the sea to link Britain with the Continent?

I call Mr Thomson to answer the question.

Mr Thomson, Member of the Commission of the European Communities. — As the honourable Member knows, the Commission is at present working on proposals to set up a regional development fund in conformity with the agreement reached at the Summit Meeting in Paris in October of last year. The honourable Member will understand that I cannot at this stage make commitments about participation with the use of Community resources as regards specific projects whether in regard to a Channel Tunnel or elsewhere. He may like to know, however, that in the report on regional policy which was approved by the Commission on 3 May, expenditure by the regional fund on infrastructure projects is in fact envisaged, though this expenditure would naturally depend on whether the regions served by the project fall within the criteria of relative underdevelopment.

The Community takes of course a close interest in the transport projects of Member States. As far as the project of a tunnel under the Channel is concerned the honourable Member may wish to be reminded that in an *aide-mémoire* dealing with transport matters submitted to the Council in 1972, the Commission indicated that transport, and particularly its infrastructure aspects, should form an instrument of Community policy at regional level.

The honourable Member may also wish to know that in a Council Decision of 28 February 1966 a consultation procedure as regards investment in transport infrastructure by Member States was agreed. In accordance with this Decision, Member States should communicate to the Commission plans for investing in transport infrastructure projects, and the Commission's views are in part governed by the effect of these plans on the development of a region or of several regions in the Community. I should add that so far no communication has been made to the Commission under this procedure of plans to construct a tunnel under the Channel.

There are, however, many implications of the construction of such a tunnel that could be usefully examined in terms of the impact on various developments within the Community, and the Commission looks forward to discussing these with the Member Governments concerned in due course.

President. — I call Mr Normanton.

Mr Normanton. — I thank the Commissioner for his brief, concise, but nevertheless hopeful answer which I believe shows that the brilliance and hopes of that great European administrator and strategist, Napoleon Bonaparte, 175 years ago may still in a peaceful sense have some prospect of being translated into reality.

But will he note that in certain regions—and I refer in particular to that from which I come, the north-western region of England—there is a deep-seated fear that the very distance from the centre of power may well prejudice their industrial competitive capability and may even leave their peoples socially disadvantaged.

Will the Commissioner therefore press forward with constructive proposals for Community infrastructure projects of all kinds and may I ask you, Mr President, to consider my request for a full and far-reaching debate at an early date on the whole question of a Channel Tunnel as a Community infrastructure project?

President. — I call Mr Thomson.

Mr Thomson. — I can give the assurance that, as the Commissioner with special responsibility for regional policy, I am particularly conscious of the points made by the honourable Member about the region of the United Kingdom from which he comes.

I gather this matter is still under study by the governments of the Member States concerned and, of course, it may work both ways. There is a danger of a pull towards concentration in the south-east of the United Kingdom; equally a general improvement in the communications between the United Kingdom and the mainland of Europe could have advantageous results for some of the underdeveloped regions of the United Kingdom.

President. — I call Mr James Hill.

Mr James Hill. — Does the Commissioner feel it would be useful if the Commission and the Commissioner for Transport were to combine their joint thoughts and possibly allow the Committee on Regional Policy and Transport to examine this problem?

Hill

We are at present examining the tunnels in the Alps. It would seem to be no greater work for us to extend this to the Channel Tunnel.

President. — I call Mr Thomson.

Mr Thomson. — First, I assure the honourable Member that the Commissioner responsible for transport and myself are keeping in very close contact about these matters. Indeed, I am answering this question today because Mr Scarscia Mugnozza is not able to be in Parliament.

As to the matter being discussed in Parliament's Committee on Regional Policy and Transport, that I would have thought, is primarily a matter for the committee. If the honourable Member will study my submission, he will see that what is important is that the Member States directly concerned here take an early opportunity to conform to the Council Decision that major transport projects of this kind should be submitted to the Community for thorough discussion and examination.

President. — I call Oral Question N° 28/73 by Mr Noè to the Commission of the European Communities on the definition of a Community strategy for the procurement of enriched uranium.

To what extent does the Commission of the European Communities think recent developments on the enriched uranium market (offers of deliveries made by the CEA and URENCO) likely to assist in laying down a Community strategy for the procurement of enriched uranium?

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, the Honourable Member would like to know to what extent the discussions now going on between the European supply agency and two European suppliers of enriched uranium, for delivery to power stations in Germany, might lead, or at any rate contribute, to the formulation of a long term plan for the production of enriched uranium in Europe.

In reply I should like to say that the offers which have been made, one by the French Atomic Energy Commission and the other by a syndicate within the Community, must in our view be considered a very important aspect of the whole question of supplies of enriched uranium for European power stations, and make it possible for us to feel optimistic about the future creation of an independent capacity for the production of enriched uranium in Europe.

All the same, in relation to the requirements which we know to exist as at present, it does

not seem to us that these offers, however interesting they may be, are of a kind capable of fulfilling total needs.

So that, over and above these offers, which are still being studied and must be taken in conjunction with the current offer from the US Atomic Energy Commission, we have the problem of needing to determine a target figure for the production of enriched uranium after 1981-1982, and of the need for various decisions, on the basis of this target figure, to be taken by the producers of electricity.

We believe, in fact, that if they are to be able to reach firm decisions within the required time limits, they must have sufficiently accurate information about the quantities of enriched uranium which they can confidently count on being available from Europe's production capacity.

It has been our intention to give them this opportunity. The Commission has fixed a minimum target figure, which we have already had occasion to talk about at a previous part-session.

We hope that we shall, very soon, be able to come to an agreement in the Committee which we wish to be set up and that from then on we shall have at our disposal, in the coming months, all the necessary factors for working out a long term plan.

President. — I call Mr Noè. I would remind him that his supplementary question must be brief.

Mr Noè. — (I) I thank Mr Simonet for his explanations, which show that the steps taken by German energy producers to ensure reserves for the 80's are along the same lines as those indicated by Parliament. There are therefore no contradictions, and the aim is the same.

I quite agree with Mr Simonet that the initiative we have been discussing this morning is a partial one and cannot bring us to our final goal. I therefore thank him, while at the same time asking him to keep us informed of future developments, since this is a matter which interests Parliament and to which we intend to give our full attention.

President. — I call Oral Question No 32/73 by Sir Douglas Dodds-Parker to the Commission of the European Communities on the Community's relations with the oil-producing countries.

What action does the Commission propose to improve further relations with the oil-producing countries, especially of the Middle East?

President

I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. —

In the Commission's recent communication to the Council on a Community energy policy, we recognized the importance of developing appropriate relations with countries that export energy and in particular oil, of which our main suppliers are in the Middle East. We believe that to establish a climate of confidence between the Community and its suppliers is the best guarantee of stability of supply.

The Commission also proposed that there should be cooperation between consuming countries, but it stated that this should not be at the expense of the legitimate interests of the exporting countries.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — I thank the Commissioner for that reply.

Will the Commission also approach the organization for oil-producing and exporting countries to set aside 1% of their sales to the associate countries of the Community to form a development fund for the benefit of those associate countries of the Community?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — I think it would not be the place of the Commission to tell other countries how to spend their money. But I have no doubt that the exporting countries will have taken notice of the honourable Member's question and will also appreciate that it has been decided and established among the richer nations of the world to devote 1% of their gross national product for the aid and development of our less well-endowed brother nations.

President. — I call Oral Question No 33/73 by Mr Bangemann to the Commission of the European Communities on export subsidies on the sale of surplus butter to the Soviet Union,

What truth is there in Press reports that the Commission intends to sell 200,000 tons of surplus butter to the Soviet Union through private exporters who are asking for 1,520 u.a. per ton in export subsidies, i.e. more than 1,110 million DM, from Community resources, and in the case these reports are accurate, what action does the Commission intend to take in future to put a stop to this private profiteering?

and Oral Question No 38/73 by Mr Scott-Hopkins to the Commission of the European Communities on the sale of surplus butter to the Soviet Union and the sale of other surpluses.

What has been the cost of the recent sale of surplus butter to Russia for each country of the community and what further plans has the Commission for surplus sales of commodities including butter in the forthcoming year?

I call Mr Lardinois.

Mr Lardinois, member of the Commission of the European Communities. — (NL) Mr President, I would like to say the following in reply to the question put by Mr Bangemann.

The Commission, last month, did indeed decide to sell about 200,000 tons of butter from public storage to European traders with a view to the sale of this butter to the Soviet Union. Negotiations had already been going on for a considerable time between European traders and the import bureau concerned in the Soviet Union. These were rejected three times by the Commission because of the even lower prices.

The sale has now taken place at the special price of 420 dollars per ton free on board, on condition that this butter be not re-exported outside the territory of the Soviet Union. The Soviet Union has given guarantees on this point. The price of the butter is much lower than that on the Community market and also much lower than that on the world market. It is, however, higher than the price of butter made available from stocks for the production of so-called butter oil.

The development of dairy produce, in particular butter, causes us great concern in the Community. It is for this reason that the Commission is delighted that the Council has followed, at least partially, its proposal, on the one hand to achieve a more favourable direction of production, or as between milk and meat, and on the other hand to change the orientation of the dairy industry by lowering the price of butter and increasing that of milk products and milk powder.

We will follow closely the developments on the butter market. We will not miss any opportunity of also allowing the consumers in the Community to share in this abundance if it is financially viable.

President. — I call Mr Baas.

Mr Baas. — (NL) If structural shortages are to be expected in the Eastern Bloc countries, will the Commission investigate whether more regular contracts can be concluded, on a commercial basis, with these countries?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, I do not think that we can speak of structural shortages in the Eastern Bloc countries. In regard to the Soviet Union, it is clear that the shortage was above all caused by last year's unusual weather conditions.

Nevertheless, it is not impossible to consider commercial contracts for certain Eastern Bloc countries, be it for more modest quantities, as Mr Baas implies.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Does not the Commissioner agree that, by raising the milk target price by 5.5%, he has hardly solved the milk problem and that the sale of this 200 000 tons of butter at 8 pence a pound was a rotten, lousy deal for the Community and the taxpayers?

Will the Commissioner institute an inquiry into the methods whereby these sales are conducted and confirm or otherwise the reports that a private individual who is completely against the Common Market negotiated the sale? Will he then report to Parliament on the results of his inquiry as to the way in which these sales are conducted at below world market prices?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, in the first place, I too take the view that the increase in the price of butter in the EEC by a formal flat rate of 5.5% and an average by 5% does not contribute to the solution of this problem.

I am accordingly delighted that the Council was in a position to take a number of other measures which can lead to the reestablishment of the balance in the market.

From the fact that the Commission has proposed an increase in the price of milk which amounts to about 60% of that decided by the Council, it appears that the Commission is to some extent well au fait with the purport of the question put by the honourable delegate on this point.

As to the qualification "a rotten, lousy deal", I must tell you that it is not a matter of a decision for which I take pleasure in having responsibility. Nevertheless, I draw attention to the fact that none of the representatives of the Ministers for Agriculture of the Nine countries could offer an alternative. It is for that reason that not one of the representatives in the management committee for dairy products voted against the proposal. Only two members abstained. Seven members voted for the pro-

posal. With this in mind, I can say that, in view of the finances of the Community, the proposal of the Committee was the least bad alternative.

President. — I call Mr Laudrin.

Mr Laudrin. — (F) If the decision is a Community one, should not the profits derived therefrom revert to the Community? If, on the contrary, the decision is left to private enterprise, is this to be understood in the singular, as seems to be the case in France?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, it was a French group which originally prepared this transaction. It gradually became a group composed of at least four countries. This group has now assumed responsibility for the transaction.

What we are continually concerned with here is cold storage butter which is on average about six months old at shipment. The butter is produced within a certain period of time and is then stored in cold storage houses belonging to the Community. The question as to what quantities and from which country is therefore one of chance.

In regard to the price, I have already pointed out that there were offers in the past—sometimes for small quantities—which were turned down three times by my services. However, at a certain moment we took the view that the best thing was to agree to the offer, to avoid, above all, an even greater loss. For it is a question of quantities which clearly form surpluses and every additional month they stay in cold storage, they cost extra money.

President. — I would remind the House that supplementary questions must be put in one sentence and that answers must be as brief as possible. We began at 10.15 and we must finish at 11.15.

I call Mr Jahn.

Mr Jahn. — (D) Mr Commissioner, I have the following question: is the Commission prepared to sell butter to other countries on the same export conditions and export subsidies? And is there an intention to give these subsidies to the developing countries in the future as direct food or butter aid?

President. — Before calling Mr Lardinois, I would ask him to answer supplementary questions as briefly as possible.

Mr Lardinois. — (NL) Mr President, it is not possible to repeat this method of trading in regard to other countries. If we did so, the world market for butter on which not only the European Community but also countries like Australia and New Zealand operate, would be in confusion.

All demands for help in food, be they bilateral or via the World Food Programmes of the FAO, will be dealt with in the normal way.

President. — I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President. From the Commission's reply it appears that it decides in one quarter of an hour on the appropriation of a sum of more than one thousand million German marks, which raises questions regarding our institutional management; that in this way notable surpluses of butter are sold to rich countries, while we are not in a position jointly to achieve the target of 1% of GNP and devote in one year to Community resources for development cooperation only as much as is spent here in a quarter of an hour. What moral political conclusions do the Community institutions draw from these assessments?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, I will gladly spend 1% from the EAGGF for development aid, above all if this is within the framework of the provision of food.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr Commissioner, may I, in connection with your statement that market equilibrium in the butter and fats sector could be restored to a certain extent by the Council's measures, formulate my question in this way: how high are the actual stocks, after deducting the 200,000 tons which are being sold to the Soviet Union but including the 165,000 tons of New Zealand butter, since a guarantee has been given to New Zealand that they will be able to sell this additional butter in the Common Market, especially in Great Britain, in 1973?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) At the moment, after deduction of the butter destined for the Soviet Union, it amounts to about 200,000 tons, which at this time of the year must be considered normal.

President. — Before calling Mr Cipolla, I repeat that supplementary questions must be formulated in a single sentence.

Mr Cipolla. — (I) Can the Commission tell us how it intends to dispose of the 200,000 tons of butter still in store and how it intends to dispose of further stocks as they accumulate?

We are tired of obtaining this information from the Press after action has been taken.

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) The quantity of 200,000 tons which exists at the moment is a normal working stock.

On the basis of the current production this summer and in view of the stocks we will have in the winter, we have tried to sell extra quantities on the international market.

(a) by reducing the price of the butter,

(b) by accepting a number of programmes, including a programme for the requirements of people, who, according to social indications, could well use the butter.

President. — I call Mr John Hill.

Mr John Hill. — What is the excess cost of this sale to Russia over the estimated budget for the EAGGF for 1973 and what steps may the Commission be taking to stimulate the consumption of butter and milk products, not forgetting the liquid milk market, in the year ahead?

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, this question is particularly difficult to answer, the more so since we have this year taken into account a big outlay on behalf of the entire dairy produce sector. At this moment we are carrying the loss, which naturally brings with it extra costs.

We must however realise that the loss had already occurred in the course of the year 1972, when it appeared that consumption had fallen by about 100,000 tons, while, partly as a result of the magnificent summer, production had risen by an additional 100,000 tons.

We can now in any case say that, under the circumstances and from a purely financial point of view, this sale was the best we could do.

President. — I have four more speakers listed on the butter affair, after which the matter is closed.

I call Mr Vals.

Mr Vals. — (*F*) Mr President, I should like to know what firms, in the four countries concerned, have been entrusted with the export of these 200,000 tons of butter.

President. — I call Mr Lardinois.

Mr Lardinois. — (*NL*) Every trader can go in for this transaction, but it is probable that groups which also have contacts with the authorities in Moscow, will get import licences from Moscow. From a purely legal point of view, our standpoint is as follows. We make the butter available at a certain price, and any trader who wishes to and can transport it to the Soviet Union, can sell it.

I do not have the names of the traders before me now. Should Mr Vals ask for it, I will gladly show him a list in writing.

President. — I call Mr Giraud.

Mr Giraud. — (*F*) Could the Commissioner tell us if he is aware of the unfavourable reactions on the part of consumers in the Community to this kind of operation?

President. — I call Mr Lardinois.

Mr Lardinois. — (*NL*) Mr President, I am aware of them, and I am delighted by some of these reactions.

President. — I call Mr Seefeld.

Mr Seefeld. — (*D*) If I understood Mr Lardinois correctly, he said that efforts would be made to reduce the price of butter for the consumer "as far as financially acceptable". What does he mean by "financially acceptable", please?

President. — I call Mr Lardinois.

Mr Lardinois. — (*NL*) Mr President, it would also have been financially acceptable if we had done something more, or if we had raised the price of powder to a lesser extent.

President. — I call Mr Früh.

Mr Früh. — (*D*) Have you any idea at what sort of price this butter will be sold to consu-

mers in the Soviet Union? And could you assure us again that this butter will not be re-exported at several times the price, as has been reported frequently in the press?

President. — I call Mr Lardinois.

Mr Lardinois. — (*NL*) Mr President, I have no idea at what price butter is sold in the Soviet Union, nor did we ask. I can only say that before it reached the consumer centres in the Soviet Union, this butter was at a price comparable with the present day world market price. I can hardly take the view that instead of this it would to some extent be attractive from a financial point of view to export instead butter from the Soviet Union's own production.

President. — I call Oral Question No 34/73 by Mr Jahn to the Commission of the European Communities on economic cooperation between the Community and Latin America.

What are the Community's priority aims in regard to the development and harmonization of trade relations with Latin America?

I call Sir Christopher Soames.

Sir Christopher Soames. — The Commission's priority aims are first to extend the scope and coverage of our generalized preference scheme, which is of particular benefit to Latin America; secondly, to conclude the ongoing negotiations for a non-preferential bilateral trade agreement with Brazil—Parliament will know that we have already concluded such agreements with the Argentine and Uruguay—; thirdly, to intensify and develop the multilateral dialogue with the Latin American countries at ambassadorial level; and fourthly to develop an informal contact with Latin American regional organizations, in particular with the Andean Group.

President. — I call Mr Jahn. Please make your question brief.

Mr Jahn. — (*D*) In the Community's economic relations with Latin America will any differentiation be made between South and Central America and the Andean Group, and will we be acting here simply in accordance with commercial criteria or is there an aspect of development aid in this?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — No, sir. As the honourable Member will know and as I said in my main answer, we are at the moment negotiating with Brazil and we have already

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completed negotiations with the Argentine and Uruguay. The Commission would not wish to exclude the possibility of extending this type of negotiation to other countries in South America if such agreements can solve such substantial specific problems to which we address ourselves in the three negotiations concerned.

President. — I call Mr Baas.

Mr Baas. — (NL) Mr President, does the Commissioner have the impression that the Andean Group can make a constructive contribution to the strengthening of our trade relations?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Yes, sir, I most certainly do, and indeed I have personal contacts with the Andean Group and intend to continue them. They have an important role to play both in terms of their own activities within their areas and in terms of contacts with the Community.

President. — I call Oral Question No 35/73 by Mr Vredeling to the Commission of the European Communities on agreements between manufacturers of electronic equipment in the Community and in Japan.

Can the Commission indicate how far it has progressed with the investigation into the agreements concluded between manufacturers of electronic equipment in the Community and in Japan which it instituted with a view to regulating the importation of this equipment into the Community, and what conclusions it has come to in this matter in the context of the Community's trade policy and regulations on competition?

I call Mr Borschette.

Mr Borschette, Member of the Commission of the European Communities. — (F) Mr President, there are three distinct types of voluntary restriction agreements.

Firstly, there are restrictions on exports which Japanese enterprises impose on themselves, either on their own initiative, or at the instigation of the Federation of Japanese Industries, or on the initiative of the government.

Secondly, voluntary restriction agreements concluded between Japanese and European firms, which are subject to the Rules of the Treaty, in particular to Article 85, which lays down that in principle agreements are not allowed unless authorised by the Commission under the terms of paragraph 3 of the same Article. The Commission has published a statement on this subject in the Official Journal. So far, unfortu-

nately, there has been no follow-up to this publication.

Thirdly, voluntary restriction agreements which are inserted in trade agreements between the Community and Japan. In these instances, the principles of trade policy take the lead over competition, that is to say that external trade policy has priority.

So far the Commission has learned of two agreements of this nature.

In the first place the Commission was officially informed by the French Government of an agreement concluded between French and Japanese manufacturers in electronics.

This agreement had been approved by the two Governments within the scope of the Franco-Japanese trade agreement concluded in 1963, which has been renewed several times.

In this connection, the French Government informed Member States and the Commission of its intention of extending the agreement between manufacturers for a further year from 1 May 1973.

The Commission, after obtaining the views of Member States, decided that there was no objection to the increase in quotas envisaged in the agreement between businesses.

The terms of Regulation 1025 were invoked by the Commission when, at the request of the Italian Government, which was concerned at the increase in imports of tape recorders into Italy, and in particular at the way in which these products were being disposed of, it put up to the Council a regulation allowing the Italian Government to establish a system of import permits for these products.

In the second place, the Benelux States informed the Commission that, in conformity with the procedure for trade relations between Benelux and Japan, they had entered into consultations with the Japanese authorities on the import of certain electronic products of Japanese origin.

They have recently notified the Commission that they would be issuing import licences within the limits of the ceilings laid down for a series of products, referring, as regards exempted products, to Regulation 1025, and as regards the others to the Council's decision of 19 December 1972.

Finally, the Commission is aware of certain negotiations which have taken place between manufacturers of electronic equipment in the Community and Japanese concerns, but so far it has no knowledge of any agreements which might have been concluded.

President. — I call Mr Brewis.

Mr Brewis. — Does not the Commissioner agree that what is important for the Community is that the Japanese should open up their markets to European manufacturers? Can the Commissioner give a short answer to this question?

President. — I call Mr Borschette.

Mr Borschette. — (F) Mr President, I am in complete agreement with the honourable member. I believe that one of the purposes of the GATT negotiations is in fact to obtain due reciprocity from the Japanese.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Ignoring the GATT negotiations which are now before us, what has the Commission achieved up to now in bilateral negotiations with the Japanese Government towards the opening up of the market for European products?

President. — I call Mr Borschette.

Mr Borschette. — (F) Mr President, the Commission has had discussions with the Japanese on a number of occasions over the last two years. But up till now these contacts and conversations have not resulted in anything concrete.

President. — I call Oral Question No 37/73 by Mr Springorum to the Commission of the European Communities on the depletion of coal reserves in Europe.

On 27 March 1973 Vice-President Henri Simonet is reported to have said before the Vlaams Economisch Verbond (Flemish Economic Association) that coal reserves in Europe will have been exhausted in 20 years.

Is the view advanced by Mr Simonet shared by the Commission and the coal-producing countries and if so, what facts or newly acquired knowledge have led to this change of view?

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, I am not a prophet, and so I am quite unable to say that in 15 or 20 years time there will no longer be any capacity for coal production in Europe.

The only things which seem to me to be certain, or at least sufficiently certain to determine our attitude on the development of coal production,

are, firstly, the fact that conditions for extracting coal in Europe are much more difficult than they are in other parts of the world—I am thinking in particular of the United States and Australia—, and secondly the fact that the effort required for the production of coal in Europe varies according to the nature of the deposits. From that one can reasonably deduce that the most likely thing to happen will be that some mining deposits will disappear almost completely and that some important deposits will be safeguarded; but this can only be achieved if they are also given the benefit of sizeable subsidies and outlets to thermo-electric power stations and certain specific consumers. I think that this is the only thing which can be affirmed with any certainty about developments in coal production in the next twenty years.

President. — I call Mr Springorum.

Mr Springorum. — (D) May I ask you, Mr Vice-President, whether you do not consider it dangerous for the European coal industry, having as it does considerable difficulties in adapting to changing conditions, when the responsible Vice-President publicly announces that the European mines will be exhausted in 20 years' time? Such speeches bring additional difficulties for the industry and this is surely not intended by the Member States to be part of their national policy?

President. — I call Mr Simonet.

Mr Simonet. — (F) Mr President, I did not say that the European coalmines will not be able to go on working, but I do say, very plainly, that the European coalmines will be forced to rationalize their production, for one thing, and for another that we should not be led from our knowledge of the present energy crisis in the world, and in Europe, to hold out too great hopes about possible growth in European coal production.

President. — Please make your question brief, Mr Jahn.

Mr Jahn. — (D) Mr Simonet, do you not think that your vision, which we have read about and which you have repeated here, goes too far, especially as scientific knowledge on the chemical utilization, gasification and liquefaction of coal now indicates other possibilities, as we recently discussed in the Energy Committee?

President. — I call Mr Simonet.

Mr Simonet. — (F) Mr President, I believe that scientific measures, as was said by the honourable member who has just spoken, do open up certain possibilities. But, alas, these possibilities are limited by cost provisos, and this undoubted fact applies equally to the question of maintaining an independent coal extraction capacity in Europe.

One can, at the most, conceive of maintaining production at 250 million tonnes, and perhaps of raising it to 300 million or 325 million tonnes. But that depends on the answers to two questions: what price are the different categories of consumer prepared to pay; and what are national organizations prepared to pay in order to maintain this nucleus of production or to achieve this increased production capacity?

It is possible to envisage all manner of hypothetical theories, in the field of scientific research, if it is thought that there are almost unlimited financial resources available. But I do not believe that this is the case, and I do not think that we can, inasmuch as we are responsible for Community energy policy, look at the quantitative aspect on its own, with all the attendant possible developments connected with coal production, one of which you have just referred to, without considering the related cost of this quantitative aspect to national organizations and consumers.

President. — I call Mr Normanton.

Mr Normanton. — Would the Commissioner care to note that in the United Kingdom the National Coal Board does not share quite the same degree of despondency, the note which I sense has been struck by the Commissioner in his answer? Would he also note that new coal mines are still being constructed and that in these new mines the coal is produced on a profitable basis without national subsidies.

Will the Commissioner bear in mind the importance of strategic factors regarding a reserve for European energy supply?

President. — I call Mr Simonet.

Mr Simonet. — (F) Mr President, I tell the honourable Member quite frankly that I am not particularly pleased about the answer which I had to give him; if anyone should feel pleased it is the Chairman of the National Coal Board, because Great Britain is managing to produce saleable coal without subsidies.

It is true, besides, and I have not failed to recognise it, and what is more am very glad about it, that some deposits or parts of some

deposits are still capable, and will probably continue to be so, of producing a fair tonnage of coal on an economic basis.

It is equally true, and I have not denied this either, that it is in our interest to maintain as large a production nucleus as possible, and this too for social reasons and so that supplies for the iron and steel industry can be safeguarded. But this does not alter the fact that in some coalfields mining conditions will become more and more arduous, and that we should be on our guard against certain illusions which come up periodically whenever there is a standstill in petroleum production or there are difficulties over petroleum supplies. At these times there is an easy tendency to place hopes on an expansion of the production capacity of European coal. But, while we should be glad that in some coalfields within the Community it is still possible to maintain, and even develop, an extraction capacity without recourse to public funds, we must nevertheless be cautious on this point when considering production policy as a whole.

President. — I call Mr Brewis.

Mr Brewis. — Would the Commissioner tell us what action he has taken to encourage the use of more British coal in the Community and the importation of less coal from outside the Community?

President. — I call Mr Simonet.

Mr Simonet. — (F) In reply to the honourable Member, I would like to say that we believe British coal, and particularly cokeable coal, is of major importance to the Community's energy planning, and it is important, as for other coking coal produced in the Community, that its production should be maintained through a Community aid system in order to ensure the continuance of this European source of supply. I hope very much that at the next Council meeting of the Ministers of fuel and power on 22 May the British Government, in particular, will uphold what the Community has proposed about this matter.

Furthermore Great Britain, on entering the Common Market and so becoming part of the system of free circulation of energy products, should in the normal course of events be able to acquire a strong position in markets on the continent. I am however aware of the fact that there is a problem here because of the strong competition in which some coal-producing non-Member States are able to engage, notably Poland. This question is at present being studied at directorate-general level, and this should

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enable us to see to what extent, within the limits of our international obligations, it will be possible to ensure maximum competitiveness for Great Britain's coal on her entry into the Community.

President. — I call Oral Question No 29/73 by Mr Schwabe to the Council of the European Communities on abolishing inspection of the green insurance card before the beginning of the main holiday season.

Does the Council see any possibility of abolishing the inspection of green motor vehicle insurance cards before the main holiday season of 1973 begins, and may it be assumed that all the states concerned intend voluntarily to implement in advance of the specified date and in time for the main holiday season the final provision laid down in Article 8 of the relevant Directive 72/166/EEC?

I call Mr Van Elslande.

Mr Van Elslande, President-in-Office of the Council of the European Communities. — (D) In the Council Directive No 72/166/EEC, it is true, 31 December 1973 was laid down as the latest date by which time the necessary measures to implement the aims of this directive should have been taken in the new Member States, as the Council stated in its reply, incidentally, to written question No 8/72 put by Mr Oele. I should say on this point however that the representatives of the six original Member States undertook to introduce these necessary measures for vehicles normally situated within their jurisdiction at an earlier date, in the present case within six months after the directive was issued. As the Council stated in its reply to written question No 164/72 from Mr Jahn, the directive was issued on 26 April 1972. The original Member States therefore undertook to take the necessary measures to enable the directive to be applied with effect from 1 November 1972. The new Member States on the other hand are finding it difficult to follow the original Member States in this respect. These three countries in fact stated in the course of the consultation proceedings that they would be unable to apply the directive before 1 January 1974, as important technical and administrative problems had to be solved beforehand and in particular all insurance policies and also the computer programmes had to be altered. I therefore think that the date laid down in the directive for these three new countries will have to be retained.

President. — I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, do you share my view that the simplification of the regulations affecting trans-frontier traffic represents a long-overdue demonstration to our citizens and to public opinion of freedom of travel within Europe and that it is almost incomprehensible that since 1970 and 1971 and 1972 it has been declared, year by year, that it was now imminent? Can you be certain that this is now the last time that you will give a date here and that we may now assume that this date will finally be adhered to?

President. — I call Mr Van Elslande.

Mr Van Elslande. — (D) Mr President, I think I can say that this is indeed the last time that we will have had to postpone these dates.

(Applause)

President. — I call Mr James Hill.

Mr James Hill. — The public are becoming very impatient at being subjected on many borders to producing green cards. Surely this measure should have been implemented before the summer when millions of tourists crossing the borders are asked for green cards? Should this not be linked with further de-control, including that of passports, at boundaries?

Mr Van Elslande. — (NL) Mr President, the answer to this question cannot be positive, because very many technical difficulties have arisen. This applies above all to underwriters and particularly to the British insurance companies.

President. — I call Mr Jahn.

Mr Jahn. — (D) Despite the answer which I received last year to this question, which my colleague Mr Schwabe has again tabled here, I have myself had the experience twice in the last two days of being asked to produce my green insurance card. It is high time that those Member States who made this undertaking before our new friends were able to make the necessary conversions should really take action and should give instructions to their frontier-posts accordingly.

President. — I presume that Mr Van Elslande agrees.

I call Oral Question No 30/73 by Lord O'Hagan to the Council of the European Communities on the setting up of a European foundation to improve working and living conditions.

¹ OJ L103, 2.5.72, p.1.

President

Does the Council intend to follow up in any way the interesting proposal made by President Edgar Faure, at the meeting of Ministers of Social Affairs of 9 November 1972 at Brussels, to set up a European foundation for the improvement of working and living conditions and of a Community professional training centre—bodies which Mr Edgar Faure suggested should be attached directly to the Commission?

I call Mr Glinne.

Mr Glinne, President-in-Office of the Council of the European Communities. — The Council has taken note with great interest of the suggestions made by President Edgar Faure on 9 November 1972, who was, at the time, Minister of Social Affairs, to which the honourable Member is referring and which deal with the setting up of a European foundation for the improvement of working and living conditions and the establishment of a Community professional training centre.

The Council has not yet been able to comment on these suggestions which the Commission has in any case included in its guidelines for an action programme in the social field. These guidelines will be the subject of a dialogue with the social partners and later of a consultation of the European Parliament and the Economic and Social Committee.

The Council will state its position on these proposals when it gives its decision on the various elements of the action programme in the social field which will be adopted to follow up points of the final declaration of the last Summit Conference.

President. — I call Lord O'Hagan.

Lord O'Hagan. — Could not Mr Glinne say something more warm and enthusiastic about the French initiative to strengthen this aspect of the Community and give it a more human face?

President. — I call Mr Glinne.

Mr Glinne. — According to the proposals tabled by the French Government at the Paris Summit Conference, the foundation should aim at three objectives: first, further research programmes; secondly, spread the acquired knowledge and thirdly, train research officers. The Council considers that these proposals are appropriate.

President. — I call Mr Jahn.

Mr Jahn. — (D) May I on behalf of the Committee for Health and the Protection of the Environment, which was concerned with the

setting up of this European foundation for the first time at its last meeting, in which we discussed the establishment of a scientific institution for environmental policies and research, ask Mr Glinne whether the Council is prepared to agree that this research centre for environmental problems should be incorporated into the European foundation if it becomes necessary to collate this scientific work or other work?

Mr Glinne. — (D) The Council will deal with that at its next meeting.

President. — I call Oral Question No 31/73 by Sir Tufton Beamish to the Council of the European Communities on the harmonization of foreign policy.

What progress was made at the Meeting of Foreign Ministers in Brussels on the 16 March 1973 towards harmonizing the foreign policies of the nine Community countries; and will arrangements now be made for the European Parliament to have the same regular contacts with the Davignon Committee as they already have with the Council?

I call Mr Van Elslande.

Mr Van Elslande, President-in-Office of the Council of the European Communities. — As the Council has stated on various occasions, and most recently in its reply to Oral Question No 4/73 from Sir John Peel, the subject raised by the honourable Member is not within the competence of the Council of the European Communities which cannot therefore give a reply to the questions.

The problems relating to political cooperation may be raised at the colloquia attended by the Ministers for Foreign Affairs and the members of the Political Affairs Committee of the European Parliament.

President. — I call Sir Tufton Beamish.

Sir Tufton Beamish. — That sounds rather like a large flea in Parliament's ear. I should like to ask the President-in-Office if he is aware that, if the Council of Ministers continues to go off on its own in formulating the Community's foreign policy, there will be needless discord with Parliament, which wants a genuine dialogue as a right rather than as a favour at the whim of the Council of Ministers.

President. — I call Mr Van Elslande.

Mr Van Elslande. — I can only repeat that this is not within the competence of the Council of the European Communities but only of the Council of Ministers for Foreign Affairs.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Does not the President of the Council agree that the Council of Ministers meets and discusses foreign affairs and tries to reach a common conclusion; and, if so, is it not the right of this Parliament to be able to work with the Council of Ministers and, indeed, to examine what conclusions it arrives at? Is not this one of the most important fields in which Europe must move forward together, both the Council of Ministers and the Parliament, in the years ahead?

President. — I call Mr Van Elslande.

Mr Van Elslande. — Though the Ministers of Foreign Affairs meet, they do not meet as members of the Council.

President. — I call Lord Gladwyn.

Lord Gladwyn. — As we all know, the Council is due before 30 June next—that is, in not much more than a month from now—to prepare, and presumably to publish a second report on improving political cooperation. Can we not assume that in this report the Ministers will anyhow make an attempt to resolve the problem posed by the present existence of two separate organizations for coordinating foreign policy—and hence necessarily defence policy because the two cannot in practice be separated—namely the Western European Union and the developing Davignon machinery? Can we not assume that they will at least make an effort to solve this very imminent and important problem?

President. — I call Mr Van Elslande.

Mr Van Elslande. — I can hardly give an answer to the question because, as President of the Council, I must wait until the report is issued and the Council has adopted an attitude.

President. — I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, with reference to this traditional and almost classic reply, I would like to ask the following. Can the President of the Council help us make the ordinary European mortal, who tries to follow the building of Europe, understand that the members of the Council of the European Communities are gathering today, I might almost say, in the guise of bachelors who have nothing to do with European married life and that shortly after they will appear in another one, from which it appears that they live virtuously under one or

other form of marriage contract? With an eye to public opinion, this ambiguity calls urgently for a solution.

President. — I call Mr Van Elslande.

Mr Van Elslande. — (NL) Mr President, I am fundamentally in agreement with the honourable Member. I would nevertheless like to ask Parliament to exercise some patience. In June, I shall be presenting proposals to Parliament on the institutional problems on behalf of the Council of Ministers of Foreign Affairs, and on diplomatic cooperation in the Political Affairs Committee. I therefore think that would be the proper time to revert to the content and political aspects of this question.

President. — I call Mr Peterson.

Mr Petersen. — (DK) In the Paris Summit Declaration the words “coordination” and “cooperation” are used in connection with foreign policy.

In Sir Tufton Beamish’s question the word “harmonization” is used. I would like to ask the Council if the expression “harmonization” has been used on any occasion by the Council as a goal of foreign policy?

President. — I call Mr Van Elslande.

Mr Van Elslande. — (NL) Mr President, I regret that I must again give the same answer. It is not the Council of Ministers which deliberates on this but the Ministers of Foreign Affairs of the Nine.

President. — I call Lady Elles.

Lady Elles. — In my ignorance I should like to know the difference between a meeting of Foreign Ministers and when the Council meets as the Council of Ministers. Who takes the decisions and who is responsible for the harmonization of foreign policy within the Community?

Mr Van Elslande. — (NL) Mr President, I have great sympathy for all these interventions. If I sat on the benches where these questions were asked instead of these where the answers were given, I would presumably have asked the same questions. I must stress, to the point of tedium that we are here concerned with the Ministers of Foreign Affairs. They are the same, but in another capacity. Mr Dewulf has stressed this. From an institutional point of view. I cannot say anything different from what I have explained.

President. — I call Sir John Peel.

Sir John Peel. — Could the Minister explain the decision of the Summit Conference which stated that there was to be European union by 1980 and that definite moves to this end would be put forward by 1975? How are we to get to that stage if we are not to be allowed to conduct a dialogue within this Parliament and between us and the Council?

President. — I call Mr Van Elslande.

Mr Van Elslande. — (NL) Mr President, I do not think that the answer is difficult. What Sir John says is indeed correct. European Union must be achieved by 1980 and the first interim report must be ready by 1975. It is therefore normal that we should speak about this matter in 1975.

President. — I call Mr Brewis.

Mr Brewis. — Will the President take back to his fellow Ministers a message conveying the great dissatisfaction felt by people in this Parliament that we are not being enabled to conduct a dialogue with the Council of Ministers? Will he be prepared to come to Parliament much sooner than 1975 and to make a statement about what he proposes to do about the situation?

President. — I call Mr Van Elslande.

Mr Van Elslande. — In my first answer I said that problems relating to political cooperation may be raised in the discussions attended by the Ministers of Foreign Affairs and the members of the Political Affairs Committee of the European Parliament.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Would you be prepared, as the Belgian Foreign Minister, to propose at the Foreign Ministers' meeting that by strengthening the Davignon machinery the continuing process of keeping the political Affairs Committee of the European Parliament informed could be achieved independently of the Council by a political gesture on the part of the Foreign Ministers?

President. — I call Mr Van Elslande.

Mr Van Elslande. — (NL) Mr President, it is not really my task to say here what I may propose at the meeting of the nine Ministers of Foreign Affairs.

I have much sympathy for the suggestion which has just been made. I must however defer a reply on the decisions which were taken. I still think that there is a great difference between resolutions and decisions.

President. — I call Mr Jakobsen.

Mr Jakobsen. — (DK) If, Minister, you are reporting to your colleagues on what has been said here today, will you also remember to say that there were also delegates who made it an express condition when they joined that foreign policy questions should until further notice be discussed by the Foreign Ministers outside the EEC institutions. It is an essential feature of this Assembly that there are also some small countries which take a different view.

President. — I call Mr Van Elslande.

Mr Van Elslande. — Mr President, in English I would say 'no comment'.

President. — I call Oral Question No 36/73 by Mr Dewulf to the Council of the European Communities on the new guidelines on the Community's development cooperation policy.

What results have been achieved by the Council's *ad hoc* Working Party instructed to put forward proposals before 1 May for new guidelines on the Community's development cooperation policy?

I call Mr Van Elslande.

Mr Van Elslande. — (NL) Mr President, the working party on Development Cooperation assists the Committee of Permanent Representatives with a view to drafting a report to the Council regarding the principles and aims of a coherent general policy in respect of development cooperation on a world scale. The institutions of the Community and the Member States have been invited by the Summit Conference of the Heads of States or Government of 19-21 October 1972 to carry out its gradual implementation, with due regard to the policy guidelines which were laid down at the time of the conference.

The working party takes as its starting point the discussions of the Council of 26 September 1972, as well as the memoranda which the Commission and the Member States have already sent or will eventually send in.

At the same time, the working party takes account of the activities of UNCTAD and with the development strategy approved by the United Nations. Its activities are at the moment at a very advanced stage. The report will be

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presented to the Council within a measurable space of time. It goes without saying that at this stage no further details can be given on this document, which still has an internal character as long as it has not been dealt with by the Council.

From my own personal point of view, I would like to make the following remark, for further information. The report by the competent working party will shortly be available in the various languages. Its aim is to enable the Council to define its position on the problems of development cooperation and it cannot therefore be regarded as a definitive document.

The discussion on this report at the political level in the EEC context will be under way in May and it is proposed to deal with it at the sitting of 4 and 5 June. Other problems in connection with the relations with certain developing countries—countries which were formerly part of the Commonwealth—will come on the agenda so that a global view of these admittedly different problems becomes possible.

The discussions in the coming months will also be of great importance for development cooperation in the EEC context, and the Council will surely be delighted at the interest shown by the European Parliament in this respect.

President. — I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, it goes without saying that I am satisfied with the reply of the President of the Council and I thank him for his further explanation.

I have one additional question to ask. I am convinced that he can give a positive reply to it. Our Community bible, that is to say, the statement of the Summit Conference, invites the institutions of the Community and Member States in paragraph II, third sentence, to a dialogue with Council on this subject. I take it that Parliament will be able to take part in this discussion.

President. — I call Mr Van Elslande.

Mr Van Elslande. — (NL) Mr President, I believe that the interpretation which Mr Dewulf places on the final conclusions of the Paris Summit Conference is the correct one.

President. — I note that all questions have been answered.

This item is closed.

5. Statement by the Commission of the European Communities on Community regional policy

President. — The next item is a statement by Mr Thomson on behalf of the Commission of the European Communities on Community regional policy.

I call Mr Johnston on a point of order.

Mr Johnston. — I wish to raise one matter before Mr Thomson makes his statement. I see no reference in the agenda to the fact that there will be any opportunity after Mr Thomson has made a statement to question him about it. I would appreciate an explanation of the situation. We have already read in our newspapers an account of a press conference in London at which Mr Thomson was questioned by journalists on his proposals. It appears that Members of the European Parliament are finding themselves in a less advantageous position than that which has already been enjoyed by journalists. I see no particular advantage in Mr Thomson making an oral statement if no question on that statement is to be allowed, otherwise the statement might just as well have been circulated in written form to enable Members to study it.

President. — Mr Thomson discussed regional policy with the press in London. Only time will show whether he said the same thing there as he is about to say in Parliament.

In order to acquaint Mr Johnston with the customs of this House, I would inform him that Parliament greatly appreciates that the Commission, as Mr Ortoli said, is prepared to keep Parliament more regularly informed of its political projects.

This is an intention which we ought to appreciate. Leaving aside the matter of relations with the press, I would point out that Mr Scarascia Mugnozza, who has special responsibility for relations between the Commission and Parliament, has assured us that he will do everything in his power to give this House priority over the press and to ensure that Parliament is the first forum in which the Commission explains its policies.

Yesterday, when we were deciding the order of business, Mr James Hill spoke in more or less the same vein as Mr Johnston. The statements which Mr Thomson makes here today will be placed on the agenda of a meeting of the Committee on Regional Policy, which intends to submit a report to Parliament as soon as possible. We shall then be able to hold a debate on regional policy in plenary sitting without delay.

President

Mr Thomson's statement will not be followed by a debate since we can discuss it properly only after studying what he has said, when we shall be able to explain our position thoroughly in plenary sitting.

We consider that we cannot hold a debate immediately after Mr Thomson's statement, since we shall not have had time to study it.

This is the explanation for the procedure adopted.

I understand that Mr Hill, as chairman of the committee responsible, should wish to make a short statement after Mr Thomson has spoken, and I shall be pleased to give him the opportunity to do so.

The matter is settled. Such is the custom of the House.

I call Mr Baas.

Mr Baas. — (NL) I can follow what you say, Mr President, but I would like to make the following observation. I think that, if it is indeed the aim of the Commission to make its policy guidelines known to Parliament, in future you, as President, must consider offering us an opportunity of putting short supplementary questions. It may well be that various parts of Mr Thomson's statement do not come over too clearly. Mr Johnston did not in reality ask if a debate could take place, but whether it was not possible to give additional information on the various points of the statement.

The Liberal Group will not make an issue of this at this time, but I ask you to consider that it will be pleased if in future it will have, in regard to this sort of statement, the possibility of putting very short supplementary questions when part of the statement does not come over very clearly.

President. — In reply to Mr Baas, I think I can say that the arrival of new Members in Parliament has caused things to move a little faster. Objectively speaking, I must say that Mr Baas's idea is shared not only by the Liberal and Allies Group but also by the political associates of Mr James Hill, who spoke about this yesterday. I too consider that the Bureau should consider whether Members should not be allowed to speak immediately following a statement by the Commission.

In any event, I assure Mr Hill and Mr Johnston that I shall have this point placed on the agenda. We should find a means to enable Members to make a few comments immediately after a Commission statement.

I call Mr Thomson.

Mr Thomson. — Mr President, I am most grateful for the opportunity to present personally to the European Parliament the Commission's Report on Regional Problems in the enlarged Community.

I ought to say immediately in connection with the remarks that have just been made that I for my part have sought to come before Parliament at the earliest opportunity that was available to me to put the contents of the report before Parliament. I deliberately drafted the report, with the full support of my colleagues in the Commission, in such a way as to leave it open for Parliament to debate the matter vigorously before the Commission reaches any final conclusion. I therefore hope that in general Members of Parliament will think that the Commission in this respect has done its best to protect the democratic rights of Parliament.

There is, of course, nothing new about the Commission seeking to promote regional policies. Many excellent and constructive proposals were put forward in the past by the former Commission, and they are described in the present report. What is new is the expression of will by the Heads of State and of Government at the Summit meeting in Paris last October that regional policy should be given a new and high priority in the total strategy of the Community, as it moved towards economic and monetary union.

This report fulfils the first part of the mandate of the Summit Conference which called on the Commission to prepare without delay a report analysing the regional problems which arise in the enlarged Community.

The report does not at this stage fulfil the second part of the Summit mandate, which was to make appropriate proposals for the setting up by the Community Institutions of a regional development fund, which would operate within a framework of coordinated national regional policies.

The Commission, as I said a moment ago, felt it right that the Members of the European Parliament in particular should have the opportunity to study the general guidelines the Commission suggest for a Community regional strategy before the Commission prepared its draft regulations. Time is, however, short. If the Summit timetable is to be maintained, these regulations will have to be submitted to the Council of Ministers by the beginning of July. In the meantime, I hope that the publication of the report will provoke widespread discussion and debate, within this Parliament and elsewhere. The Commission will take careful account of these views in preparing its regulations.

Thomson

Attached to the report on the guidelines for regional policy, Members of Parliament will find the lengthy analytical annexes, one of which was originally published in 1971 as a survey of the regional policies of the Six, while the second volume extends the survey to the new Member States and the enlarged Community as a whole. From these, Members of Parliament will see that, while the Community has sustained a steady rate of growth, which has been reflected in rising living standards for its people, the expansion has not taken place evenly throughout the Community, and unacceptable geographical inequalities have persisted. The richest areas of the Community have an income per head about five times that of the poorest areas and that position has not changed substantially as the years have gone by.

The poverty of the areas of underprivilege is accompanied by increased congestion and a reduced quality of life in the urban areas, as migrants are forced to move to where the job opportunities are concentrated. Unless this process can be arrested and more of the Community's material resources moved to where there are living local communities to be sustained, the full support of the people of Europe for a Europe which is a human and social community as well as an economic one cannot be expected.

Indeed, the progress of the economic community and the advance towards monetary union will itself be held up if adequate action is not taken to reduce these regional imbalances.

It is against that background of regional policy as an essential element in the achievement of European union that the Commission puts forward its guidelines for identifying the areas which should benefit from the fund and for the ways in which the fund should be used. In a short statement like this it is not possible to do more than highlight the main principles.

The most important of these principles is that regional policy is one in the general European interest. It is wholly mistaken to regard it as being designed to help particular Member States of the Community at the expense of other Member States. Regional policy—I cannot say this with too much emphasis—is not simply a question of the richer regions of the Community transferring resources to the poorer regions. If the Community takes adequate action on a Community scale to create a better balance between regions it will be devoting its resources to creating a richer quality of life in the more congested regions just as much as providing a fairer share of prosperity for the underprivileged regions.

The principle that follows from that is that regional policy is central to the construction of an integrated European economy and a united Europe. Progress on regional policy is crucial to the fulfilment of economic and monetary union. It simply is not possible to expect Member States to be in a position politically to accept the disciplines of economic and monetary union unless these are accompanied by a high degree of financial solidarity involving a transfer of resources across the Community as at present takes place inside Member States from one region to another. Equally there is another side to the coin. Member States cannot expect to benefit from Community regional policy unless they on their part show themselves willing to accept the common monetary disciplines of the Community.

The third principle I should like to put before Parliament is that money is not by any means the only element in Community regional policy. Member Governments must be ready to co-ordinate their national regional programmes with each other and with Community programmes. This coordination should extend within the Community itself, since a number of Community activities in agricultural policy, for social policy and industrial policy, have important regional implications.

The next point is that Community regional policy should be complementary to national regional policies. It cannot be a substitute for them. It should encourage the progressive coordination of national policies and the creation of balanced programmes for development. As Community regional policy develops it should gradually increase its proportionate share inside the totality of regional activities within the Community as a whole. There should also be a development at national level from the financing of individual projects to the financing of programmes. In this respect Community regional policy should follow the same path. In general, in the Commission's view, Community regional policy should be concentrated not on short-term political aims but on medium- and long-term goals of putting the poorer regions on a footing of more equal competitiveness.

In this connection I ought to make it clear that there is deliberately no mention in the report at this stage of the size of the regional development fund, but the Commission's view is that the fund should have the resources necessary for it genuinely to fulfil the Summit mandate.

As regards the criteria on which the Community map of qualifying regions should be based, and on which the distribution of resources between them should be established, the identification of these is a matter of great complexity. Areas

Thomson

where there is an over-dependence on poorly productive agriculture and those areas where the problems are an over-dependence on ageing industry give rise to varying though overlapping considerations. The intention is that the Community criteria should be interpreted dynamically and not statically.

This section of the report has been drawn up in as flexible a way as possible and I hope that it will provoke a wide discussion which would be of great use to my colleagues in the Commission on the most useful criteria to be applied in the differing circumstances as between one region and another. The fundamental point however, which I would wish to emphasize, is that the criteria, when they are finally agreed, should be established on a Community-wide basis and should enable the regional development fund to concentrate its efforts where the need is greatest.

Honourable Members will also find that the report deals with the important question of the appropriate machinery for the coordination of regional policies. Its recommendation is that a regional development committee should be established on the same institutional basis as the Medium-Term Economic Committee with the chairmanship in the hands of a representative of the Member States and the secretariat in the hands of the Commission.

The Commission believes that the two commanding priorities in Community regional policy are those that were set out in the Summit Communiqué, namely the setting up of a regional development fund by the end of this year and the establishment of a regional development committee. The Commission's view is that in connection with these two priorities there ought to be maintained the proposal at present before the Council for utilizing EAGGF funds in agricultural priority areas for the provision of alternative industrial employment. In addition, the Commission believes that further positive study should be given, after the regional development fund is set up, to the suggestions put forward in the past for the setting up of the regional development company and an associated system of giving financial guarantees.

On all these questions and others dealt with in the report, the Commission will welcome the help of Parliamentarians in demonstrating the determination of the Community to attack and reduce regional imbalances.

For my part, I look forward to the earliest possible opportunity to come before the appropriate parliamentary committee to answer its questions on the report and to engage in a dialogue. Equally, I should be more than delighted if at the

next meeting of Parliament on 4 June it were to prove possible to have a general debate on the floor of the House, because this would be a great help to the Commission in its task of drafting by the end of June the regulations implementing the Summit mandate on regional policy.

At the same time, as the Commissioner specially responsible for regional policy, I am engaged on drawing up an intensive programme of visits to the various under-privileged regions of the Community so that I, along with my collaborators, can study for myself on the ground the problems of these regions. In this way we hope to ensure that when the allocation of resources and the proposals for distributing them between one region and the other are approved by the institutions of the Community their deployment will be organized in a way that takes full account of the wishes and the needs of the people who should most profitably benefit from Community regional policy.

Thank you, Mr President.

(Applause)

IN THE CHAIR: SIR ANTHONY ESMONDE

Vice-President

President. — Thank you, Mr Thomson, for your very clear statement.

I call Mr James Hill for a short statement.

Mr James Hill, Chairman of the Committee on Regional Policy and Transport. — Mr Thomson and his staff have obviously done a tremendous amount of work in the three to four months that they have been working on this. I have been impressed by his department. I made a personal visit last month and I welcome his statement today.

The Committee on Regional Policy and Transport will do all it can to produce a report in time for the plenary part-session in June. I concur with Mr Thomson's statement that the hope is that the regional development fund will be as large as the hopes raised by the Heads of State and of Government in Paris in October. We all realize that it is no good having policies without finance. Goodwill will not replace the means of doing the job. I as chairman of the Committee on Regional Policy and Transport welcome it and will do all I can to expedite its progress.

President. — I propose that Mr Thomson's statement be referred to the Committee on Regional Policy and Transport.

President

Are there any objections?

That is agreed.

6. *Appointment of a Member of the Commission of the European Communities*

President. — By letter of 19 April 1973 the Council notified me that the Conference of Representatives of Member States had appointed Mr Claude Cheysson Member of the Commission of the European Communities for the period 19 April 1973 to 5 January 1977.

7. *Draft Supplementary Budget No 1 of the European Communities for the 1973 financial year*

President. — The next item is a debate on Draft Supplementary Budget No 1 of the European Communities for the 1973 financial year (Doc. 34/73).

I call the President-in-Office of the Council of the European Communities to present the draft budget.

Mr Van Elslande; President-in-Office of the Council. — (F) Mr President, Ladies and Gentlemen, in accordance with budgetary procedure, which as you know calls for very close collaboration between the Council and the Assembly, it is my duty to present to you the draft supplementary budget No 1 for you to scrutinize.

The Commission passed to the Council on 12 March 1973 a draft supplementary budget which sought to obtain approval for certain changes in the establishment which it considered essential for carrying through a reconstruction of the departments following the enlargement of the Community. The Council also informed you officially of this draft budget. The Commission requested, on these grounds, the creation of a certain number of higher grade posts as well as some changes called for by the needs of the departments.

The Council, after having submitted these requests to a thorough examination, was able to express agreement. It should be noted that the Commission has undertaken to provide precise details, when presenting each draft budget, of the position with personal grade A3 posts and especially with the twelve personal grade A5/4 and A3 posts created by virtue of the supplementary budget No 1 for 1973.

The Council has reserved the right to review the situation, when budget time arrives, to see if these posts are still justified.

The Council came to a decision as quickly as possible on this draft supplementary budget, as the Commission had requested. This should have enabled the question of the posts envisaged in this draft supplementary budget to have been dealt with very quickly so that the reorganisation of the departments could be completed.

Mr President, ladies and gentlemen, I have tried to summarise in a few words what I believe to be the essential points in this draft supplementary budget. As my predecessor reminded you when he presented the draft of the main budget of the Communities for 1973, this year will be, in some ways, a year of transition. We must all gain experience of the methods which will be required to enable the enlarged Community to function properly. It is in this spirit that the Council presents this draft budget to you.

President. — I call Mr Offroy to present his report, on behalf of the Committee on Budgets, on Draft Supplementary Budget No 1 of the European Communities for the 1973 financial year (Doc. 44/73).

Mr Offroy, rapporteur. — (F) Mr. President, after studying the draft supplementary budget No 1, the Committee for Budgets has come to two conclusions.

The first is that the changes requested are not of much consequence. The number of newly created posts, the personal grade promotions, and the measures proposed for overlapping in certain posts seem to us to be of very little significance. Our Committee therefore sees no objection to their adoption.

Our second conclusion is that it is nevertheless to be regretted that these proposals were not submitted at the same time as those which we were expecting because of Norway's decision not to join the European Communities.

The President of the European Parliament was good enough to pass on to us the text of a letter from the President of the Commission, saying that the fact that there were three supplementary budgets to be looked at this year—Nos 1, 2 and 3—was due to technical reasons. Mr Ortoli has pointed out that in the case of Norway it had been necessary to consult all the Community's institutions to discover the repercussions on the budget caused by this country's non-adherence.

I have taken note of this explanation, but I cannot say that I am entirely convinced.

In fact, if the Commission had consulted the various institutions in good time—for, after all, we had known for some months that Norway

Offroy

would not be joining the Communities—and if it had fixed a time limit for any changes in the budget as a result of her non-adherence, it would have had the time, I believe, to present the two budgets at the same time.

On the one hand we are being asked to create new posts and overlapping in posts, and on the other hand, because of Norway's not joining, there must naturally be less funds available. It would therefore have been far more normal to have submitted the two questions at the same time, because one could offset the other.

All the same, as I indicated just now, we do not feel that there is any reason to reject the draft. The Committee for Budgets, therefore, proposes to Parliament that it should take cognizance of this budget without calling for any alterations. Taking cognizance, a term between rejection and approval, indicates that we are desirous of seeing the Commission trying for the future to group supplementary budgets more together. It is obvious, in fact, that control by Parliament, which we want to see increasing in future years, especially over budgetary matters, is very much harder if supplementary draft submissions are presented piecemeal, as has been done this year.

In the circumstances, then, I propose that Parliament should approve supplementary draft No 1, with the reservations expressed in my report.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, ladies and gentlemen, this is the first time that I have had the honour of speaking in this Parliament, and I should like to say first of all how much I appreciate this, as I have already had the pleasure of telling the Committee on Budgets and, a short time ago, the Committee on Development and Cooperation.

Adapting the administrative structure of the Commission to the needs of the enlarged Community has proved to be a very difficult task. The reorganization of the departments of the Commission involved drawing up a new organizational chart, the release of 230 officials because of the need to balance out the different nationalities, and the immediate filling of management posts, by confirming the present holders or appointing officials from the States which had just joined.

The Commission worked without a break at this undertaking, which obviously had to be given priority, both for political as well as for admin-

istrative reasons, since the new Member States had to be assured of the effective working of Community institutions and at the same time the decisions of the Paris Summit had to be put into operation.

We can now have the satisfaction of certifying that the essentials of the reorganization have been carried out, and, what is more, without so to speak going beyond the limits of expenditure laid down by Parliament and the Council.

In particular, we have been able to effect the changes without increasing the number of directorates-general, directorates or divisions.

The manner in which the releases were effected was in conformity with the ruling established by the Council. The procedure is now completed, and has enabled us to integrate the officials from the new Member States by making use almost entirely of the posts which were left vacant. With very few exceptions the releasing process was accomplished by the acceptance of voluntary requests to leave. In fact, the Commission had to refuse four requests for release and decide on five dismissals; that is very few.

It proceeded in parallel with the appointment of its senior officials. All the directors-general have now been appointed, almost all the directors and the majority of the heads of divisions, from the new Member States. The deadline for engaging and appointing staff is, as you know, 30 June 1973, but most of the releases in A2 grade have been effective from 1 April and in A3 grade from 1 May.

That is the current position in the reorganization of the Commission's departments.

There are still two things which have to be done before the job is complete. There is first of all the question of the transition period, and then that of adapting the establishment to deal with the increase in requirements and of taking into consideration the personal positions of staff affected by the releases. These are the two basic points of the supplementary budget which the Council is submitting for your consideration.

The work done by the rapporteur, Mr Offroy, in clarifying and summarising matters means that I need make only a brief reference to the general economic background of the draft supplementary budget, which incidentally, I should like to point out, except for the different context, tallies with the draft budget which was prepared by the Commission and submitted to the Council.

Firstly, the draft budget asks for an overlap in A1, A2 and A3 grade posts for a maximum of three months, or up to 30 June 1973. This is

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intended to ensure continuity in administration and at the same time to facilitate the briefing of new incumbents into their jobs by those who are on the point of leaving. Some members of the Committee on Budgets were shocked, or at any rate surprised, by this proposal, but it was thought to be warranted by the majority of the Committee, and, in view of the special circumstances, we feel that we can recommend it for your approval.

Secondly, the draft budget asks for 17 new posts in grade A and 40 upgradings. The new posts are intended to strengthen departments which have been the most affected by the new tasks which have arisen as a result of enlargement. The upgradings are intended to permit the appointment of British, Danish and Irish officials, who will retain their personal grades, and at the same time, in the interests of the service, some A3 grades will be assigned to posts which are budgeted for as lower grade posts. Your Committee all pronounced, as the rapporteur has just mentioned, that the number of posts requested was not of great consequence, and considered that the financial effects of these proposals were insignificant.

Those are the main points of the supplementary budget which has been submitted to you. But please allow me to make two observations, and to echo a comment just made by the rapporteur of the Committee.

The supplementary budget, I would remind you, does not involve any increase in expenditure for 1973, since it will be possible to utilise budgetary funds already available, in view of the comparatively marginal financial outlay called for by this supplementary budget.

The rapporteur, Mr Offroy, and the Committee on Budgets much regretted that the supplementary budgets had been split. I must tell Parliament that the Commission is of the same opinion as the rapporteur and the Committee on Budgets. But it was not possible this time to group together the three supplementary budgets which have been or will be placed before you, and I should like to explain why.

The budget of which you are apprised today is clearly urgent, and it was not therefore possible to wait for the budget amendments from Euratom. In fact the Commission could not prepare the draft of these amendments before knowing the decision of the Council on spreading the programme over several years, and this was taken only on 5 May last. The budgetary consequences of this decision call for a great deal of work on the part of Council and Commission officials. Approval of the budget amendments for Euratom will therefore take some time, and

we could not take all that time over the draft supplementary budget which you now have before you.

The budget amendments which have become necessary because of the non-accession of Norway pose another problem, and I should personally be very inclined to subscribe entirely to the remarks made on this point by the rapporteur.

As the President of the Commission has emphasised, we had to consult the other institutions. I much regret, for my part, that replies from the other institutions were not received in time for us to submit to you, at the same time as the present amendments, the ones made necessary by the non-accession of Norway.

I should like particularly to emphasise the very unusual nature of this year's proposal. Two of the supplementary budgets are, in fact, tied up with the enlargement of the Community, which you will all recognise to be an exceptional circumstance. As for the budget amendments for Euratom, it is clear that what has happened this year will not happen again, since from now on we shall have a programme covering a number of years, so that a supplementary budget will not be necessary.

Consequently, it seemed to the Commission that this very special combination of circumstances justified the adoption of an uncustomary procedure, which of course deviates from the principle, which you so rightly wish to establish, that split supplementary budgets are to be resisted. I permit myself therefore, Mr President, to request your Assembly to adopt the motion for a resolution submitted by the rapporteur for the Committee on Budgets, and I thank you on behalf of the Commission.

(Applause)

President. — I call Mr Spénale, chairman of the Committee on Budgets.

Mr Spénale. — *(F)* I must first thank the President-in-Office of the Council for having presented this draft supplementary budget himself, as has been agreed between our institutions for the original budget.

I also thank Mr Cheysson for the details which he supplied on this supplementary budget. Although we understand very well the line of reasoning he employed, and the circumstances which warrant for this year a particularly marked splitting up of the supplementary budgets, we feel that we must uphold—and the Commission has not objected to them—the observations in Mr Offroy's report, which are

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repeated in the motion for a resolution which has been submitted to us. In fact, the very same arguments could be equally valid for the future, except for changes of circumstance, if applied to the original budget itself, because it is extremely difficult for Euratom to be able to make worthwhile proposals by the time of the budget debate, and we are obliged every year to deal with this by means of a supplementary budget.

The budget must suffer from this as a single and collective whole, and we feel that an effort must be made to see that there are not always supplementary budgets for Euratom and that the whole budget is decided at one time, and that so far as is possible there is only one supplementary budget.

With these reservations, I think that we should give notice to the Commission of our appreciation of the effort it has made this year in presenting to us in spite of everything, and in reasonable time, clear proposals which only call for general observations and with the substance of which we can agree.

President. — Does anyone else wish to speak?

The debate is closed.

I would remind the House that the vote on the motion contained in Mr Offroy's report will be held on Thursday, 10 May 1973, in the morning.

8. *Communications, proposal for a directive, and proposals for regulations from the Commission on the common energy policy*

President. — The next item is a joint debate on the reports by Mr Giraud (Doc. 36/73), Mr Hougardy (Docs. 31 and 32/73) and Mr de Broglie (Doc. 37/73).

I call Mr Giraud to present, on behalf of the Committee on Energy, Research and Technology, his report on the communications from the Commission of the European Communities to the Council on:

- (a) the progress necessary in Community energy policy
- (b) energy policy: problems and resources 1975-1985 (Doc. 36/73).

Mr Giraud, rapporteur. — (*F*) Mr President, it is not for reasons of vanity as the author of this report that I wish to register my disapproval of the conditions under which this debate is being held. Indeed, it had been scheduled for

this afternoon, and several of my colleagues on the Committee on Energy, Research and Technology had made their arrangements to be available for it then and not at the end of this morning's sitting.

However, being by nature a disciplined person, I shall comply with your request and present this report on behalf of the Committee of Energy, Research and Technology.

As is generally known, this report deals with the energy problem during the period 1975-1985 and has been prepared following upon communications from the Commission of the European Communities.

My report will be somewhat lacking in balance in that I intend to deal with two aspects of the question independently. Firstly, I shall discuss the resolution itself, since this is the only point on which our Parliament is required to define its position; after this, I shall evoke a number of aspects of the energy problem in 1973.

In the preamble to the resolution, the Parliament refers initially to the basic documents and the declarations of the summit conferences held at The Hague and in Paris which are the points of departure for the decisions to be taken by the Council in this field.

In the latter part of the preamble, we refer to the three most important previous resolutions, that of 11 March 1970 following the report by Mr Leemans on the Community energy policy with special reference to the first guideline of energy policy, that of 18 March 1972 following the report by Mr Hougardy on the granting of the status of joint undertaking in respect of activities within the hydrocarbon industry, and finally that of 12 October 1972 following the report by Mr Burgbacher in which the attitude in principle of the European Parliament on security of energy supplies was established.

Thus, from the outset, this report is merely the logical sequel to all this earlier study, that is, it deals with the proposed measures, of which there are 46, submitted by the Executive. These measures have been examined individually, and the result has been a text of the considerable length of the explanatory statement.

As to the text of the resolution itself, I should now like to try to give a brief analysis of it.

Paragraph 1 calls for the granting of the powers implicit in the terms of the Paris Summit Conference Declaration to the institutions of the Community. The wording does not refer to the granting of the necessary powers to the

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Commission, but to the institutions of the Community, and this is to mark the efforts being made by Parliament to increase its powers. We are all aware that Parliament is being denied the right to be consulted in certain spheres, and this situation must change.

Paragraph 2 is based largely on the findings contained in the opinion of the Economic and Monetary Affairs Committee.

It should nevertheless be added that it was in this Committee that this problem was first realized to be one of the most serious ones.

In the third paragraph, we take note of the fact that the Commission has taken action in presenting this plan of action for which our Committee had been pressing so insistently and to which, moreover, it had made its contribution. Let us not forget the circumstances under which Mr Burgbacher's report was presented, nor—and let this be stated clearly—the fact that this report was one of the documents on which this motion for a resolution was based!

Paragraph 4 states that it is first necessary to establish the order in which it is intended to approach the formulation of a Community energy policy. This Committee has attempted to establish an order of priority as between all the proposals of the Commission of the Communities; in so doing, it has been inspired by political considerations.

For this reason, in paragraph 5, the Commission is called upon to adopt the list of priorities contained in the Annex to this motion for a resolution, taking into account the additions and deletions proposed in the list. This Annex is on pages 8 and 9 of the document; it is therefore equal in importance to the text of the paragraph, since the Commission had not prepared a list of priorities along these lines.

Paragraph 6 emphasizes two requirements which must be fulfilled if these measures are to be carried out: (a) the Community's terms of reference for the conduct of research with a view to coordinating and improving the supply of energy from reliable sources must be widened; (b) it is necessary to convene Council Meetings for the discussion of energy questions more frequently, every three months.

It should also be remembered that the Council needs two years to authorize the Commission to obtain information on imports of hydrocarbons and investments in certain energy fields not covered by the ECSC and EAEC Treaties.

There is also the matter of the system of subsidies for coking coal which should have

come into force on 1 January, a matter to which Parliament gave its urgent attention when examining the report by Mr Wolfram on 12 December last. Although there has been a great deal of activity in the Council, there has still not yet been any decision; perhaps it will come on 22 May next. Here is another reason for urging the Council to make haste. This is why paragraph 6 ends with an appeal evoking the will expressed by the Heads of State or Government in their Final Declaration of 21 October 1972.

In paragraphs 7 and 8, which go together, the Commission is called upon to lose no time in submitting the necessary proposals for regulations and directives, whether they be those arising out of its communication on the "progress necessary" or those outstanding from the "first guideline", and the motive underlying this is a desire to see the wheels of a Community energy policy, which is so necessary and has been called for so strongly, set in motion once and for all.

It is right that, in certain fields, the Commission should have first found out whether a given proposal would meet with the support of the entire Council in an A decision, or come into the category of B decisions, and therefore subject to the prior agreement of the permanent representatives, or one of those hopeless cases which receive no support whatsoever. This method appears to have enjoyed some success in certain areas, but it has contributed towards a weakening of the position of the Commission in its dealings with the Council. The Commission could therefore strengthen its position. Moreover, the almost total responsibility of the Council will become apparent, since increased activity on the part of the Commission is consistent with the wishes expressed by the 1972 Summit Conference. Without wishing to underestimate the importance of the agricultural sector, there is really no reason why it should be alone in receiving the special interest of the Council, since the future of energy supplies, which are the foundation of all economic and even social activity, is becoming critical.

As is mentioned in the preamble to this motion for a resolution, it has been referred to four committees, for their opinions. Paragraph 9 refers to the complexity of the problem, which is one which cannot be solved by energy policy mechanisms alone. It has always been the opinion of this Committee that this problem must be seen in a general context and, by implication, the converse of this is that the solutions to certain problems appertaining to these other spheres must be sought in the context of security of energy supplies.

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Paragraph 10, although its contents may appear traditional, is nevertheless deserving of special attention for two reasons. Firstly, mention is made of the necessary development of national energy policies and the initial stages of a Community energy policy. Thus, alongside the launching of the Community policy, there is the continuance of the national policies. For the former to succeed, it is therefore necessary to make provision for the coordination of national policies, and this is also part of the Community policy.

The second point relates to the need to bear the world situation in mind, both in general and as regards energy production and consumption.

Without wishing to enter into details, it is appropriate to draw attention to factors such as the energy supplies situations in the United States and Japan. During the forthcoming debate, a number of opinions will undoubtedly be expressed on this subject.

Finally, paragraph 11 is just the customary forwarding formula. It is also customary for the rapporteur to ask Parliament to vote in favour of this motion for a resolution in order to avoid all possibility of misunderstanding. Here we are only dealing with general principles for a future Community energy policy and not with the matters of detail which it involves.

By contrast, the motions for resolutions which are to be presented to you by my colleagues, Mr de Broglie and Mr Hougardy, relate to practical projects which follow directly from the general programme which is now before you. This is why they are to be discussed jointly. As long as the programme presented leads to a whole series of concrete achievements in addition to these three practical projects, it is acceptable subject to modification of details. However, at present, we are only discussing principles, and we should therefore place our agreement on record.

Mr President, this motion for a resolution was adopted by our Committee unanimously with two abstentions, and I should like to stress that the members representing the new Member States were able to take part in our work without any difficulty and to lend us the considerable benefit of their experience.

I should now like to thank the chairman of our Committee, Mr Springorum, for the kind support of the full weight of his competence during this long assignment, and my other colleagues who supported me—in every sense of the word—during a series of some ten sittings; I should also like to thank Mr Commissioner

Simonet, who explained to us the principles held by the Commission, and all the officials of the European Commission. But it would be unfair to forget the officials of the Committee on Energy, the interpreters and the translators, who have been very hard pressed, particularly in view of the short working schedules.

I feel that I must also thank the other Parliamentary committees which were consulted for their opinions and have enabled our Committee to substantiate the motion for a resolution now before you more fully.

I now come to the second part of my report, observations which do not represent a personal opinion, but which I feel that I am able to make before this House on behalf of the Committee on Energy as a whole.

A first point: hitherto, the energy problem has been one of those most neglected by the European Community, although at the outset, an attempt to tackle this field of capital importance to the future of Europe was made by the European Coal and Steel Community.

Mr President, whilst there can be no justification for panic, we must be clear-sighted and realize that, in the years to come, Europe will have difficulty in asserting its independence in this sphere, if, to take one writer's definition, 'True independence is purely a matter of being dependent on people of one's own choice'.

For many years, research has been concentrated exclusively on cheap energy, and this has led all our countries, with the possible exception of Great Britain, to sacrifice coal for the sake of liquid fuels whose undoubtedly only temporary low cost was so attractive that it also led to the sacrificing of the necessary development of nuclear energy production.

Today, times are harder and the problem before us is not only one of obtaining energy at the most favourable prices, but one of obtaining it in sufficient quantities and with adequate security of supply. Whether one likes it or not, this means that we shall have to pay a fair price for this security of supply.

When one also takes into consideration the new burden of the struggle against pollution, for which there is also a price to be paid, no one can be surprised if the prospects for energy costs are somewhat discouraging.

One of the essential objectives of our Community must be to take immediate measures to face up to this difficult period before us.

Whereas it would be an exaggeration to say that this is the only problem of concern to Europe at the present time, there can unfortu-

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nately be no denying that it is a crucial aspect of the future of Europe.

Our Committee tried to work on the data supplied by the Commission and the experts consulted. As I mentioned a moment ago, we were able to draw on the opinions of several of the other committees in Parliament. I shall restrict myself here to a very brief outline, almost a summary list, of a number of the points of view which were put forward during the course of our work.

First, I believe that it is essential to increase the powers of the Community in all matters relating to energy problems. This was stressed during the recent Conference of Heads of Government, and we must take this into account.

A second point: we are in agreement with several of the other committees in our Parliament in considering that increasing importance must be attached to energy problems in all the negotiations conducted by the European Community with third countries, whether in connection with trade agreements or generalized preferences.

Moreover—and this is a point which was raised by several committees—particular attention must be paid to movements of capital made available through the increase in the resources of the producer States, since they play a very important role in the almost continual crises affecting our national currencies.

I believe, in particular, that if Europe is expected—and rightly so—to allocate a fairly high proportion of its expenditure to solidarity with the countries of the third world, it is unthinkable that developing countries which currently have thousands of millions of dollars from oil sales at their disposal, should fail to apply a large proportion of the resources which they have acquired in this way to solidarity with the body of other developing countries.

I further believe that the priorities which we have established must be given effect with the minimum possible delay. I refer in particular to research in the nuclear and non-nuclear fields, coal first and foremost. Indeed, this is a subject which has received the attention of Parliament on numerous occasions. I believe—and our British colleagues will not disagree with me on this point—that coal must not be neglected and that none of us have the right to consider the coal problem to be one of little significance. I must stress that once our mining labour force has been run down, it will never again be possible to find skilled men to do this work. I consider that the measures being taken

by the British Government in this field at present should serve as an example to the other countries of the Community.

As regards the problem of gas, the Commission hopes that research in this particularly promising field will be continued and developed within the territory of the Community. However, this does not remove the urgent need for an agreement with the other producer countries covering the supply of essential quantities.

Regarding oil, we are adamant... Mr President, you have signalled to me on a number of occasions to indicate that I must have exceeded my speaking time. I should like to point out to you that the Socialist Group has decided not to name any speaker for this debate, on the premise that I would be able to save time for Parliament by covering the various aspects of the question together.

However, if you really insist on interrupting my contribution, the conditions under which this debate is being held are already regrettable enough, and I shall defer to your decision.

(Applause)

President. — Mr Giraud can continue speaking, but I ask him not to continue for much longer. He has already exceeded his time by a certain amount and other Members wish to speak. The chair is limited to 15 minutes for a rapporteur. However, in this case the chair is generous and I allow Mr Giraud to continue for a little longer.

Mr Giraud, rapporteur. — (F) I thank you for generosity, Mr President.

As I was saying on the petroleum problem, then, it is essential to diversify our sources of supply, and to enter into negotiations with all the other consumer countries, whilst maintaining a due respect for the national rights of the countries which own deposits. Proposals will be made on the subject of stockpiling and for the improved use of pipelines.

Regarding the problems of atomic energy, we are aware of the importance of the question of uranium enrichment, and the need to diversify the processes used.

We hope that, alongside its imports from third countries, the Community will develop its own facilities for producing enriched uranium, perhaps by some form of co-operation between the various methods which are proposed to us.

As to the other sources: hydrogen, fusion, solar energy and geothermics, the committee hopes that research in these fields will be continued without loss of heart or undue optimism.

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It also stresses the need for efforts to be made to avoid all forms of wastage of energy and possible unsuitable use of certain of these sources of energy.

Finally, it emphasizes the problem of the efforts being made to protect the environment. With the increasing numbers of demonstration about nuclear power stations and accidents occurring during transport, we are constantly reminded today of the need to give every attention to the problem of safety.

We must face up to the fact that, during the years to come, it will be necessary to invest in the sphere of energy on a scale quite different from that of the past, and this means that we shall have to take all possible steps to co-ordinate our investments in order to avoid duplication and surplus capacities. I refer in particular to the fitting-out of ports with docking facilities for large tankers.

These, Mr President, are some of the observations which I wished to make before this Parliament on behalf of the Committee on Energy. Our basic contention is that if we cannot get away from a certain sacrosanct egoism on the part of our nations, both great and small, there can be no solution to the energy problem for Europe as a whole. It is because the Committee on Energy is of the opinion that, with the agreement of the Commission, and probably that of the Council, it will at last be possible to achieve some progress towards the solution of this essential problem during the coming weeks or months, that it has asked me to call upon Parliament to adopt the motion for a resolution now before it, not in order that it may remain on paper, but so that, at last, action may be taken to forestall the possibility of the lights going out over Europe one of these days.

(Applause)

President. — I call Mr Hougardy to present his reports, on behalf of the Committee on Energy, Research and Technology, on

- the proposal from the Commission of the European Communities to the Council for a regulation concerning trans-frontier oil and gas pipelines (Doc. 31/73) and
- the proposal from the Commission of the European Communities to the Council for a directive concerning measures designed to attenuate the effects of the difficulties inherent in hydrocarbon supplies (Doc. 32/73).

Mr Hougardy, rapporteur. — (F) Mr President, ladies and gentlemen, in order to save time,

and particularly in view of the second part of the report by Mr Giraud, I do not propose to go into the details of the directive concerning measures designed to attenuate the effects of the difficulties inherent in hydrocarbon supplies or the regulation concerning trans-frontier petroleum and gas pipelines.

I refer to my reports on these two documents. I hope that in this way there will be more time available for Mr Simonet to address us.

I should also like to point out that the reports which I have drawn up are of only comparatively minor importance in relation to the common energy policy which Mr Simonet will be outlining and the documents already published by the Commission. I refer in particular to Document No 1,200, entitled 'Progress necessary in Community energy policy', of 4 October 1972, and Document No 1,481, entitled 'Guideline and priority options for the Community energy policy', of 19 April 1973.

Nevertheless Mr President, regarding paragraph 8 of the resolution concerning measures designed to attenuate the effects of the difficulties inherent in hydrocarbon supplies, it should be understood clearly that the investigations of the Commission should be restricted to a single study and that, once this study has been completed, the conclusions should be discussed, first by the Committee on Energy and then by Parliament.

This should be the precise meaning of paragraph 8, in order to avoid all possibility of misunderstanding.

Indeed, I find it difficult to visualize a representative of the Commission taking the place of the private oil companies, thereby creating a supranational petroleum purchasing organization. It is not the role of the Commission to take over the functions of private industry.

Regarding the priority guidelines for the Community energy policy, I should first like to express my gratification at the work done by the Commission in general, and by Mr Simonet in particular. Document No 1,481 of 19 April, to which I have just referred, contains a large number of valuable and positive contributions, and displays a new approach to the problems of security of energy supplies in Europe. This is important in view of the discussions on energy problems which the Commission and the Council are due to hold on 22 May.

I hope that these discussions will take account of recent developments in the constantly and rapidly changing sphere of energy. It will be necessary to take into consideration the new policy on petroleum imports being applied by

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the United States which is based on the fact that increased imports of energy from foreign sources will become an increasingly important means of compensating for the lack of domestic energy supplies in the United States.

This does not mean that President Nixon considers that there is an energy crisis in the United States, but rather that the coming decade must see a different distribution of the available energy in the world as between Europe, the United States, Japan and the Third World countries which are becoming industrialized, and that this makes programmes planned scarcely a year ago out of date already.

But in order to avoid all possibility of a crisis which could paralyse economic and social expansion, not only in Europe, but in the whole world, it is essential that the Commission initiate consultations leading to the coordination of the measures to be taken by the importing countries. However, these consultations should not lead to the formation of a consumers' 'cartel' lined up against a producers' 'cartel': the problem of energy supplies cannot be resolved by measures adopted by the Community as an independent unit, but should preferably be examined in a world context.

I should like to make one observation in connection with Document No 1,200 on the progress necessary in Community energy policy which states that the major international companies do not as a general rule have their decision-making centres in the Community. This statement is only partially accurate, since a very substantial share of the European petroleum market is controlled by companies such as Petrofina, Total, BP, Shell and a number of German companies. All these companies have their decision-making centres in Europa; their capital is largely of European origin and the shareholders are also largely European.

I should like to take the opportunity afforded by this debate to correct certain statements on the role played by the big international companies; it is suggested on Page 8 of Document No 1,200, final version, that they hold attitudes which are not consonant with the general interest.

The truth of the matter is quite different. In fact, the figures prove that the economic power of the companies known as the big seven in the petroleum sector has not increased for some years.

On the contrary, the European market has seen the emergence of companies of comparable economic power; I am thinking of CFP-Petrofina, Elf, Agip-ENI.

This lends credence to the claim that the oil companies operating in the Community are not responsible for the integration of energy sources in which the Commission sees scope for possible abuse.

Moreover, despite what is frequently claimed or believed, it is not true to say that concentration along these lines removes true competition between sources of energy and companies. I should like to make the point that Governments enjoy increased powers over prices and are constantly adopting measures affecting the selling prices of electricity, gas and petroleum, in addition to the taxes and duties borne by consumers.

Finally, I should like to make it very clear that, contrary to what is maintained in certain quarters, there is very real competition between the oil companies, and this is to the benefit of the consumer; as proof of this, I need only quote the difficulty which some of the smaller companies are having in keeping their heads above water without State aid.

This is a myth which is put about for purely political ends.

Everything must be done to ensure that there is an exchange of more accurate information on supplies and stock. These are vital aspects of co-operation. We agree with the emphasis laid by the Commission on the need to seek better relations with the energy exporting countries; however, the Commission should define its programme in this sphere more clearly, and, in the same way, more precise information on its proposal concerning the organization of the petroleum market is necessary. The Commission is scarcely equipped to exercise closer supervision over the activities of petroleum interests in the Community and we do not therefore see how it would be possible for the Commission to be granted wider powers.

Regarding the controlling of prices, whereas industry and the consumer must not be asked to pay too high a price, the level of prices envisaged should nevertheless be one which allows the oil companies to charge at rates leaving them the necessary margins for investment and the development of energy resources. It is for the Commission to indicate how these objectives can be attained.

The Commission seems to wish to set up an "approved companies" scheme for undertakings willing to enter into certain commitments in exchange for which they would enjoy certain advantages. Details should be provided on what these commitments would relate to and why it should be necessary for them to be entered into,

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the advantages should be explained and reasons should be given as to why these companies should enjoy them.

I now come to the conclusions.

In order to ensure security of supplies, both in Europe and the rest of the world, the European Commission and the summit meetings must:

Firstly, at all costs, avoid what the English term a 'scramble for oil';

Secondly, invite the producing countries to honour their commitments in order to avoid the continual calling into question of agreements entered into, since the legal basis of these agreements must be adhered to;

Thirdly, take steps to ensure that, both in the European Community and other parts of the world, the common energy policy is founded on a viable and financially healthy petroleum industry which is capable of finding the substantial sums required for future investment from its own resources; Fourthly, through this policy, activate research geared to finding new sources of energy and avoiding waste; Fifthly, instil in the minds of Governments—and I refer to Europe in particular—the fact that petroleum is not a perennial "golden goose" to be relied upon with impunity, and that not only are continual increases in the level of taxation on finished products a policy of facile expediency, but they also prevent the oil companies from making the necessary investments on research, refining and transport.

Finally, although one cannot expect a miracle which would enable the consumer countries to adopt a common position, thus avoiding the escalation of the prices paid to the producer countries, it is nevertheless necessary to avoid the development of a system of bilateral agreements, which could prove fatal. What is necessary is the arrangement of simultaneous discussions between the producer countries and, on one hand, the industrialized consumer countries and, on the other, the developing consumer countries. I am not only thinking of the countries of black Africa, but also of countries such as India and Brazil, which are industrialized countries, but are unable to develop with high energy costs.

Mr President, these were the observations which I had to make. This, I hope, will open the way for a full debate, not only on the reports, but also on energy policy in general.

Nevertheless, like Mr Giraud, I regret the manner in which these debates were opened. In

fact, I note that, with the change in the timetable, not only did the report by Mr Giraud—over which he took so much trouble—not reach the members until yesterday evening, as I mentioned yesterday, but when Mr. Giraud spoke on it today with the talent which we have come to expect from him, the Chamber was virtually empty, and I find this very regrettable.

(Applause)

President. — I shall now suspend the sitting until 3 p.m.

The House will rise.

(The sitting was suspended at 12.45 p.m. and resumed at 3 p.m.)

In the Chair : Mr Berkhouwer

President. — The sitting is resumed.

9. Relations between the EEC and the United States

President. — I have received from Mr Lücker, on behalf of the Christian-Democratic Group, Mr Vals, on behalf of the Socialist Group, Mr Hougardy, on behalf of the Liberal and Allies Group, Mr Kirk, on behalf of the European Conservative Group and Mr Triboulet, on behalf of the EDU Group, a motion on relations between the European Economic Community and the United States (Doc. 53/73).

This motion is accompanied by a request for a debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

I therefore consult Parliament on the adoption of urgent procedure.

Are there any objections?

The adoption of urgent procedure is agreed.

I call Lord Gladwyn on behalf of the Liberal and Allies Group.

Lord Gladwyn. — I do not quite know why I should have the honour to speak before other groups. I should have thought the other groups normally speak before me.

President. — Mr Fellermaier, who will speak on behalf of the Socialist Group, agrees that you should start. I call upon you because Mr Fellermaier agrees that you should start the debate.

Lord Gladwyn. — But I did not myself agree. I should like to speak third. Could I not speak third in the usual way?

President. — Why should we not adopt new procedures?

Lord Gladwyn. — It is not a new procedure.

President. — It is one of your contributions to make new contributions to Parliament. If you do not want to speak, you do not have to speak.

Lord Gladwyn. — No, I will speak all right: I simply referred to what I thought was the usual custom.

President. — It was the custom, but customs are there to be changed.

Lord Gladwyn. — It is being changed now then, is it?

President. — I call upon you to speak.

Lord Gladwyn. — Very well Mr President.

I said yesterday, and I repeat today, that in my personal view—and I think I represented in this respect the general view of the Liberal and Allies Group—it was a mistake to initiate a debate in plenary session about the general state of the Community's relations with America on the basis of a resolution which perhaps is extremely general, not to say vague, and in which debate most speakers may well concentrate, I am afraid, on their own 'King Charles' Head', as we say in England, that is to say their own specialized subject. I suggest that now is not the moment for such a debate for two major reasons. In the first place, the political situation in the United States is, shall we say, hardly favourable for such a discussion. In the second place the Community as a whole—and certainly not this Parliament—has not, as yet, reached any kind of unanimity on how to react to the extremely important statements of Dr Henry Kissinger, to say nothing of the President himself. It was, and indeed, it still is my hope that, perhaps next month, but anyhow in July, we might be able to have a really profitable debate on this last great subject—that is to say, the pronouncements of Dr Henry Kissinger and the President himself—on the basis of a report carefully prepared by the Political Affairs Committee and by the other committees involved. Such a debate might even result—let us be optimistic—in some European consensus which could be of real assistance to the Council in arriving at the

decisions that it will no doubt have to take before the visit to Europe in the autumn of President Nixon. I sincerely trust in any case that our debate today will not draw undue attention to any profound differences of opinion in the European camp, or for that matter in the camp of the Americans either.

It is indeed becoming more and more evident that a satisfactory negotiation with the United States on trade and monetary matters depends essentially on the kind of Europe which we are seeking to construct. Unfortunately, and in spite of the Summit communiqué of last October, it is still by no means certain what this is. For instance, if this Assembly has done nothing else, it has at least laid down the principle that in practice foreign policy can hardly be dissociated from defence policy, and I quote the report of our colleague, Mr Mommersteeg. Yet if this is so, then it follows surely that any commercial, industrial or monetary agreement with America cannot be dissociated from agreement on a common defence policy either. It is not a question of the Europeans being blackmailed into making undue commercial concessions to the United States by the threat of a withdrawal of American troops. It is simply a case of the Americans not being willing, or indeed able, to continue their absolute guarantee of European independence in the absence of a common European will and intention to standardize their armaments and to establish, within the framework of the Alliance, a common defence organisation of some sort, no longer pursuing independent foreign policies which quite often result in their being at loggerheads among themselves.

Everything in the foreign field is, of course, interconnected, so it may be said as well that such a will and intention will hardly emerge until and unless stage two of the projected monetary union comes into force on 1 January next and, indeed, in the absence of the proposed reform of the Council procedures which the Ministers have agreed to institute by 30 June of the present year.

Everything is interconnected. But over the whole scene broods what I would call the great question, which is a possible change in the whole philosophy of Western European defence and a consequent and necessary reform of the existing NATO machinery. Are we, in other words, to bank on the negotiations for mutual balanced force reductions resulting in fewer men and, indeed, in fewer conventional armaments, relying therefore, presumably, for our safety on new forms of the so-called 'tactical' nuclear weapons for use, if necessary, on a first 'strike', or are we to contemplate a completely new form of conventional defence,

Lord Gladwyn

our tactical nuclear weapons, whether new-fangled or old-fashioned, being held only as deterrents against an unlikely 'first strike' by the adversary? That I think is the great question. Many maintain that unless the proposed force reductions really are completely balanced, the first alternative I have mentioned would expose our Community, though not necessarily the two super-Powers, to appalling risks, including that of physical annihilation. But all would admit that the second alternative is possible only if at least the three major Powers in the Community agree in some measure to integrate their forces.

This, as I say, is hardly the moment—and we have not the time—to go further into such grave issues. I have not even mentioned Japan which, as Dr Kissinger rightly remarked, can scarcely now be left out of any scheme for the reorganization of the Atlantic world and hence has itself a distinct bearing on the defence of Western Europe.

In conclusion, all I will say is that what is probably necessary now, perhaps after the autumn tour of President Nixon, if indeed it should take place, is another European "summit" meeting in which the whole future of Western Europe should be re-examined in the light of actual progress towards union accomplished in accordance with the Ministers' present timetable; of the state of the commercial negotiations with the United States of America; of the strategic arms limitation talks; of any advance at Helsinki or Vienna; and above all in connection with the major issues arising out of Western European defence. In a word, was it not the Greek philosopher Heraclitus who said *panta en 'All is one'* And it is later than we think. Nearly thirty years ago it was a British statesman who declared that Europe must unite or perish. For anyone who has eyes to see, the sands, for Europe, are now rather rapidly running out.

President. — I call Mr Lückner on behalf of the Christian-Democratic Group.

Mr Lückner. — (D) My Christian-Democratic colleagues and I myself welcome the initiative taken by the United States in the declaration by the chief adviser to the American President Nixon, the declaration which we have before us in this debate, and I would add that many of us have been waiting for such an initiative for a long time, particularly since President Nixon's message to the American Congress at the beginning of this year, in which he characterized 1973, after the mastering of the problems in Asia, as the year of Europe.

I know that many responsible political personalities have asked what is behind this

announcement. I think that after three months had passed it was high time to clarify this announcement at least as to the outlines, aims and to a certain extent the methods which no doubt lay behind the announcement by the American President at that time. When I say that we welcome this initiative I do so in particular in order to state here that we, as the European Parliament, can only concern ourselves with a speech by a man who does not bear direct political responsibility in American politics by reason of the fact that Dr Kissinger himself in his declaration stressed very clearly several times that he was making this declaration on the express authority of the President of the United States. I think, Mr President, we should also consider for a moment that we here in Europe should be able to expect a certain answer on the basis of the resolution and the recommendations expressed at the Paris Summit Conference last year.

My political colleagues and I view Dr Kissinger's declaration as an invitation from the American President that the Europeans should join in finding a common response to the challenges of a new epoch in the development of the political landscape at world level. This epoch—and I will select just three main features—is characterized by the fact that the epoch of a bi-polar situation of super-responsibility in the world has come to an end, or is on the point of coming to an end, to be replaced by a multi-polar world-system. Without going into details I should like to add that there are of course still very clear differences in this multi-polar world-system. One need only call to mind the tri-polarity of those in whose hands the great weapons of mass-destruction of our time lie.

The second point which I would like to single out, and which also found expression in Dr Kissinger's declaration, is the fact that in the strategic military power relationship between East and West the stage of parity has been reached. This means that the epoch of the preponderance of the West's strategic military forces is coming to an end, that we are moving towards parity in this very important element in our entire world-wide politics, that we are even perhaps, if we do not take very great care, confronted with the danger that tomorrow this parity may turn in favour of the East, with all the consequences that that would have for psychological and political equilibrium in the world.

The third factor, and this particularly concerns us now, is the relationship between the United States and ourselves. Mr President, I just want to remind you that after the last World War we created three important basic mechanisms

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in order to regulate our co-existence, particularly between America and Europe. I do not refer to the Marshall Plan here, but would like to mention firstly GATT, secondly the International Monetary Fund and thirdly NATO.

When I mention these three mechanisms I should like to make it clear that it is our view too, as the bitter experiences of recent years have increasingly shown, that these three mechanisms are no longer able to solve our problems today.

One can express the hope that on their basis new and better mechanisms and conditions can be worked out in the bi-polar dialogue and in the multilateral negotiations which must take place afterwards in order that we may achieve a new ordering of the relationship between Europe and America.

I do not wish to go into details here; that will be the subject for a prepared debate, Mr President. Allow me to say in this connection: my political group would really have preferred it if we could have held this debate after a thorough preparation, perhaps on the basis of a statement by the Commission of the Communities. But I know, on the other hand, that this topic, since the Kissinger declaration, is a topic that fascinates all politicians, European included, and that one must and ought to show at least a first general political reaction to it.

I ask you to forgive me, Mr President, for keeping my speech within these limits, because I am firmly counting on this Parliament having an opportunity, I hope before the arrival of President Nixon in Europe at the end of this year, of holding a really well-prepared debate on this subject on the basis of reports from our responsible committees. But there is one thing, I think, that can be said today: this new ordering of the relationship in the co-existence between Europe and America will require from all concerned, and not only the Europeans, certain sacrifices, certain inconveniences, which ought to be accepted, as Kissinger said, in a spirit of statesmanlike wisdom—but on both sides of the Atlantic. We can assume, thank God, that—perhaps I can put it this way—the moral values of co-existence in our Western world, indeed that also basically the political aims for a community policy, for a common policy of the Western world, can surely be the all-embracing tie of a joint working policy in this perspective. I should like to confine myself to merely saying that these are naturally the old, and still valid, irreplaceable basic values: the maintenance of a genuine peace in our free world, a peace which we still have not attained in this world, and in a world which serves the progress of people and nations.

In this sense, Mr President, my Christian-Democratic colleagues and I are fully prepared to join in reshaping this new relationship between ourselves and the United States. We wish to make this contribution because we are convinced that it is necessary to assure and to guarantee a permanent dialogue. I am not saying for the moment whether this dialogue ought to be institutionalized, for then I would be asked: how? This problem, I submit, must be dealt with by way of basic studies of proposals that will one day be put forward. But a permanent dialogue—as the experiences of recent months and years seem to teach us—is vital. Without it we shall never arrive at solving the problems.

The second point is that we naturally desire a partnership, a permanent Atlantic partnership, not a hierarchical relationship but a relationship of equal rights, even though I agree with Lord Gladwyn that, as we all know, in a very important aspect the independence of Europe as far as defence is concerned will not be one hundred per cent assured so long as we have to have this policy. But this does not prevent us from entering together upon a dialogue in which we have equal rights, a relationship in which we have equal rights, and in this relationship assuming a mature co-responsibility for our Europe, as stated in Point 1 of the resolution referring to the resolution of the Paris Summit.

We cannot overlook the fact, and we naturally know, that with the claim to higher, world-wide responsibility our efforts to be worthy of such responsibility must also grow. We cannot opt out of world politics, neither can we escape from our relations with the developing countries or from our exceptionally strong economic and trading position in the world.

And in the last analysis we must be brave enough to consider what we Europeans can ourselves do for the security of our own continent and thus for the peace of the world. We must really put all our creative energy into the service of this cause and try, jointly with those responsible in America, to find solutions in a permanent dialogue, solutions which can lead to appropriate agreements. We know, Mr President, that these problems of which I have been speaking are only soluble in a total context. In the future—let me make this clear—they will not be overcome bilaterally by nations going it alone. There will be problems which will still have to be solved and dealt with bilaterally between nations.

These problems however require continental, indeed I may say global answers and when I say this, Mr President, it should not be taken to mean that I assume that these problems can

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be solved so to say in a single clearing-up session, in a round of talks. This idea, which could perhaps be read into the Kissinger declaration, this idea I believe is not tenable. In this connection I should like to make a clear distinction between the bilateral dialogue between us and the Americans and the multi-lateral negotiations which are necessary for the solution of many problems and which also play a role between us and the Americans. I need only refer again to GATT and the International Monetary Fund or NATO to make clear what is involved here.

But let me say in conclusion, Mr President: my political friends and I have asked ourselves how this dialogue could most fruitfully be conducted for Europe. If we want a permanent dialogue, then everyone on this side of the Atlantic must ask himself: where is the single voice with which Europe must speak? We must admit even now that unfortunately it does not yet exist, even if there has been progress in concerting the European Communities. But the single voice, the genuine negotiating partner with the United States, does not yet exist and this is a disadvantage for Europe! I dare to say this quite clearly. However, in this connection we should also give expression with satisfaction and thankful reflection to the fact that we value the attitude of the United States, in that in the past she has always used any opportunity to assist the process of the economic and political unification of Europe.

I am pleased to be able to state that this is also envisaged for the future and confirmed anew by Dr Kissinger's speech. I am sure that this applies to the attainment of the European Union, which for us Christian Democrats will always be the same as the political union for which, together with many friends and colleagues of other political persuasions, we have been tirelessly fighting for so long in this House.

I would like to make a second observation on this. I also value, and here I am again close to the thoughts which Lord Gladwyn has expressed here, the fact that the American Government, through the mouth of Dr Kissinger, has again confirmed the readiness of the United States to maintain their military presence in Europe without reduction—indeed their conviction that this is necessary. Everything which we Europeans intend to do we will, in the long run—I cannot put any limit to the time—only be able to do if we can rely on this military protection from the United States of America, a protection which in the last analysis is indispensable to us.

In conclusion just a request to ourselves. I am looking forward with somewhat mixed feelings to

the day of the arrival of the American President on the European continent, and for this reason. I believe that when that time comes we shall still have many contradictions to remove on our own continent between the traditional national ideas prevailing in all the capitals of the Member States of our Community of Europe and the world of tomorrow and the demands of our European aspirations. I would like to confirm these aspirations once again here, namely that we should be mature sharers of responsibility in the world and be a partner, with equal rights, with the United States in this world of tomorrow. If however we should not be in a position to remove this contradiction in many of the policies of our capitals at a European level, then I believe, and I am firmly convinced of this, that many of our good intentions of today and tomorrow will belong to the past. Putting it in a popular expression of my country: the road to Hell is paved with good intentions. So I would like to associate myself with the conclusion which my colleague, Lord Gladwyn, has expressed: if we wish to live up to these aspirations, Mr President, we must first begin to prepare ourselves and make ourselves capable of realizing them.

(Applause)

President. — I call Mr Fellermaier on behalf of the Socialist Group.

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen, some people said, after the speech delivered by Dr Kissinger on 23 April in New York, that it was no more than an after-dinner speech; others, including James Reston, a well-known American political commentator, characterized it as a world political event of the first importance, comparable only with the Marshall Plan of 26 years before. We see, therefore, that the value placed upon individual passages in Dr Kissinger's speech will vary according to the listener's political viewpoint. But one thing, I believe, must be said clearly, namely that this speech marks the beginning of a strengthened commitment by the United States to Europe, a visible expression of which is to be seen in the intended visit of the American President to Europe.

When Dr Kissinger says, in his introduction to these topics in his speech, that 1973 is the year of Europe because the era which was shaped by the decisions of a previous generation is coming to an end, then I believe, Mr President and ladies and gentlemen, that this is a statement that should be underlined, that a new generation, both in the United States of America and also in Europe, is getting ready, on the basis of the successful work accomplished since 1945,

Fellermaier

after a terrible war, to get rid of anything which still contributes to tension between East and West on the one hand, and anything in the West that still remains disparate on the other.

When Dr Kissinger stated that there must be new relations between Europe and the United States, including Canada and Japan, then the European responsibility in this matter also became clear: it is essential that a dialogue be sought and built up with the great trading power, Japan, and that the situation sometimes described by commentators as a world-wide trade war appearing on the horizon must thereby be averted and some kind of three-cornered relationship established between the United States, Europe and Japan.

The Socialist Group welcomes the American proposal to formulate objectives in a new charter in order to bring about a new commitment of governments and parliaments and of public opinion as a whole in favour of the Atlantic partnership. We would add however: nobody should think that solely by formulating such a charter the problems between the United States and Europe can be removed without bringing the charter to life and backing it up by a readiness to engage in a permanent dialogue.

We are sceptical about the timetable which the American Presidential adviser mentioned in his speech. He said that it ought to be possible to work out such a charter even before President Nixon's visit to Europe in the autumn. We believe that the time is not so important as the way the charter defines the objectives of the USA, the great democratic world power, and Europe. Dr Kissinger—and thus President Nixon as well—makes it clear that the political, military and economic problems which have hitherto been treated separately must now be discussed at the highest level as a totality.

This proposal, Mr President, ladies and gentlemen, is not new. But I think we should take positive note of the fact that, as Dr Kissinger put it, the Americans are not concerned to play off one sector against another. We too are of the opinion that the multiplicity of the relations between the USA and Europe should not prevent us from taking a total view. But because we are in favour of a total view, we consider it necessary that each group of problems should be dealt with in the appropriate quarter. And for this reason we say, as the Socialist Group in this Parliament, that we reject any mutual interdependence between monetary matters, trade and defence. NATO was and still is the institution responsible for questions of defence. We also believe that monetary, trade and defence

problems, judging by the recent past, are not so very closely linked to each other, for, ignoring this interlinking, we made a great contribution by our positive attitude in the European Community to the overcoming of the latest monetary crisis and thus also to a stabilization of the American economy and of the internal situation in that country in the spirit of a friendly relationship.

We welcome the United States' readiness to give further support to European unity. But we believe we must say here and now that the disappointment of the Americans over the fact that economic integration has not yet been followed by political integration is unjustified. For this economic integration of Europe, as it moves towards what our colleague Mr Lücker characterized as Political Union, already contains within itself significant political elements. We think it would be a good thing if the American Government were to define these statements by the Presidential adviser rather more precisely.

It is untrue—and this should be said clearly—that the European Community, as the thesis put forward by Dr Kissinger would have it, has in contrast to the United States put increasing emphasis on its regional character. Yes, Mr President, ladies and gentlemen, it should not be forgotten that it was precisely the European Economic Community which, by its constructive conduct during the most recent monetary crisis, gave proof of its responsibility towards the whole Western world and that it was precisely the EEC Commission who should be thanked here for having prepared a liberal open-to-the-world plan for the forthcoming round of GATT negotiations in Geneva. Right here, in this memorandum of the Commission, it is evident that this European Community not only thinks of itself but shows that it is conscious of its responsibility to the world.

I think, Mr President, that this is the time to recall the responsibility which the European Community has assumed towards the developing countries, having been the first to grant preferences to developing countries throughout the world to assist them to develop their economies.

In my opinion we should make this even clearer in the dialogue with the United States. Among friends one can speak openly and honourably about things upon which one cannot completely agree. We Socialists cannot agree with this formula of Dr Kissinger's. Therefore we are pleased that Point 1 of the joint resolution of the political group reads:

“is convinced that the Community's responsibility is not restricted to a regional responsibility.”

Fellermaier

For the rest, we consider Dr Kissinger's formulation for the setting of joint objectives in our policy of détente to be desirable. We agree with Dr Kissinger that after we have agreed on the objectives of all partners, we must all continue to retain sufficient freedom of movement.

We also agree with Dr Kissinger that it is not a question of harmonizing everything in all spheres of foreign policy at all costs, but rather of reaching a situation in foreign policy where on the one hand the United States and on the other hand Europe are finally speaking with one voice each; and this appeal which our colleague Mr Lücker has addressed to us Europeans here is an appeal to the Council of the European Communities to find a form, independently of the legal content of the Rome Treaties, in which the Foreign Ministers, in the sense of a part of the Community, comprehend that they are ready and willing so to define foreign policy in the spirit of the Rome Treaties that they are able to enter a discussion, a permanent dialogue, with the European Parliament. For how can this Europe really speak with a **single** voice, Mr President, ladies and gentlemen, if the great dialogue on the question of the harmonization of foreign policy does not begin here in the European Parliament, where all peoples of the Communities are represented by freely elected Members of Parliament, irrespective of how the authors of the Treaty of Rome once defined it. For the Treaty of Rome is not an end in itself, it must not be static but must, beyond what the authors of the Treaty laid down, give an answer today to the policies to be pursued tomorrow.

Ladies and gentlemen, I think I must emphasize once again that we must make it clear that the European Community does not desire to be a regional power but a regional political union with global responsibility.

Allow me to close, Mr President. The time chosen by Dr Kissinger for putting forward his proposal falls in a period of summit talks between Europe and America. We are of the opinion that the idea of preparing a new Atlantic Charter still requires further European-American talks before it can reach maturity. We are only sceptical on the question of whether it is sensible to create new institutions between Europe and the USA. I do not think we have been lacking in institutions up to now; what has been lacking has been the dialogue. Because the dialogue has been lacking, Mr President, ladies and gentlemen, walls have sometimes been erected on both sides due to failure to understand one another or lack of desire to understand and lack of desire to grasp what was happening over there on the other side of the Atlantic or here in Europe. Therefore we think that the Commission and Council

should formally propose to the American President that there should be discussions on the occasion of his visit to Europe at an extraordinary joint meeting of the Council with the Commission, in a spirit of friendship.

If we expand the numerous existing consultative and cooperative institutions, if we, the European Parliament, make the dialogue which we are at present just beginning with delegates from the American Congress into a permanent arrangement, then I think, ladies and gentlemen, that we shall be able to do justice to the responsibility we have assumed, that of assisting in shaping the world under the banner of peace, freedom and relaxation of tension.

(Applause)

10. *Welcoming of a delegation from the United States Congress*

The President. — It is a great pleasure for me to welcome here today, as guests of the European Parliament, the delegation from the United States Congress, under the leadership of Congressman Benjamin S. Rosenthal and Congressman Donald M. Fraser.

My pleasure at welcoming them is all the greater because our American friends are not here in Strasbourg on a courtesy visit but for a working meeting. Detailed discussions were held yesterday and are being continued today and tomorrow between the United States delegation and a delegation from the European Parliament on the forthcoming GATT negotiations, on international monetary problems, agricultural policy and East-West policy in anticipation of the European Security and Cooperation Conference.

11. *Relations between the EEC and the United States (cont.)*

President. — We shall now continue the debate on the motion tabled by the chairmen of the political groups (Doc. 53/73).

I call Mr Kirk on behalf of the European Conservative Group.

Mr Kirk. — I join with you, Mr President, and I am sure with all Members of the European Parliament in welcoming our American guests here with us this afternoon. Those of us who have been in discussion with the United States delegation during the last two days know the extent to which they have prepared for this meeting and the importance of the subjects which we have been discussing with them. It is fair to say that the United States

Kirk

Congress and perhaps the people of the United States have been rather more aware of the significance of Dr Kissinger's speech, and indeed of the speech last week by President Nixon in his state of the world message, than we have been in Europe. Yet, we should not be surprised by this development, for it was only last September that Dr Kissinger proclaimed 1973 as the year of Europe. What he meant by that was not that Europe would become any more important in 1973 than it has been in 1972 or is likely to be in 1974, but that this was a year in which the relations between the United States and Europe would become crucial for various reasons and a year in which we on our side of the Atlantic should have been concentrating very much on our relationship with the United States and on the various alliances which we have with that nation.

This relates not only to the necessity to renew the GATT negotiations with the United States or to create certain trade agreements with them for the convenience both of that country and of the Community as a whole, but the problems which have come to a head this year between Europe and the United States are wide ranging indeed and bring into focus the whole relationship of the Atlantic partnership such as it is and also throw considerable light on development of the Community itself.

It has been made clear to us in our discussions with our American friends that there are three basic streams of thought which are very much in the minds of the United States Administration and Congress and which also should be in the minds of Governments and Parliaments on this side of the Atlantic.

The trade problem obviously is the first matter that springs to mind. The GATT negotiations are due to begin this autumn. They would have had to begin anyway since both the Dillon and Kennedy Rounds have exhausted their usefulness and the Nixon Round was inevitable. They were made even more inevitable by the enlarging of the Community and the necessity for adjustments having to be made under GATT to cope with United States and Canadian trade.

The monetary problem has been very much in the forefront of our minds for two years or more and it has been clear that it is the Community's duty to assist as far as it can with the settlement and solution of global monetary problems, particularly those which affect the United States.

Allied closely with those two matters is the question of defence and political arrangements within the alliance—not a matter which is confided to us under the Treaty of Rome but which

nevertheless is a matter to which we cannot be indifferent.

In the last two days all three of these problems have been raised either separately or together as matters urgently requiring solution. The feeling which has been borne in on me more and more steadily in these conversations with our American friends is how ill-equipped we in Europe are to deal with these particular problems.

In terms of trade perhaps we are better off than we might be. Provided that the Council of Ministers agrees to the terms of reference, we can send Sir Christopher Soames to negotiate with the United States provided that the United States Congress can agree on the terms of reference under which discussions can take place with him. There is machinery in that respect which can and should work. In monetary matters it is rather more difficult. Mr Haferkamp can speak on behalf of the Commission, but he will have the nine central banks breathing down the back of his neck in everything he says. Mr Ortoli may be dragged along at the end of the rope and it may be a problem to discover any kind of common solution.

Perhaps the most difficult of all are the related political and defence questions, where the United States have every right to say that they have no "interlocuteur valable" at all.

If one were contemplating a Summit conference of that kind, we would find the chairman of the Council of Ministers presumably on our behalf climbing the mountain to the summit with eight other Foreign Ministers in his rucksack with Mr Ortoli dragging along at the end of the rope. First, there would not be room at the top of the Summit and, secondly, they would never be able to get there because they would never be able to agree to a common policy of that kind.

So we find inevitably that the European answer to the United States is deficient. It cannot be united over the whole field. We have made progress; there is no doubt about that. At Helsinki we are talking as a Community with a single voice in political matters; and this is a great step forward.

It is asking much of our American friends to say, "When you talk to us about trade matters we can talk to you as a single entity. When you talk to us on political matters we are very sorry but we cannot talk to you as a single entity. You must talk with all nine of us separately."

The lesson I have learned from the discussions we have had with the Americans, and indeed from the whole of the preparation we have had for this year of Europe, is the desperate need

Kirk

for us as a Community to move outside the limited field of the Treaty of Rome into fields where we can more rapidly come together on a common policy.

Many speakers have said that we cannot discuss our relationships with the United States unless we are prepared to discuss the whole problem of Japan. Yet up to a very short time ago the view expressed in Europe as a whole was that Japan was an American problem and that it was up to the Americans to try to solve the problem. We thought that it was the Americans' bad luck and that they were landed with it. Only now are we beginning to realise that it is a problem that affects us to nearly as great an extent as it affects the Americans. I hope that Sir Christopher will be able to say something about the Commission's approach to the very difficult problem of Japan and the way in which we should approach the problem.

It is not enough for us as a Community to say, "We are prepared to talk to you, the United States of America, about the matters which interest us. The matters that interest you are your concern and you can go away and discuss them among yourselves."

We have had two days of interesting discussion and we look forward to a further interesting discussion tomorrow morning. It is my hope that at the end of it we shall be able to produce for the consideration of Parliament and, I hope, of the other institutions of the Community, a joint declaration or communiqué agreed to by members of the American Congress and the Members of this Parliament.

It may well be, Mr President, that at the end of this debate you will feel it wise not to ask Parliament to proceed to a vote on the resolution immediately, but to wait until we have produced the joint declaration or communiqué which can then be communicated by you formally to Parliament and adopted by it.

Nevertheless, I am delighted that this debate has taken place. I think that it has been worthwhile, and not just as a demonstration of the importance that we attach to our relationship with our oldest friends. That is true of all of us, of every one of the nine countries. All of us have implanted something in the United States of America from our own heritage from which they have benefited, I hope, and they have given something back to us. It is therefore right that we should be concerned with them. As I say, I think that it has been of advantage to have this debate.

Another reason why it has been an advantage is that we are at a crucial stage in our relationships

as a Community with the United States, and it is right that Parliament should consider these problems, and if possible, give some guidance to the other institutions of the Community as to the way in which these problems can, if possible, be solved.

(Applause)

President. — I call Mr Cousté on behalf of the EDU Group.

Mr Cousté. — *(F)* Mr President, ladies and gentlemen, it is both a privilege and a pleasure, on the occasion of the visit of a delegation from the United States Congress, whom we welcome, to be able to express to the whole Assembly the satisfaction we derive from this initiative and the renewal of these contacts between American and European parliamentarians.

Whereas it is our turn today to welcome our American colleagues, a short while ago, they were kind enough to invite us, and since that occasion, with a freedom of expression and manner based on the cordiality and mutual understanding which has always marked relations between European and American parliamentarians, we have been able to express our awareness of the need for regular informal friendly dialogue of this nature—outside this chamber, admittedly, although this has already been stressed by earlier speakers.

It is evident that, in welcoming not only the heads of the American parliamentary delegation, but also their colleagues, both Republicans and Democrats, we are fully aware as parliamentarians ourselves of all the potential shades of significance of dialogue of this type and of the importance of stressing that the positions announced officially by executive bodies are sometimes the subject of just as sharp criticism on the part of those who have to listen to them or understand them as on the part of those—and I am thinking of our American friends—who have to exercise supervisory duties over them.

Our discussions were therefore exceedingly interesting in that they enabled us, the European parliamentarians, to explain the progress made by the Community as such since our last meeting and to note the satisfaction with which our American colleagues have observed it. In connection with the forthcoming negotiations within the framework of the General Agreement on Tariffs and Trade, I am delighted that the Community will be speaking with a single voice. I say this publicly because we know very well that the Commission has already done a great deal of preparatory work for these negotiations, both in presenting an approach which has now

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been submitted to the Council for its examination, and when we joined with our American colleagues, particularly in the committee on which the French rapporteur was Mr de la Malène, in examining the very objectives of the negotiations, namely the full range of problems involved in the re-examination of customs tariffs and the examination of non-tariff barriers, the problems of American farmers' and the world's farmers' relations with a European agriculture which has now embarked on a Community policy, the problem of generalized preferences, indeed that of reverse preferences in view of the circumstances of the developing countries, and even safeguard clauses. I therefore believe that it was particularly appropriate that our American colleagues should see for themselves the extent of the work already carried out in preparation so that they will have a better understanding of the united position which the Community will be taking up in the GATT negotiations.

Regarding the other theme of our discussions, which has already been referred to by the earlier speakers, namely the problems involved in reforming the international monetary system, we realize—better than others, since we had the opportunity to direct the Working Party personally—the importance and difficulty of the problems raised. If we want the international system to work, we must have an ordered, stable structure of rates of exchange. We cannot allow a situation in which our individual initiatives or difficulties can create constant conditions of instability and insecurity in monetary dealings and trade.

This led us to a very frank discussion of the problem of the convertibility of all the currencies into neutral instruments of reserve. We are well aware that, by doing so—we shall return to this during the debate on the substance—we raised a problem which is extremely difficult for the Americans.

We also brought up the problem of the international regulation of short-term movements of capital. I believe that the difference between our American friend's approach and our own is a reflection of the state of integration of our economies. Whereas the Americans speak with a single voice and take the initiative, we all know the difficulties experienced by the Commission on one hand and the Council on the other in dealing with the suddenness with which these problems arise and the radical nature of these crises, which on each occasion provide increasingly clear illustrations of the very difficulty of coordinating monetary policies.

To turn, as we did, to the social aspects of agricultural policy in the United States and the

Community, we are now in an infinitely better position having reaffirmed our common agricultural policy during these last few days. Having to resolve the problem of the effect of the differences of rates of exchange within the Community on the policy of uniform prices and a single market, we were able to show the real unity and union of the Community, which was very important. What struck me—and my own colleagues and my American colleagues stressed this—was that our American colleagues displayed far more understanding in this field than certain purportedly official voices would perhaps have led us to believe.

I would add finally that, in the field of East-West relations, in the context of the conference on European security and co-operation, I am extremely pleased that the chairman of the European Parliament delegation, Mr Kirk, should have said that we are also talking with a single voice in Helsinki; at last, this is a significant step forward in the coordination of European foreign policies whose consequences are not yet clear to us, but which, in itself, is such a new departure that we can hope that it will contribute towards the consolidation of the very interests of the Nine, in short of the European Community, in this extremely difficult area of the coordination of the foreign policies of the Nine. For this reason, my dear colleagues, I am delighted, not only with the timing of our discussion, but also with the resolution itself.

This reference to the Conference of Heads of State or Government held in Paris is not accidental. Nor is it accidental that we have stated and repeated in this resolution that, in accordance with its political objectives, the building of Europe will enable it to affirm its personality and, in the words of the communiqué from the Paris Conference, add to its traditional friendships and the alliances of its Member States in a spirit of good faith.

This, I am convinced, should reassure all those who have relations with the Community, firstly our American friends, of course, but also all the other countries of the world, and particularly the developing countries.

I would add that, when we stress that it is necessary for our Community to show itself to be a distinct entity in world affairs, although resolved to promote better balance in the world whilst adhering to the principles of the United Nations Charter, we are not making an empty reference to a vision of the policy of the Community, but are referring to the guideline given by the Heads of State or Government, namely those who, in liaison—very close liaison—with the Community institutions, are truly representative of the vision of the future, the objectives

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and resources of the European Economic Community, which, although it has been enlarged, is becoming more and more united every day.

This is why I believe that, by sanctioning the content of this little paragraph on the identity and strength of Europe in the vote on the resolution, either today or later, as proposed by Mr Kirk, we must never forget that we have embarked together on the successive phases of the Economic and Monetary Union and that, if it is possible to achieve our objective of European Union by 1980, this can only be done through the efforts, disciplines and even constraints which the content of the Economic and Monetary Union genuinely represents. Then, but only then, Europe will have fully acquitted its coordinating role among all the countries of the world, thereby taking up the challenge of drought and famine in Africa, because it will be prosperous, not only for itself, but also for the rest of the world.

(Applause)

President. — I call Mr Leonardi.

Mr Leonardi. — (1) Mr President, honourable Members, we shall not enter into the merits of the problems raised by Dr Kissinger's speech. We believe that these are of the utmost importance for the future of our Community and that they merit the most careful consideration in the light of adequate briefing by the Commission of the European Communities and close scrutiny by Parliamentary committee. For these reasons, we are in favour of the text of the resolution submitted by the political groups.

What we can say at this time is that external forces, including the United States, which undoubtedly made a great contribution towards the formation of our Community are now adopting different stands from those that they have adopted at other points in the history of our Community. We must, therefore, say something that we have said many times before: any step forward within the EEC will require greater efforts on the part of its internal forces as well as the ability to arrive at common jointly-held policies which will also serve as a foundation for its individuality vis-à-vis the outside world.

We must recognise that one advantage of American intervention, in the various forms in which this has occurred in recent times, has been that of stating the problem in general political terms and of requiring a reply from us in the same terms. In view of its institutional structure, I believe that the Community will find it difficult to give that reply, but Parliament can certainly make a very valid contribution.

If this is to be the case, we must bear in mind certain features of the way in which our Parliament operates. Once again, we must deplore the position in which we have been placed, including the fact that this group has been excluded from the delegation which has had what must certainly have been very interesting contacts with the U.S. Congress delegation in the past few days.

It is our opinion that this Community can only take a strong and creditable stand if it is able to represent all its forces with their range of views, for or against. Only in this manner will the Community be able to adopt a stance in which it can respond to the challenge with which we are faced. I believe that this concept will be shared by all those who believe in democracy. The force that we represent—and whether one likes it or not, the force is substantial—cannot be ignored.

President. — I call Sir John Peel.

Sir John Peel. — Mr President, as I have the honour this year of being the President of both the Assembly of Western European Union and the North Atlantic Assembly and also a member of this Parliament, I particularly welcome this opportunity of having my friends from the American Congress with us this afternoon.

We hear a great deal these days of the word 'détente'. But I think it is extremely important that the free democracies of the West should be quite sure what they mean by détente and what they think the Russians and the Communist world mean by détente. We have some political détente at the moment, but it is very clear we have not yet achieved military détente. This is something for which we must work.

If we survey the forces that are arrayed against our way of life, I do not think at the moment there can be any argument that we need to maintain the strength of our grand alliance. We must decide the best method for doing that. I do not think there can be any argument that the North Atlantic Alliance is the best way to do it.

That brings me to the importance of our American friends' military presence in Europe. I am convinced, and I always hope that our American friends are convinced, that it is in the interests of the American side of the alliance that they should have a substantial presence in Europe both politically and militarily. But, of course, there is no doubt when we look at the rapid increase in Russian military power that we need to maintain and improve our defence posture.

Peel

I wish to look particularly for the moment at the European side of it, because clearly it requires not only to be maintained but to be strengthened. We must not give the impression to our American allies that we are prepared to become, and are only interested in becoming, prosperous and flabby. We must not expect others to defend our growing prosperity for us. I therefore say that the European pillar of the Western defence needs strengthening. The only way to do this is through a more unified Europe with greater cooperation in every sphere, economic as well as all other ways, of course.

I have always understood that the Americans wanted this, but I have a feeling that, now they are seeing the economic side developing, they are becoming worried. It is producing problems for them in trade, in economic affairs and in finance. I can detect an impatience in them because of the impact on these interests of theirs.

Many of us European parliamentarians are also impatient at the slowness in obtaining real Western European unity. But in the context of today, I submit that this process is bound to take some time. There can be no incompatibility between Western European defence and the North Atlantic defence. Western European Union, of which seven of us are members under the Brussels Treaty, and NATO are not incompatible. I remind my colleagues that it was voluntarily that the Brussels Treaty powers handed over the practical side of defence to the North Atlantic Alliance, in fact, to NATO.

I can well understand the American pressures and impatience over negotiations and agreement with reference to trade, economic affairs and finance and the desire to see these tied to the American defence contribution in Europe. But I put to our friends frankly that it would be better to deal with these matters separately, although of course they are interconnected.

I know that our American friends can point to the amazing unity that they themselves have established in that great continent, but I ask them to remember the very different conditions of today. After all, a very large factor in American unity was forged in a welter of blood. We cannot have that today in Europe. The only way we can proceed is in peace and by agreement.

In the meantime, I stress the need for increasing collaboration between Europe and America in this very important stage of our evolution. I remind my friends that in the North Atlantic Assembly we have the only existing body of parliamentarians from both Western Europe and other parts of Europe and North America. The American Congressmen regard this as a very important body and consider it to be official. I think it is time we Europeans did the same.

As to the time of parliamentarians, I know how difficult this is for our American friends. The Congressmen of America have an enormous amount of work to do, and there is a limit to the number of bodies they can attend.

I therefore say, let us make more use of our existing institutions but at the same time it is vitally important in my view that the contact between Europe and America should be extended beyond mere parliamentary association and should cover every aspect of our national lives. We should perhaps create a body outside parliamentarians which would include every activity of our lives.

Finally, may I say how glad I am to see our American Congress friends taking an interest in our affairs and obviously showing how important they regard the need for closer association between the two continents.

President. — I call Mr Petersen, who is the last speaker on the list.

I shall then call on Sir Christopher Soames to reply.

Mr Petersen. — (DK) Mr President, I am speaking on my own behalf in order to emphasize that I do not concur with the view that questions relating to a common defence policy must necessarily be discussed in this Parliament in order to create the necessary coherence. I do not think that cooperation within the Community on a number of important areas also presupposes a common military policy. I would like to reiterate what I have said before: security policy cannot primarily be a question of military policy; in my view that is an old-fashioned attitude. If we are really going to talk about security policy, then the question is: how are we to avert the dangers which threaten the whole world, and which centre on pollution, the whole problem of resources—we were discussing some of them a moment ago here in Parliament—on the population explosion and most of all on the poverty of the developing countries and the widening gulf between them and ourselves.

It is not my intention to make a long speech about my views on this question, but I can say, Mr President, that I support the proposed resolution which asks the appropriate committee to produce reports on all the urgent questions. I would, in particular, underline the passage in the resolution which states that the Community's responsibility is not only regional; it is a worldwide responsibility, as other speakers have already mentioned.

This is the challenge. Our efforts to live up to the challenge must be a most decisive feature of

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the development of cooperation between the Community and the United States, and all the problem which fall under the heading of security policy—broadly defined, as I have done—must be included in the coming debate in this Parliament. Otherwise it will not be a forward-looking, far-seeing debate, in which new paths are indicated. That, after all, is what many people throughout nations, and not least the young people, expect of this Parliament.

President. — I call now Sir Christopher Soames to answer the speakers.

Sir Christopher Soames, Vice-President of the Commission. — I am personally delighted at the initiative which the House has taken this afternoon in discussing the future of the relationships between the United States, on the one hand, and Europe—the Community and its Member States—on the other.

Your timing—I understand, Mr President, that this was your personal initiative—could hardly have been more opportune for a wide-ranging and thorough debate on the development of the historic relationship which is, and which will remain, of primordial importance to both sides. Thinking back to question time this morning, I want also to congratulate the House, in spite of the many technical and institutional difficulties which seemed to present themselves to having foreign policy debates, on having, in its own pragmatic fashion managed to have this very effective debate which has covered a very wide range of policy affecting European-American relationships.

The debate has provided the opportunity for the European Parliament to contribute to that constructive dialogue for which the Heads of State and of Government called in Paris last October, when they charted the course before us.

President Pompidou, at the time, seemed to me to express most admirably that spirit in which we should now approach our dealings with the United States, when he said:

‘Our links with this great country, the world’s foremost economic power, with which eight of our countries are united within the Atlantic Alliance, are so close that it would be absurd to conceive of a Europe constructed in opposition to it. But the very closeness of these links requires that Europe affirm its individual personality with regard to the United States. Western Europe, liberated from armies thanks to the essential contribution of American soldiers, reconstructed by American aid having looked for its security in alliance with America, having hitherto accepted American

currency as the main element of its monetary reserves, must not and cannot sever its links with the United States. But neither must it refrain from affirming its existence as a new reality.’

This keynote which was struck at the Summit has been taken up by President Nixon as an invitation to begin that constructive reappraisal on which we are now, together, engaged. We have recently had a number of contributions to our dialogue from the other side of the Atlantic—notably the President’s Foreign Policy Report and a speech from his adviser Dr Kissinger.

No doubt it is inevitable, when the United States have had to concentrate on events in the Pacific area for so long, that the first comprehensive policy statements on Atlantic relations from the other side of the Atlantic should be analysed carefully—perhaps too cautiously, perhaps too subtly. Some critics may feel that too much was being handed down on tablets from the mountain; others on the contrary may want more specific details here and now. But what matters at this stage, surely, is the overall tone, the strategy, the global approach to this relationship. And we in the Commission welcome that the dialogue is engaged at the highest level. We share the Americans’ feeling that the very successes of our policies in the past—the reduction of tension, the very real prosperity and the emergent economic and commercial muscle of our European Community—have created their own problems. And these problems must be frankly faced: for if they were allowed to fester, they could damage the very foundations on which we build. America’s position in the world, too, has not stood still, and other changes in the kaleidoscope of world relations have also contributed to the need to reappraise our relationship. For what is the Community’s relationship with the United States? It cannot simply be an extension or a projection of the Franco-American, the German-American or any other national relationship with the United States of the past. The European Community must evolve its own identity, it must find its own place in the world and develop its own relationships in its own interests with others both great and small.

It was after all not merely the desire to become richer, or to prevent future civil wars, that inspired the creation of this Community. It was far more than that. It was so that Europe in an age of bigness could rise to the responsibilities of greatness. Therefore, to redefine our relations with the rest of the world, to clarify our contribution to it, is one of the essential challenges to which Europe has to rise.

Soames

But as a Community we are, I fear, hobbled so far—and will be, while there are vital areas of policy on which, for instance, America and Russia can each act as units, with Europe still lacking the capacity to speak, to decide and to act as a single whole. This point was made with considerable vigour by Mr Kirk. In trade, in monetary relations, in the crucial field of energy supplies, in various other aspects of economic life, we recognise that Europe, as many honourable Members have said, is already destined to act as one, and is succeeding in doing so in varying degrees. We have our firm plans for developing this further, and as Mr Cousté said, nothing must be allowed to stand in the way of that. And do not let us underestimate the effort that has been required to achieve this, or the value of it for Europe, or its importance in world terms—for these are the very subjects which are the top priorities on the international agenda today.

But we must acknowledge that for matters which come under the generic heading of foreign policy we can as yet boast but little European cohesion, a point made to great effect by Mr Lückner and Lord Gladwyn. Let there be no doubt abroad that this is among the main objectives of that European Union at which Member Governments pledged themselves to arrive by 1980. The hard fact is that the Community's influence in the world will be directly related to our success in these endeavours. We cannot expect to be considered a single political force until we are ready to act as one. Nor will we achieve that relationship of equals to which Europe as a whole rightly aspires and which it has in its power to achieve. It must therefore surely be our constant endeavour to widen the areas in which Europe as such can engage in a dialogue with its partners and reduce those in which Member States each have to react with individual and often disparate responses.

The lack, as yet, of common policies in important fields is a handicap in Europe. It is also seen as such by our American friends, who regard the various aspects of our overall relationship as integral parts of an interconnected whole. I think it is well understood, here as in the United States, that trade, money, energy supplies, foreign policy and defence are all simultaneously vital factors that enter into our overall relationship. It would be a poor relationship indeed that existed in only one dimension. We in the Commission have long argued that the trade negotiations can succeed only if we bear in mind at the same time that they form part of this great complex relationship, in which many other wider political considerations are equally involved, and that these negotiations,

technical though they may be, are of prime political importance and will require positive overall political control.

On the other hand, it would be mistaken to argue that, because these problems are inter-related, they should therefore all be lumped into one big basket and dealt with together in a single negotiation; that all issues, regardless of their intrinsic timescales, have to be tied up by a single deadline; that every solution for any one must be conditional on solutions for them all; and that the difficulties in any one should block progress in the others. Certainly all these problems call for overall political direction and management. But to force into a single forum all the diverse questions we confront, far from simplifying their solution, could complicate and exacerbate them.

I must also say here that I would regard it as a serious misunderstanding if our American friends thought that the Community was increasingly stressing its regional interests. This does not seem to me an adequate description of the situation. I agreed very much with what Mr Fellermaier said in this regard. We are establishing in Europe a continental market without tariffs—which the United States already have.

Beyond the borders of Western Europe the Community of Six contributed notably to the expansion of world trade. It was the existence of the European Community that made possible the success of the Kennedy Round. The Community was the first to introduce and implement a generalised preference scheme to encourage the exports of the developing world. Let there be no doubt that the enlarged Community, representing as it does such a high proportion of world trade and world monetary reserves, has even greater worldwide responsibilities and intends to live up to them.

As Mr Kirk said, this debate is essentially about European-American relations but this, as he rightly said, does not apply only to European-American relations. It is the relationship which we have with our industrialized partners and also with the developing world, and the way in which the Community involves all these relationships is of prime importance and should be seen as part of a whole.

It is in this perspective of an outward-looking Europe, very conscious of its world-wide responsibilities, that we should now turn to what we can do together in the future with the United States. President Nixon's visit in the autumn will provide a most welcome opportunity for meetings at the highest level, where

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our inter-related problems can be treated in political perspective and our ways of approaching them coordinated.

That is the sort of over-arching political control which is so essential in the face of the many and abrupt changes which have been brought to bear on our relationship. How often has it been said that our common interests are so much greater than the differences that divide us. In the new situation of today, this is being questioned by some on both sides of the Atlantic. But the cardinal objectives which we share are surely as numerous and important today as ever they were. Let me suggest a few which are perhaps worth considering.

We are determined each to uphold our common democratic political tradition: that our public actions must serve—not transient regimes, racist prejudice or abstract doctrines of ideology—but living families of men, women and children, with individual human rights and with a rich diversity of cultural traditions.

We share a common resolve to make the world as safe as it can be made against injustice, violence and aggression. That will be a never-ending task. Each of us will benefit from the efforts of the rest. Each therefore must play a fair and honourable part, each sharing the risks, the costs and the burdens.

We must together continue to seek out ways of living peaceably and cooperating where we can with those whose collective aspirations differ from our own. The management and coordination of diplomacy in a period of détente will in many ways prove more exacting and more delicate a task than when dangers loomed large. We must approach it with at least as much cool reason, at least as great an effort of mutual comprehension within our alliances as we devoted and must continue to devote to the search for common strategic responses.

We acknowledge together our joint responsibilities towards the poorest parts of the world. In our actions on money and on trade, by outflows of capital and by technical assistance, we are resolved to help them reach levels where they can more effectively help themselves to realize their full potential. We see this both as a political and as a human obligation, and there are certain areas of the world in which, for historic and geographical reasons, we can make our special contribution.

We have to gear the forthcoming multilateral trade negotiations to the double aim of further liberalizing trade between developed nations and at the same time opening up wider trading opportunities for the developing countries. In

promoting a more open trading order in the world, we want to work for the benefit of the consumers, in defence against inflation, to secure soundly based improvement in living standards and employment opportunities—the material bases of human life and human dignity.

We recognize that, both in our own interests and to achieve a better equilibrium between the developed and the developing world, we need to build a more solid monetary order. It must serve to expand world trade in goods and services; it must allow productive international flows of capital to the areas of greatest need and greatest productivity; yet it must also be capable of warding off or absorbing those disruptive strains to which any monetary system is likely to be increasingly subjected in the future.

We recognize that rising populations and rising living standards will put increasing demands on the world's natural resources—particularly of energy—and on the recuperative powers of our natural environment. Growth may have no absolute limits; but we recognize its sharply rising difficulties and its explosive inherent imbalances. They will require joint action between resource consumers and resource suppliers, between those controlling the sources of pollution and those whose quality of life is threatened, both within and across national frontiers and continental shores.

These seem to me to be the kind of broad objectives that must not be lost sight of in our dialogue, and it is against this background that the specific problems between us will have to be tackled. Some may see the need for new institutions. Others may wish to draw inspiration from some new common document. However that may be and whatever may be decided by those in authority, what we most need now are real practical efforts together in vital and far-reaching domains.

So we welcome President Nixon's intention to visit Europe before the end of the year to meet both with our Member States and with our Community as such. The Commission within its own fields of responsibility will in the months ahead do all it can to press on with this dialogue.

We welcome the American President's recognition that the free world now moves from American predominance to more mature and balanced partnerships including both the European Community and Japan.

We welcome his reaffirmation that 'shaping a peaceful world requires first of all an America that stays strong, an America that stays

Soames

committed'. We profoundly believe that it requires, equally, a European Community that is strong, that is coherent, and that is committed to the aspirations which we share.

(Applause)

President. — Thank you, Sir Christopher, for replying to the various speakers. I would also thank all speakers in this debate for their important contributions. We shall now await the results of our reflections, which we shall know tomorrow. We ought, however, also to ask ourselves how we can make more progress in this field.

The debate is closed.

12. Communications, proposal for a directive and proposals for regulations from the Commission on energy policy (cont.)

President. — The next item is continuation of the joint debate on the reports by Mr Giraud (Doc. 36/73), Mr Hougardy (Docs. 31 and 32/73) and Mr de Broglie (Doc. 37/73).

I call Mr de Broglie to present his report, on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council for a regulation establishing a common system for imports of hydrocarbons from third countries (Doc. 37/73).

Mr de Broglie, rapporteur. — *(F)* Mr President, ladies and gentlemen, during the next decade the energy market both in the Community and in the world will pass through a rather critical period, and for the Community which, in ten years' time, will have to import a little over 60% of the petroleum it consumes this period will be one of uncertainty both as regards the freedom to acquire the products in question and as regards their price. This being so, the inevitable aim of any Community policy is naturally to seek ways and means of obtaining a stable and regular supply at the lowest possible prices.

As it is quite clear that the development of extractions of fuel or other types of energy within the Community will not either to supervisory machinery or to safeguard measures in the interests of consumers. A second system, applicable to a small number of products, establishes quantitative quotas for imports from third countries.

Here, the Commission proposes to apply to hydrocarbons the first of these two systems, i.e.

that of supervised freedom, though with two adjustments.

The first is to take into account the information which the Commission already possesses following the application of the regulation of 1972. The second consists in paying due heed to the idea of the security of supplies when the safeguard measures have to be envisaged.

This idea of security, which involves political and commercial considerations, must obviously depend on an extremely flexible power of assessment; hence the additions proposed to the 1972 regulation.

Lastly, it is also proposed to bring this regulation into force on 1 January 1974. For it is necessary to give a period of notice both in order to enable importers to adjust to the new system and to enable certain States to amend their regulations.

The Committee on Energy, Research and Technology of this Parliament has expressed an opinion which widely favours these proposals; they are guidelines for an action which should be strengthened still further. It must not be forgotten that the average annual rate of growth of energy consumption in the Community, which was 4.5% from 1960 to 1970, will exceed 6% for the years 1970 to 1975. It will thus have doubled in fifteen years and in 1975 over half of it will depend on imports.

This situation shows how urgent and important is this policy of statistics, information and attentive surveillance of the market as outlined in the present proposal.

(Applause)

IN THE CHAIR: MR DEWULF

Vice-President

President. — Before calling the other speakers on my list, I call Mr Simonet, Vice-President of the Commission of the European Communities, who wishes to speak at this point.

Mr Simonet, Vice-President of the Commission of the European Communities. — *(F)* Mr President, I should like to take this opportunity of thanking the various persons who have spoken since this morning in order to inform us of the conclusions reached by your Committee on Energy, Research and Technology on certain important problems.

The rapporteurs have taken care to tackle in a constructive spirit all the problems submitted to them, and in so doing they have made a most

Simonet

positive contribution to the work which the Commission will now have to pursue within the Council of Ministers. I thank them most sincerely on my own behalf and that of the Commission.

The report of Mr Giraud in particular and the reports concerning specific points which have been presented by Mr Hougardy and Mr de Broglie may be regarded as reflecting almost perfectly all the anxieties felt today by the Commission, just as it is about to open the discussion in the Council of Ministers which will take place on 21 and 22 May.

Before the debate goes any further and in order to help clarify it as far as possible, I should like to point out to you a number of considerations which underlie the proposals the Commission has submitted to the Council of Ministers and concerning which it strongly hopes the Council will adopt a common attitude, thus meeting the wish expressed by Sir Christopher Soames and, throughout this afternoon's debate, by the members of your Assembly.

Today we find ourselves in a situation somewhat different from that which has hitherto characterised the energy situation of the Western world. I feel it is no bad thing that we should try to sum up this situation, having regard to the developments which have occurred in roughly the last eighteen months.

Firstly, I would remind you that during this period new relations have been established, and I think I can now say in a definitive way, between the countries which produce and export hydrocarbons and the producing companies and, beyond the latter, the importing countries. It seems to me that the time when these companies and importing countries were able to enjoy a strong position vis-à-vis the producing and exporting countries is now past. I do not think there is the slightest difference of opinion on this fact either among the experts or within this Assembly. The only thing which may possibly divide the experts or yourselves as the representatives of opinion is the way you react to this new state of affairs; but I do not think you can fail to register or acknowledge its existence.

Secondly, it is certain that today a number of new facts have occurred in the energy situation of the Western world.

Another aspect which seems to me equally important and which justifies the importance you attach to all these problems is the growing awareness of the situation which has taken place in the past few months both in Europe and the United States where, in some respects, this awareness has led to a certain amount of panic.

It is bearing these facts in mind that I should like to express a number of general considerations on the situation of the energy market which may perhaps clarify this afternoon's debate, and then voice a first reaction, even if only a personal one, to the important message on energy policy which the President of the United States has just conveyed to the American nation. Finally, I should like to sum up and try to define the main points of the ideas underlying the communication which the Commission wishes to make to the Council of Ministers on 21 and 22 May on the subject of a common energy policy.

If we were to try to summarise the situation of the energy market and more especially the situation of the enlarged Community, we might do so by means of certain statistical data which, of course, as far as estimates are concerned, are subject to all the hazards of economic forecasts, but which nevertheless seem to me to be sufficiently illuminating to form the basis of an economic diagnosis.

Taking the situation as it was in 1970, we note that the enlarged European Community will have consumed 830 million tons of petroleum equivalent, 57% of which actually represents the consumption of petroleum, most of this petroleum being imported as you know. If we make a more long-term forecast we note that this figure will have doubled by 1985 when we may be consuming about 1,660 million tons of petrol equivalent, of which 62% would by then be normally represented by the specific consumption of petroleum.

If we make a further effort and go as far as the year 2000, while handling these statistics with all due caution naturally, the figure will again double. But we believe that by that time the proportion of petroleum in the overall energy balance will have declined and will fluctuate between 44% and 34%, according to whether one is more or less optimistic about the future of nuclear energy.

Those are the basic facts underlying our efforts to reflect on these problems, and I would hasten to add that these efforts have obviously been concerned mainly with the period between now and 1985.

The predictions we make about the consumption, needs and production of energy in the year 2000 are purely an intellectual exercise, as everyone will agree.

If we now take this period of 1985 we note that we shall have to adopt without delay some major courses of action which will—or at least should—determine our policy.

Simonet

First of all, I believe we shall have to improve the conditions governing the use of energy. The fact is that energy is not an infinitely elastic resource, it is a scarce one and it is therefore our duty to devise the most economical techniques possible for its use—that is to say, to bring our demands for energy into line with forms of supply which will enable these demands to be met at the lowest possible cost to the community.

Secondly, we shall unquestionably have to encourage research into new resources of petroleum and natural gas, and we shall see in a few moments how this may be achieved, though sometimes with difficulty.

Thirdly, I believe we shall have to make an intensive effort of scientific research to develop new forms of energy, and I am thinking particularly of coal gasification.

Lastly, to mention only two more points as I do not wish to be exhaustive but to confine myself to mentioning the essential points of the programme we should undertake, we should step up our effort to develop and promote nuclear energy because, as I showed you a moment ago, the most promising substitute fuel is unquestionably nuclear energy. And finally, we shall have to deal with one of the most pressing human problems which exist at present, that of seeing human beings concerning themselves more and more with the quality of their existence—that is, the conditions in which production, including energy production, respects the environment in which they live.

These, Mr President, are to my mind the main points of the energy policy towards which it will naturally be important for the Community as such to adopt a definite and joint attitude if possible.

I should now like to spend a few moments on the problems of petroleum, as Mr Hougardy raised these problems when presenting his two reports.

If I were to sum up the situation in a perhaps over-simplified way, I would say that for the period which concerns us—that is, up to 1985—there is no threat of a material shortage. In other words, we have no reason to believe there will be a scarcity of petroleum. The problems are of quite a different order and relate to the economic, financial and political fields.

Mr Giraud alluded to the economic and financial aspects in his report. No doubt some producing countries may make calculations of expediency by comparing the advantage of keeping their petroleum resources underground rather than accumulating credits which are more or less convertible and which at present, moreover, are

not convertible at all. This is obviously a choice which may present itself for them at some time and on which they may adopt an attitude which would lead to a slowing down of the production of hydrocarbons and thus a relative shortage for the importing countries.

The problem is also a political one. One or the other of these countries may certainly be tempted to use the monopoly it enjoys as a political weapon. Quite recently a representative of one of the main producing countries mentioned this possibility in extremely precise terms. That is the situation with regard to conditions of production.

I must immediately add two considerations with regard to the conditions of operation. These will certainly become more difficult because as the easily accessible resources become scarce the work of prospecting, research and extraction will entail additional investments. Furthermore, as the producing countries play an increasing part in production there is a risk that for economic reasons peculiar to themselves a shortage of investments will result, which would be another factor leading to a decline in the growth of petroleum supplies.

These are the aspects of the petroleum problem which I believe must be in the forefront of our preoccupations and which should therefore also determine the choices which we shall make with regard to energy policy.

I should now like to say a few words, Mr President, about the message of the President of the United States on energy policy. This is a document whose publication had long been awaited both in the United States and outside and both by importing and exporting countries.

The first thing to note is that this document deals satisfactorily with certain alarmist attitudes which had been adopted in the United States. For you know that the Americans had reacted somewhat emotionally to a phenomenon which for them was entirely new but to which we Europeans are fully accustomed: that is, to find themselves, for the first time in their economic history, faced with the need to import some of the energy they consume. And in order to appreciate what this means it should be remembered that as recently as 1967 the United States, being an exporter, had appeared to be able to supply Europe with the amounts of petroleum it would have needed if the Middle East conflict had worsened.

The President of the United States tackled this problem very calmly and in a most traditional spirit; he then announced a number of measures whose main characteristic is that they chiefly

Simonet

concern the internal market. Various measures were announced with regard to customs policy in order to facilitate the import of petroleum, while at the same time refineries within the United States retained an advantage. Measures were also announced with regard to price policy in order that the restrictive policy which had been applied in the field of natural gas and had been partly responsible for the comparative shortage of this product in the total fuel resources of the United States might be reviewed. A number of measures are likewise announced for increasing the infrastructure of production and transport by land, with reference to the Alaskan pipeline, and for the construction of deep sea ports. In short, the ideas expressed by the President of the United States concerning energy policy constitute a perfectly coherent set of political reflections which give us and I believe the United States reason to hope—provided of course that these measures, if they entail legislative action, are adopted by the Senate—that the problem now confronting them, which is a sizable one but not as dramatic as some have made out, will be duly solved.

The second characteristic of this message is that it is far more discreet—apart from an affirmation of principle on the need to organise co-operation with the energy consuming countries—about the external aspects of this energy policy.

The Commission is particularly anxious to enter into discussions with the United States, but also with Japan, on the basic conditions of a co-operation which should avoid what Mr Hougardy called this morning the “scramble for oil.” We have reasons to think that the offer made by the President of the United States, even though formulated in general terms, reflects a genuine desire to establish this type of co-operation; at all events it is the Commission’s wish to try to encourage it and above all to take the first vital step which is, of course, to enable the Community to adopt a common attitude on this subject.

It is useless to seek discussions with single centres of decision, as the Japanese or the American economies are, even if they were largely decentralised, if we are not also able to have at our level a single centre of decision on a number of fundamental problems of energy policy.

Still on the subject of this international problem; referring to what Mr Hougardy said and at the same time anticipating what I shall say later about the essence or substance of the communication from the Commission to the Council, I should like to say a word about the role of the major international companies.

The Community has no intention of giving these companies a semi-public status, of integrating them into a coercive or administrative system. The Commission wishes to ensure the financing of the energy needs, and more particularly with regard to the supply of petroleum, through the market and the channel of the private enterprises whose task this has hitherto been. If the big oil companies are private enterprises, Mr Hougardy will surely admit that they do not exactly resemble the others and that the important and even decisive role they play in supplying energy resources warrants a consultation procedure being worked out with them.

That is the aim of the Commission’s proposal.

I would stress that it is not a question of giving them a public status or surrounding them with irksome administrative regulations, but of devising with them a form of consultation bearing on the main elements of their policy and ensuring at the same time a clear price policy. As I said a moment ago, we are aware that it is the market which will have to finance the immense needs for energy in the European economy, but this also means that there must be a minimum clarity of price policy in order to prevent an abuse of economic power in this respect.

These companies will continue to play a decisive role in the supply of energy to the European economy and I am not one of those who would like to reduce them to the role of “farmers general” if I may thus express myself, which certain specialists have wished to bestow on them.

It is against this background—and indeed I have already mentioned this aspect by referring to the relations between the Community and the big oil companies—that the measures the Commission has proposed to the Council should be judged. Some of them have formed the subject of previous reports, and I am thinking in particular of the system of aid to coking coal, the system of the import of hydrocarbons, the status of joint hydrocarbon undertaking, the status of oil and gas pipeline of European interest and lastly the extremely important problem of the creation of a European uranium enrichment plant.

These are a number of specific problems on which it would be desirable for the Council of Ministers to state its views, for it is on the basis of concrete measures like these that the real possibility of working out a Community energy policy will emerge.

The communication I mentioned a moment ago contains various points of general policy.

Simonet

I will mention first the problems of co-operation with importing countries and producing countries. I mention them together because they cannot be dissociated. As was said this morning, there is no question of creating a kind of holy alliance of the supplying countries as a result of this indispensable consultation with the United States and Japan. On the contrary, it is a question of forging constructive and mutually beneficial links with the producing countries. That is why I do not think it is possible to dissociate the dialogue we wish to have with the United States and Japan—which should relate among other things and in the first place to the organisation of a joint system in periods of crisis—from that which we should have with the producing countries. I think they should be conducted simultaneously, in order to prevent the producing countries from reacting unfavourably to this discussion which we must hold with our other partners which are also importing countries, as if there was any desire on our part to create a united front of a more or less aggressive nature against them.

I turn next to certain measures of which I have already spoken concerning the relations with the oil companies and the organisation of the market.

How indeed is it possible to reach agreement on certain points, such as the organisation of a joint system in the event of a crisis, if we cannot assure our American and Japanese partners that we, like them, are in a position to organise the market and provide it with the necessary managerial staff?

The second element seems to me to be the establishment of a system of markets on the Community level, in collaboration with the oil companies and with due respect for their autonomy, because if by chance this deadly struggle for oil resources mentioned by Mr Hougardy this morning were to get worse, there is a strong likelihood that it would be the Community which would emerge the most unscathed, and this for a number of reasons which are familiar to you all and to which we might return during the debate following this communication.

Lastly, and here I revert to the specific points I mentioned just now because they are really vital, we must make a number of choices both as regards the development of European nuclear industry and as regards the maintenance and organisation of our coal production. These are the essential lifelines and crucial points on which we should obtain agreement and on which it would then be possible to lay the preliminary foundations for a constructive dialogue with the United States and Japan. If this dialogue led to

an agreement, it might perhaps—and I am not being unduly optimistic—help to ease the way for all the matters we have to discuss with the United States. That is why I venture to suggest that as a result of your deliberations and of this need one feels within the European Community, the political authority to which the power of decision on the Community level is entrusted—that is, the Council of Ministers—will take the measures which are essential for the development and prosperity of the Community.

(Applause)

President. — Ladies and gentlemen, after the rapporteur I have seven more speakers listed.

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

Mr Burgbacher. — *(D)* Mr President, ladies and gentlemen. On behalf of my group, I would like in the first place to express my sincere thanks to the authors of the four documents, Mr de Broglie, Mr Hougardy, and especially Mr Giraud. In referring especially to Mr Giraud, I do this because his report is a comprehensive one, and a logical sequel to all the reports which the Committee on Energy has repeatedly placed before this High Assembly, albeit with modest success. These represent very small steps towards the exploitation of sources of energy. They do not, however, offer the prospect of an early solution to any of the most important aspects of the problems involved. In Mr Giraud's report, the measures proposed by the Commission are comprehensively listed in order of priority—and this appears to me to give a useful impulse to the further work to be carried out in this field.

If I am now expressing myself so critically on the situation as regards the exploitation of energy, I would like to emphasize that I cannot support the view taken by Commissioner Simonet, namely that no problems of shortage can arise before the year 1985. I must in fact explicitly contest this, since I am of another opinion. It is my opinion that we have to reckon with the possibility of already grappling seriously with problems of shortfalls in the early eighties. The Commission has indeed said in Document 14 81 of the 19th of April, that over the next 15 to 20 years it is the economic and political conditions under which energy can be made available, rather than the actual sources of availability, which give cause for the anxieties felt regarding the future outlook—which is what Commissioner Simonet also said. In the long term, the extent of the sources of energy which are being developed or which remain to be discovered, is a matter requiring further action. This is the first question. What ideas has the Commission

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regarding new sources of energy and the development of existing ones? Which ones do they wish to develop? Mention has indeed been made of certain ones, but we have no basis for thinking that steps are being taken in this field which could lead to an implementation of this expectation.

The necessary transition from hydrocarbons to other sources of energy requires very extensive investment, and likewise greater efforts, to achieve a rational utilization of energy. I should also again draw attention to the Summit Conference of October 1972, at which the Heads of Government expressly called for the maintenance of reliable and continuing supplies of energy under satisfactory conditions. It is not my view that these two factors now merit any less prominence than they were already given at the close of the Summit Conference. The necessity for cooperation between the oil-consuming and the oil-producing countries has already been mentioned. I believe that without this cooperation we Europeans face a most unfavourable prospect. On behalf of the Economic Affairs Committee, I commented on these documents to the Committee on Energy. I would like to refer to a Table incorporated in these comments, with which the Commission is certainly acquainted. It is taken from the publication "US-World Energy Requirements and Reserves in 2000". It is thus based not on 1985, but on the year 2000. These statistics, in which individual figures may be subject to modification, but which must be read in the light of their general trend, clearly show that by the year 2000, 87 per cent of the oil, 73 per cent of the natural gas, and two per cent of the coal will have been expended. I would like to call attention to the importance of coal as one of the main sources of original energy available to us, and I must say that I was immeasurably astonished to read that Mr Simonet is reported to have told a congress in Flanders that in 20 years the output of coal would dry up. I find this inexplicable. Perhaps Mr Simonet would be kind enough to explain or rectify this extraordinary statement; seeing that in all countries throughout the world efforts are being made to increase the output of coal, whether it be in the Soviet Union or in the United States. The conversion of coal into forms of liquid or gaseous secondary energy offers great prospects for the elimination of the deficiency in energy which in my opinion we are facing.

It has been said that for various reasons the amount of oil can vary. The chief effect of this is to pose the following additional question. Are we sure that the main sources of oil in the countries of the Near East will still be under the

control of those who control it at present, at the time when we need the oil? It has already been said that under certain circumstances the masters of that region may themselves reduce the supply of oil, since there is a possibility that they do not know at all exactly how, and how quickly, they can best turn to account the golden windfall which the oil brings them. In which case the supply factor also changes. If the United States emerges as a bidder on the oil market, as has been announced in President Nixon's message, this at least will then become clear: the demand will rise appreciably, and according to all the principles governing the market, there will then be a correspondingly sharp increase in price. A sharp increase in the price of oil means, however, that the existing relativities as between competitors will be radically transformed.

There is one other theme that I would like to refer to again. No energy can be as costly as the effects of a shortage of energy upon the economy and the social structure. I urge you to let this thought sink in, for it is fundamental to the decisions to be taken regarding the economic utilization of energy. I can understand that this claim has not yet been made in the course of a debate on energy, although the fact is that the debate on oil cannot be conducted without also referring to the monetary significance of events related to oil. The former US-Minister Petersen has calculated that by the eighties the United States will have to pay an additional 20 000 to 30 000 million dollars a year to the oil-producing countries. We know that oil-dollars now already play a part in the currency market, and that they will have an even larger part to play. A statistical bureau has worked out that in thirty years time the oil-producing countries in the Near East will be in possession of some 1 million million dollars. How will these be utilized? If they are spent within the country possessing them, they can only have an effect on currencies if they are spent on domestic primary products. But if deliveries are in turn paid for with dollars, this then involves the dollars which are vexatious to us in other fields, and which incidentally are costing a mint of money in other fields. In my opinion, when assessing the price factors, this aspect of the possible price-effects of the oil policy currently pursued, on national economies, should have been borne in mind.

What Mr Simonet has said also includes a reminder that great confidence is placed in the development of nuclear energy. I would like to state plainly and simply that up to now the great confidence which has been present for a long time has been justified only to a modest degree by events. At the present time, 1.6% of the total energy-requirements of the Community of Nine is covered by nuclear energy. Statistics

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compiled by one of the big oil companies—Esso, I believe, and therefore certainly an unprejudiced participant as far as my exposition is concerned—estimate the development of nuclear energy up to 1985 at a total of 8%, whereas for example the figure for natural gas is 16%, and a further expansion of 47% predicted for mineral oils. Oil shows a decline. The construction-period for nuclear reactors and large power-stations involves 8 to 10 years, including planning and protracted proceedings arising out of the requirements for environmental protection.

This accordingly means that anything not decided upon now will not be achievable in the years 1981 to 1983. Is sufficient attention paid to this point of view? Or are we perhaps consoling ourselves with the prospect that we may possibly come through to the year 1985 without any perceptible energy-gap? We know, however, that this gap will certainly exist from 1990 onwards at the latest. It is my opinion that it was necessary to plan a policy for energy on a somewhat longer-term basis.

Our request to the Council for the May session is therefore that they take a longer view. We also make a plea for research, namely that the research-installations of the Community occupy themselves with the question, for example, of how we master the squandering of energy, which still exists on a large scale, how we come nearer to the recovery of energy, how we liquify coal to obtain propellant fuels, or how we vaporize it to obtain a product of the quality of natural gas. As is known, a solution which offers itself here is to make use of the heat generated in high-temperature reactors in order to produce gas of natural quality from the coal and the brown coal which is in sufficient supply within the Community, thereby alleviating or removing the bottle-neck which threatens us, and incidentally also saving a mass of foreign currency in the process. Today it is somewhat less fashionable to talk of possible foreign currency difficulties. But maybe the day will also come when account again has to be taken of his aspect.

I am about to conclude, since my time has also run out. On behalf of the Christian-Democratic Group, I recommend that the reports before us be approved, with our thanks to the rapporteurs. To the Commission, I put forward with all sincerity the request that we approach the real problems of energy policy—and not just those now on the agenda, or even those of 1975, but those from 1980 onwards—in a more concrete and pragmatic way; with earnestness and vigour, unless we want to find ourselves facing a most unpleasant shortfall of energy.

President. — I call Lord Gladwyn on a point of order.

Lord Gladwyn. — Mr President, I wish to raise the question whether we should, while going on with this debate until its conclusion, defer the actual voting on the resolutions before us now until the next Session of Parliament. The reason is that certainly my Liberal colleague Mr Johnston and I, and, I believe, a large number of Members, have not had the time to read the reports in front of us.

It would be rather derogatory to Parliament to pass such important resolutions on a subject which is perhaps the most important of all those before us at the present time, with the possible exception of defence, when the great majority of Members have not even read the reports.

I dare say it is nobody's fault. It may have been the Easter holidays or strikes or something. However, the fact is that we saw these reports only yesterday and could not possibly have read them by this time. I believe that this applies to a great majority of the House.

Surely the matter is not as urgent as all that. I suggest that we merely have the debate now and continue with any speeches which any of us may care to make and, having read the reports by next time, then we could take the vote on the resolutions.

In the House of Lords not long ago we had a very important debate, on, a Liberal initiative, on this extremely important subject. Mr Johnston and I would probably like to relate that debate in the House of Lords and the resolutions which we then passed to the present reports before us in order to see whether by any chance to put forward any amendments. I cannot see it would be desirable from our point of view for us not to have the privilege of doing so.

I repeat that there is no urgency. Why should we not go on with the debate until its conclusion and then agree to postpone the vote until next time? That is my proposal on a point of order.

President. — I therefore have a procedural motion to defer the vote on the motions to a later part-session.

I call Mr Springorum.

Mr Springorum. — (D) Mr President, on behalf of the Committee on Energy, but also on behalf of my Group, I must request that this proposal be rejected.

It is indeed correct that the documents were first made available to the members of this Assembly at very short notice. The time-limit nevertheless complied with the Standing Orders,

Springorum

namely a period of 24 hours before the session. It is no fault of the workings of the Committee that these documents were distributed so late, but is attributable to the fact that both the extended Easter week-end and the extended week-end of 1st May fell within this period. Our office staff also had to be granted the right not to be on duty on these days.

I must also ask that this proposal be rejected because the pace of the fluctuations in the energy-policy means that reports which are four, six, or eight weeks old, are not being read by anybody any more. They will therefore not be of any further interest in four weeks time.

If they are not disposed of today, they will be of no interest whatever to the session of the Council of Ministers on 21 May.

It is therefore my opinion that we should dispose of them today, as was also resolved yesterday by Parliament when drawing up the agenda.

President. — I have two speakers listed as rapporteurs.

According to the Rules of Procedure, I may call one speaker for the motion and one against.

Since Mr Giraud is to speak against the motion to defer, I first call Mr Hougardy, who is in favour of it.

Mr Hougardy. — (*F*) Mr President, Mr Springorum's remarks are absolutely correct.

There is no doubt that the Committee on Energy, Research and Technology and its Secretariat have not been idle and that the documents were communicated in time to the administrative services. There is therefore no question here of calling the Chairman or Secretariat of this Committee to account.

For my part I fully approve the statement by Lord Gladwyn.

If we wished to play on words we could indeed prolong the sitting until a very late hour, for I went to the document distribution service myself and I only had this document in my hands yesterday at about 6.15 p.m.

We have only to wait a few more minutes for the twenty-four hour period to have elapsed. But I do not intend to open a debate on such points of detail.

I think we could very well close the debate today and enable those who so wish to peruse carefully the contents of this important document and submit any amendments at the next meeting, as Mr Springorum rightly said. For it is true that matters are proceeding very rapidly and

Mr Giraud, who has nevertheless worked extremely hard, has admitted that certain passages of his report are already overtaken by events. I therefore support Lord Gladwyn's proposal.

President. — I call Mr Giraud.

Mr Giraud. — (*F*) Mr President, permit me to express an opinion which is diametrically opposed to the one which has just been voiced by our colleague Mr Hougardy. If we are anxious to observe the rules of procedure of our Assembly, the necessary period of time has been duly respected except perhaps for a few minutes.

But it was not on so formal a problem that I asked leave to speak. For once the European Parliament had the opportunity of taking a decision a few days before the meeting of the Council which is going to deal with these problems. We have several times rebelled against the fact that we were too often ignored. I am convinced that the expression of an opinion by our Assembly will strengthen the Commission's position towards the Council and will greatly help to clarify matters for the latter.

I think therefore that we should vote on this text, on the understanding that this is not the last time we shall have to discuss such problems and that those of us who do not entirely agree with the decision taken today, seeing that events are indeed moving quickly, will have an opportunity in the future to straighten matters out. That is why I ask the Assembly to continue the debate until its conclusion—that is, until it has voted on the resolutions submitted to it.

(*Applause*)

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (*F*) Mr President, I would not presume to intervene in this debate if a meeting of the Council of Ministers were not to be held on 21 and 22 May, as you know. In these circumstances I should like to support Mr Giraud's remarks. It is certain that if we could back up our proposals by a formal opinion of the European Parliament, the Commission's position would be politically strengthened. That is why I venture to call your attention to this aspect.

President. — Does anyone else wish to speak?

I put the motion to defer to the vote.

President

The motion is not adopted.

We shall therefore continue the debate.

I call Lord Bessborough on behalf of the European Conservative Group.

Lord Bessborough. — I am very glad indeed that we had that vote. I was certainly very much in favour of continuing the debate. This document was accepted by the whole of the Committee on Energy, Research and Technology and I strongly support what Mr Giraud said, although at the same time I felt very much like Mr Hougardy in the earlier stages of the debate when I found, first, that the debate was taking place much sooner than we expected and, secondly, that not everyone had been able to read the whole document.

I regret that, but I think it most important that the Commission should know our views and also the Council of Ministers when it meets on 21 and 22 May. Like the others, I thank Mr Giraud, Mr Hougardy and Mr de Broglie for their reports. I consider them to be most useful, especially that most important document which Mr Giraud has presented to us. I believe that this is the beginning of an energy policy. I was glad to hear Sir Christopher Soames include energy supplies among the different subjects on which he felt we should have a common coherent policy. His was a most inspired speech. I am very glad to have heard, and I thank Mr Simonet, for, his comprehensive intervention.

In the document of Mr Giraud we now have priorities well set out. This is what I asked for at the first meeting of the Committee on Energy, Research and Technology which I attended, and I think we have made a good beginning here. We now have a much clearer picture. Page 10 and the following pages give a clearer picture, whether it is on the supplies of petroleum, natural gas, coal, electricity, or atomic energy.

I, too, read President Nixon's formidable energy message to Congress of 18 April. This was referred to by Mr Simonet. Above all, this shows that the United States are now importing 30 per cent of their oil and, though I do not know that President Nixon mentioned this figure, at least 12 per cent of all their needs now come from overseas.

We know that over 90 per cent of Japan's requirements are imported. I was interested to see in President Nixon's speech that the intention is to triple the annual acreage on the outer continental shelf. What interested me most was that President Nixon said that coal production was now being given the highest national priority in the United States. British efforts in this

direction are also important and I was glad that Mr. Giraud paid tribute to them.

Even after allowing for the full development of other fuels, the total requirement for coal and imported oil in Europe will continue to rise substantially. In view of all the difficulties there may be for oil—and Mr Burgbacher referred to this matter—I am among those who feel strongly that as large a part of this market as possible should be supplied by coal. Community coal production, and coking coal in particular, provides the greater part of the needs of the Community's steel industries, and there is likely to be growing pressure on coking coal.

In my view a coherent energy policy if we are to have such a policy, as both Sir Christopher Soames and, I believe, Mr Simonet would like us to have, should provide for financial support for coal in the short term and also in order to preserve the production potential of the Community's coal industry in the long term.

A coherent Community policy—although this is not widely agreed—could also provide for the control of third country coal imports. Members will see from the report on the front page of *The Times* today that our Committee was not exactly agreed on this matter, but I still stand by what I say. A coherent policy could also discourage the use of indigenous natural gas in power stations and bulk industrial markets so as to preserve this valuable fuel for the premium markets. The policy should also increase the Community assistance for energy research projects, including the optimization of coal production and utilisation. I was glad to see that the draft *opinion* which the Consultative Committee of the ECSC in Luxembourg is putting forward recognises these points and takes full cognisance of British views. The *opinion* regrets that the Commission's thinking has not taken greater account of Community coal which the Committee believes will make a vital contribution to the security of supplies. I see also that the Consultative Committee requests the Commission in firm terms to make an assessment of the availability and cost of imported fuels, believing that the Commission has not drawn the proper conclusions in its proposals in view of the real danger for future European energy supplies.

This does not mean that we should not press on with research and development in other fields. When one sees from President Nixon's message the tremendous research and development effort which the United States is now to make in nuclear energy, coal research, hydrogen from the sea, controlled thermonuclear fusion by magnetic confinement, laser fusion and fusion generally, breeder reactors, as well as in the

Lord Bessborough

storage of radioactive waste, desulphurisation and solar energy, I wonder how far our total Community effort matches up to that United States effort.

In that message President Nixon said:

'We have also agreed with the Soviet Union to pursue joint research in magnetohydrodynamics, a highly efficient process for generating electricity, and to exchange information on fusion, fission, the generation of electricity, transmission and pollution control technology. These efforts should be a model for joint research efforts with other countries.'

If the United States and the Soviet Union are doing this in cooperation, what are we in Europe doing about the situation?

This is a great challenge and we must respond to it. There must be some kind of closer integration of our joint efforts. Should this be negative or positive? If it is negative it would involve the removal of barriers to trade, the harmonization of taxes and State aid, the control of abuse of monopoly power and the publication of forecasts. Positive integration would entail Member States working within centrally determined guidelines and might even ultimately involve some form of executive control by the Commission. This may go too far, as I think Mr Simonet made clear.

Norway's reaction to Mr Spaak's speech in Oslo last year made it emphatically clear that any attempt by the Commission to imply that North Sea oil is a Community asset rather than an asset of nations, would be strongly opposed. But we must face these problems. We cannot reject them altogether. I do not know what will happen in the future, but we may have to move a little further in the direction which Mr Spaak indicated, even if this is not immediate. In the long term we must not altogether exclude this possibility, but at present some guidelines must be agreed and I hope that the Council of Ministers will come to a conclusion on this matter when they meet on 21 and 22 May.

Finally I strongly support recommendation 6B, on page 6 in the resolution before us, that there should be more frequent meetings on energy between Ministers. These have been pretty infrequent of late. It is, I think, right to suggest that they might meet once a quarter. We must stimulate a sense of urgency in these questions and, as I have said, respond to this great challenge.

President. — I call Mr Bousch on behalf of the EDU Group.

Mr Bousch. — (F) Mr President, ladies and gentlemen, the report presented by our colleague Mr Giraud, as well as those of Mr Hougardy and Mr de Broglie have won on the whole, as they have already done in committee, our very wide assent and I think I may say our approval.

We are therefore willing to agree to the proposals presented by the Commission concerning the measures to be adopted with a view to defining a common energy policy.

We would express our regret that in all the years during which the coal crisis has weighed on the economy of certain regions of Europe, our Council of Ministers has not reached agreement on the essential problems and has confined itself to fixing the conditions for the granting of aid—which is certainly very useful and even indispensable—to the Community coal-mines and coking coal industries, but without succeeding in defining a joint Community policy on energy.

It is true that the last decade might have given reason to think that Europe would always be assured of a plentiful supply of energy at a low price. Yet it now appears—and here I regret, Mr Simonet, that I share Mr Burgbacher's opinion rather than your own—that if the world's population continues to grow and if the economies go on developing at the present rate, it will probably no longer be possible to meet the demand for energy with all the necessary security by relying as in the past solely on oil imports which already account for a considerable percentage of our energy needs. This proportion will become so large that it will no longer be possible to maintain the stable prices essential for the development of our economies, and the quantity of supplies will itself be jeopardised.

We shall then have to pay the price of our past lack of foresight, our national egoisms and the absence of any co-ordination of this European energy policy. Will there then still be time to resort to certain other sources of energy? I am thinking in particular of our coal-mines the working of which will have been partly sacrificed or at least compromised. Fortunately, the statement made on 21 October last by the Heads of State or Government at their meeting in Paris seems to have opened up new prospects in the energy field. On the whole, the documents the Commission has submitted to us about the ways and means to be adopted meet with our approval. We therefore feel the conditions are now propitious for at last putting the necessary decisions into effect.

Bousch

That is why my group thought just now—and I apologise to those colleagues who asked that the debate be adjourned—that no time should be lost in giving the Commission the necessary means for ensuring that the Council of Ministers takes the necessary decisions.

Unfortunately the recent statements by Mr Simonet, already quoted in this Assembly, concerning the future of the European coal-mines the operation of which he feels will have to be discontinued in the next twenty years, leave us in some doubts as to the Commission's desire to do everything to safeguard the European sources of energy. After such a statement, unless it is reconsidered and contradicted, I wonder what prospects remain for the working of the coal-mines, even those whose future appeared to be secured for a longer period. These mines will be unable to find the young miners, executive staff, technicians or engineers they need and their operation will cease of itself. For who will want to take up a career in an economic sector which it is announced already today will disappear in the next twenty years?

It is easy to understand that young people are attracted rather to sectors where the future seems assured for a longer period.

We are convinced that in order to meet the demand for energy we shall have to call on all the resources available over the next decade. The United States, which has always followed an extremely prudent policy of conservation of its energy reserves, has already changed its oil import policy and decided to give a fresh impetus to coal production. I know I shall receive the answer that it is easier to mine American coal, as well as some other kinds, than European coal. Everyone knows this. But new advances may change the situation between now and then.

This situation will, moreover, be made even more delicate by the fact of the growing power of the producing countries, meeting within the framework of OPEC, which will be increasingly able to influence the development of petroleum production, if they do not succeed in investing advantageously the large-scale capital they accumulate from this very production and the growing volume of which will weigh considerably on the evolution of Europe's monetary system.

Technical developments, the need to protect the environment and the monetary disturbances are likely to change the situation and price relations very radically. It is therefore high time to take action and to define a Community energy policy in order to ensure the maximum use of all the

native resources available in Europe, especially coal resources capable of being worked economically; to intensify research into new sources of energy; to promote nuclear energy and reach speedy agreement on the construction of a uranium enrichment plant which, once the decision is made, will take a number of years to reach the manufacturing stage; and naturally, to establish new relations with the producing countries after consultation with America and Japan, the two countries which occupy so large a place in the world economy.

It is also time to review the principles of our market economy, for certain long-term political and economic aims are now called into question. We must prevent an untoward development occurring which will jeopardise the security of the supply of energy in Europe and hence the freedom of action, or even the freedom as such, of the Community countries.

Subject to these comments and in the hope that the frequent and now periodical meetings of the Council of Ministers which are desired particularly by the Committee on Energy, Research and Technology will lead to decisions, my group approves the principle of the reports submitted to us and will vote in favour of the resolutions proposed by the parliamentary Committee.

In conclusion, I would express both on my own behalf and that of my group my congratulations to the authors of these excellent documents which, in the coming months, will be helpful to all those who are interested in this important problem of energy.

(Applause)

IN THE CHAIR: MR RIBIERE

Vice-President

President. — I call Mr Leonardi.

Mr Leonardi. — *(I)* Mr President, honourable Members, in the present situation our task must be to supply the elements for the formation of a political will, especially in expectation of the forthcoming Council which will be concerned with energy problems. I believe that the following comments can be made on this subject.

The energy sector has suffered substantial failures which, in practice, are inversely proportional to the body of studies, reports and resolutions. Apart from the 1962 memorandum, reference was made to the first tentative step towards a Community energy policy in 1968, on which the Rapporteur, Mr Leemans, made

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the comment: "All in all, with its cautious first guide-lines the Commission does not go beyond the limits of the 1962 memorandum on energy policy". In the document before us, the Rapporteur, Mr Giraud, observes the following: "In its first guideline the Commission intended to introduce about forty specific measures together with the Council. But only about one third of those measures have been tackled, and, of these, only half have come into effect".

If we try to find out what has happened to those measures, as I did in committee, the Commission replies that they have been in force for too short a period to be able to supply information.

There is, therefore, a step backward and profound aggravation of the situation. In addition, there is the shelving of the ECSC and Euratom treaties which provide considerable scope for action in developing important energy sectors. In the case of the ECSC, against our own vote Parliament has approved the renunciation of the greater part of its own resources which might have been allocated to research. In the case of Euratom, the commitment, to which reference was made in the treaty, to establish the necessary installations for the development of nuclear energy in the Community has been virtually abandoned, and it was considered a great success when the Council reached the decision to keep the Joint Research Centre in existence.

The situation in which we now find ourselves is characterised by delay and renunciation, since the circumstances have altered radically: we have increased our dependence on other countries, there has been growth in the contractual capacity of the nations producing oil, our main source of energy, and as a result we are now in a seller's market rather than a buyer's market. There has also been a reversal of the policy formerly pursued by the United States, since that country recently warned of the dangerous shortage of domestic energy supplies.

We are now in a paradoxical situation in which the Community states, being the largest importers of oil, are financing the leading producer countries through the large international companies. These oil-producing countries use the European currency market through the international banks to channel the capital that has become available in this way and, with their speculative operations, are one of the factors impeding the process of economic and monetary unification. The major oil companies belonging to the large group of multi-national companies are operating in the same manner, and we are well aware of these companies' influence in international speculation and the harm they do to the process of Community unification.

The true problem today is how to overcome the situation in which the Community states now find themselves as a result of their fundamental lack of a common political will, due to their failure to perceive where their real interests lie. Their real interests differ from those of the major international companies in whose hands the states have always placed their destinies. The situation can be overcome by a policy of cooperation with the producer countries, establishing links of common interest in the fields of industry, agriculture and trade, so that the means engendered by the raw material supplied by the other party may be used to develop joint undertakings in the oil-producing states, in the Community states and in underdeveloped countries.

This is the path that we should be taking, but before we can do so there must be a common political will. Some people might be tempted by another solution, that of forming a common bloc among consumer nations, from the United States to the Community and Japan, the aim being to form a common front against the producer states, a sort of partnership between equals, all equally dependent upon imports. But it should be realised that this would certainly not be a partnership between equals but would imply final integration into the system of the leading U.S. oil companies, which hold most of the reserves and very strong technical and diplomatic influence in relationships with the producer countries and which can rely on a market such as that of the United States whose structure is completely different from ours.

It is not, therefore, a partnership between equals; it would amount to a renunciation of the possibility of embarking upon independent policies with the producer countries.

The path that should be taken, therefore, is the one we have indicated. At the same time, a great effort must be made to use the available resources to the full, including coal and nuclear energy. We must also avail ourselves fully of the potential provided us by the ECSC and Euratom treaties and simultaneously diversify our sources, developing the sources in the countries of the East by appropriate cooperation policies. We must, too, cut down waste: there must be discipline in the refining and distribution phases.

In this situation, what are the proposals in the draft resolution? In our opinion, it does not really tackle the main problem, that of evolving a political will, a view of the importance and gravity of the problem with its implications, both internal and external, and in view of our relationships with the United States, the producer States and the Socialist States.

Leonardi

The ability to produce a common policy in the energy field is a basic factor in forming the individuality of the Community. The motion, however, urges that, "in view of the vital interest of the Community and its Member States in a Community energy policy, those powers that are necessary for its realization should be accorded by Member States to the organs of the Community with the least possible delay". But that is not the problem!

We have nothing against a transfer of powers provided that these are guaranteed by democratic controls; but in the case of energy policy, it should be pointed out that this could be implemented today if the necessary political will existed and if our common interests were recognized.

The Commission has full powers of initiative; let it use those powers, not in a timid and reticent manner as in its last communication, in which it deplored the gravity of the situation but took no stand vis-à-vis the large oil companies, in which it discussed the problems of our relationships with producer states but basically placed its trust in more liberal and passive defensive measures such as increasing stocks without suggesting active measures based on political decisions reached in the context of a common policy. In the light of the statements made today by Commissioner Simonet, the situation may have changed with the last communication issued by the meeting of the Council of Ministers. If this is so, we shall note it with pleasure.

While the Commission has the right to take the initiative — and we would urge it to avail itself of that right — the Council has full decision-making powers. But the Council is made up of the same forces and often of the same people who make statements at every summit meeting but who then fail to implement those statements, which are therefore completely empty.

Of what value, for instance, was point ten of the declaration at the summit meeting at the Hague more than three years ago: the atomic energy research programme that would meet the needs of modern industrial management? None. And who prevented that point being implemented if it was not the very people who declared it? It is a matter of overcoming equivocation rather than of asking for special powers which, even if they are available, remain unused because of the lack of political will, as in the case of the ECSC and Euratom.

In paragraph 2 of the motion, our attention is drawn to the fact that "the growing imbalance in the supplies of primary energy to the Community has helped to aggravate the monetary crisis".

Here again, this is an equivocation.

Imbalance is an objective fact; it is not imbalance that has helped to aggravate the monetary crisis but rather the inability of the producer states to use their financial means for development, not speculation, as they have done within the existing monetary system.

We believe that a common will and a common energy policy are necessary, but we do not believe that the resolution submitted to us for our consideration promotes these things. If this continues, we fear that we shall still be discussing this subject in the near future in a far worse situation than that obtaining today.

We must point out a positive path, as we have tried to do briefly in this speech. In view of the value of Mr Giraud's report, we are sorry that we have to vote against this motion, but we do so on the same grounds that motivated us to vote against the motion tabled more than three years ago, on which we expressed ourselves at the time in the following terms: "we cannot agree to a document that makes no real contribution towards solving a problem whose gravity it deplores without identifying the true causes and without suggesting adequate remedies".

We shall, therefore, vote against the resolution contained in Mr Giraud's praiseworthy report, while we shall vote in favour of the other motions, not because we believe they can be of much use—in view of the lack of a common energy policy—but because they might pave the way for a few steps forward.

President. — I call Mr Taverne.

Mr Taverne. — I speak to the Assembly this evening as the first Socialist from the United Kingdom to address the European Parliament. I am delighted to be here, but my pleasure at being here is mingled with regret that my presence is occasioned by the boycott of this Parliament by my former colleagues in the Labour Party. I know this boycott is also regretted by other Socialists and Social Democrats, and, I believe, by most if not all the Members present.

The debate that has taken place this evening in my view underlines how mistaken the attitude of my former colleagues is. At this stage, after a brief study of the four reports before us, I wish only to make some short and general observations about their implication.

Three out of four of them, that is, with the exception of the ones concerned with pipelines, have a direct relevance to Britain. In the first

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place, as Mr Giraud pointed out, they show the need to increase the power of the Community. We face a problem of huge dimensions which may influence the kind of society in which we live. Uncoordinated national action can provide no solution. Indeed, as the committee on a common system of imports for third countries pointed out, what is required is some extension of qualified majority voting. Likewise, the committee dealing with the possible difficulties in hydrocarbon supplies rightly observes in paragraph 20 of the report that a Community energy policy presupposes a regulation binding in its entirety and directly applicable in all the Member States.

We need an increase in the power of the Community partly because this is what national interest requires. It is what is essential for securing a common viewpoint in negotiation with Japan, the United States and the developing world.

This point was made again and again not only in this debate but in the previous debate about relations with the United States. I mention this general point which, when one examines it, is, in fact, a statement of the obvious because from the four reports before us I draw two conclusions of great importance to my former colleagues in the Labour Party.

First, political unity in Europe is not just desirable; it becomes inevitable through the force of circumstances. It is shown here how in many aspects much of the argument about sovereignty which played a major part in the debates about Britain's entry into the Community were based on illusion. Seeing things in national terms is seeing them on a level where the problem cannot be solved. It follows from this that in certain key areas of our national life a party's policies cannot be relevant—or radical for that matter—unless they are placed in a European context.

My second conclusion from the report is that they show the inadequacy of Britain's representation in this Parliament. I do not mean this as a criticism of my Conservative colleagues here. This is my first full day in this Parliament and I have been pleasantly surprised. I must confess it has more life than I expected before I came here. It is, I am sure, a Parliament which will radically extend its influence. It also seems to me that the Conservative Members who are present have played their part, together with representatives from our other partners in the Community, in the process of making this Parliament more effective but, with no disrespect to Mr Kirk and his colleagues, why should the devils have all the best tunes? On an issue like

energy policy, a major contribution could certainly have been made both in the committee and in this debate by Labour representatives, had they been present.

Incidentally, anyone in the British Parliament who represents a mining constituency would have been heartened by the recommendations in the report and the remarks of Mr Giraud that European interests require that miners should not be made redundant, and, like other speakers in the debate, I hope the Commission takes due note of these remarks.

My own role in this Parliament will inevitably be somewhat limited. Perhaps I should explain why I am here. I hope to make some contribution, but I am not a specialist sent here to concentrate on the work of this Assembly by a large party with other specialists in other subjects. For the moment, at any rate, I am on my own. I have to spread my activities over many subjects, my own constituency among them, though at the forefront of my arguments will certainly be the cause of Europe.

I am, I hope, a forerunner of others on the Left. I am, if you like, a stop gap in both senses: filling a gap which should be filled, and possibly also acting as a temporary representative. Part of the purpose of my presence is to make the point that breadth of vision and a keen appreciation of future possibilities and dangers are not the best known characteristics of the ostrich.

(Applause from the Socialist benches)

President. — I call Mr Noè.

Mr Noè. — (I) Mr President, Mr Simonet, honourable Members, in the ten minutes which I am allowed I shall concentrate on analysing one small sector of the subject of Mr Giraud's estimable report. In a gathering in which so many wish to speak, I believe that one can be content to consider only specific aspects. This, however, is an aspect which is projected over a long period of time, far beyond the date of 1985 which Commissioner Simonet has rightly stated should be the deadline for our more active concern in this field. The action that is to be taken in this field from today until 1985 is in fact vital, for the two sectors that I shall discuss briefly may or may not achieve positive results by about the year 2000. I intend to speak of the forms of nuclear energy produced by fusion, as opposed to fission, and of solar energy: mainly of the former, since the latter is of a little less concern in our own latitudes and since research has only just begun in this area. It was only last week, on the Committee on Energy, that we took the first few steps in this direction.

Noë

Why are these forms of energy of interest? Because the fuel that they need is available to man in virtually unlimited quantities. This is the first important consideration: once we have acquired the technical ability to create this energy, we should have no worry about its subsequent availability.

Then these are "clean" forms of energy. In actual fact, nuclear energy produced by fusion is not completely clean. It does not involve those problems raised by the reprocessing of fuel that were mentioned when Mr Ballardini submitted his report, the main source of concern with regard to nuclear pollution. Nevertheless, in the course of the fusion process, the nuclei which "wander about" in the machine in which that process takes place finally contaminate the metals to an extent, but this is an internal and completely restricted contamination. For these reasons, fusion on the one hand and solar energy on the other are of the utmost interest, and it is obvious that the source of energy is unlimited.

I must add that the use of solar energy requires enormous areas and that it might, therefore, bring about a degree of environmental pollution. We cannot conceive of covering dozens of square kilometres in densely populated areas with solar energy collectors which would ruin the landscape; they must obviously be located in sites earmarked for that purpose.

What is being done in the field of fusion? There is a whole series of research projects in Member States, in the United States and the Soviet Union, and information is being readily exchanged. The phenomenon in itself is a combustion phenomenon, since it is a union between light nuclei, whereas fission is the splitting of heavy nuclei. Light nuclei are hydrogen nuclei (relatively heavy hydrogen), i.e. deuterium and tritium. Deuterium is found in water and tritium can fairly readily be obtained by the use of lithium. The fuel exists, therefore. The difficulty, rather, is the following: by combining deuterium with deuterium, one could reach temperatures of 300-400 million degrees, so that the process has been set aside for the time being. By combining deuterium with tritium, on the other hand, a temperature of one hundred million degrees could be reached for a specific time with a specific plasma density. Current research is almost universally tending to approach these limit values and, once they have been attained, the process would become feasible in itself.

The first difficulty is to contain the plasma at the level of a hundred million degrees. To solve this problem, the only idea has been that of electromagnetic fields as this temperature

can be contained within these fields. Since the fields are circular in shape, we have had to resort to "tori", a torus being a sort of cylinder enclosed upon itself. Nevertheless, some material must be placed outside these electromagnetic fields. In consequence, when we are fairly sure that we can reach the level of a hundred million degrees for a second with the densities that are being used, there must be a major technological breakthrough at that juncture so that we can find materials which will retain the magnetic field within which the plasma is contained. Naturally the materials required must withstand a hundred million degrees for many years and at the same time they must have a degree of neutron permeability to permit a flow of neutrons. It is a wide open field to technological research which will of course—as observed by those directing it—involve great expenditure in a few years when we are more sure of reaching the bottom of the problem.

Those "tori" of which I have spoken, which are in active use in the United States and the Soviet Union, are now being introduced in the Community too, specifically in Munich in cooperation with the Max Planck Institute, in Fontenay in France and in Frascati in Italy, with slightly different specifications. I would say—and this should be emphasised—that the Munich tests are particularly ambitious, for while all the Russian and U.S. tests involve "pulse" processes in which the temperature of a hundred million degrees is attained for a second and then disappears in a series of "pulsations", the ambitious project in Munich has the aim of producing a continuous process in which the temperature is maintained at those levels. It has been said that this is a process of containing over a period of time. For some years now, thought has been given to the use of power lasers to advance the technique. The system is extremely ingenious: two lasers are used to hit a ball of deuterium and tritium which would fall at specific intervals of time—for example, every half second. The effect of these two laser beams on the ball would be to make it, I think, ten thousand times more dense than normal bodies and to promote the process of combustion at that moment. The result would be a set of pulsed processes, since the ball would fall every half a second to produce energy by highly exothermic reactions without the need for the container systems that I have mentioned, which constitute the truly serious technological obstacle.

This, therefore, is the situation. I would say—for the sake of giving some idea of the figures involved—that the United States is spending 45 million dollars on the container process and 25 million dollars a year on the laser process. There is obviously an increasing interest in

Noè

lasers. Over here, in the Community, our efforts are being concentrated mainly on the former process but it is expected that the laser-based process will also be adopted in the future.

May I say a couple of words on solar energy, which is of less interest to us and which is a field where we are less advanced. It should be pointed out, however, that the United States is spending a great deal of money on this and is conducting research on collectors, to be sited in Arizona—in other words, in a desert area—where the number of hours' sunshine is high and the sunlight itself is intense. There is a great shortcoming, if one can use the word, with solar energy: it is produced for a certain number of hours per day and not at all times, raising the major problems of storing the energy at other times and producing replacement energy. In brief, I would say that all forms of nuclear energy to an increasing extent require parallel forms of energy production to meet daily peak demand. This has led to the multiplication of pumping plants, wherever there are mountains, to accumulate water overnight for its use during the peak hours for demand during the day. There is no doubt that solar energy should be backed up by complementary processes of this nature.

Some people are studying the possibility of using sea water as a collector, based on the temperature difference between the surface and a point located one thousand metres below the surface. A difference of 15° could be used to supply a virtually unlimited quantity of energy.

These are the prospects and it is well that we be aware of them, for the Community is spending about 55 million dollars a year on this field. The figure will of course rise as the linear dimensions of the machines increase with the specific objective of attaining temperature and time values at which the temperature can be maintained. If the linear dimensions are doubled, the cost of the machine multiplies eight-fold. This means that we shall be spending far more than at present and it is right and proper that this Parliament should concern itself with the problem now and in the future (let us say every two years, since progress will certainly be slow).

How can we go into the subject in greater detail? We can discuss this at another time. In the space of ten minutes it is impossible to give adequate coverage to subjects such as those which Mr Burgbacher is rightly concerned with, in other words the production of hydrogen with high temperature reactors and, even more, all methods of using coal through gasification or liquefaction; the latter subject is at least as important as the subject which I have discussed so briefly now.

I shall say no more. The only comment I will make is that it is not a flight of fancy to discuss these things, for their outcome will depend on work done in these years. One thing I would mention, however, and this is more in the realms of science fiction, is that some people believe that the problem of supplying solar energy 24 hours out of 24 could be satisfactorily solved by the use of enormously large satellites, like great eagles, capable of transmitting energy to earth via microwaves. But of course, some tens of years from now, someone also may be discussing this subject in the new hall to be built besides this one.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — At this late stage in the day's business I will confine my remarks to dealing with two major points. At any rate, I believe that they are major points which perhaps will be by way of supplementing the comprehensive treatment of this vitally important subject by colleagues, and by Mr Simonet in particular.

I want first to emphasize and underline heavily the profligacy of the West, the way in which the West misuses and wastes disgracefully its energy supplies. I refer to its consumption of energy, its distribution of energy supplies, and the absence of coordination for efficient and effective production and purchasing.

Secondly, on the basis that I believe that self-help is the very best form of help, I want to ask myself, and therefore the House, to consider what measures are available directly and progressively entirely under our own control to promote the change from profligacy, on the one hand, to economical and frugal use on the other.

I need not dilate on the profligacy in fuel utilization with which the United Kingdom has for a long time been associated. An example of the ultimate in profligacy is the installation and use of the open hearth fire filled with massive lumps of coal—beautiful, and highly attractive aesthetically, but economically and in fuel terms utterly inefficient. Eighty five per cent or more of the fuel goes up the chimney and less than twenty per cent helps to warm our souls. To regulate the heating performance we open the window. How ridiculous, how inefficient, can you get?

On the other side one might refer to our friends from across the Atlantic and the way in which motors cars appear to become bigger and more expensive to operate. I have heard it said that the ultimate in this is a vehicle which uses almost one litre of fuel per kilometre per person.

Normanton

How profligate can the West be in the use of its fuel?

Let us be constructive. Here I would offer a number of points if time and the patience of my honourable friends will permit.

We should — here I direct my comments to Mr Simonet and the Commission — promote directives to lay down standards of house and factory heating specifications. A building can in the short run be low in capital costs, but in terms of maintenance and the maintaining of its comfortable occupation it could be a very expensive investment. Roofs of homes and workshops should be heavily insulated.

Windows, which in the United Kingdom were once used as a means of raising taxation by Government, may well again have to be used as a device, not to raise taxation, but to penalize those who refuse—refuse for a whole host of reasons—to double-glaze their windows, whether this be at their place of work or at home.

For the population in the United Kingdom I believe that the open fire should be made even more expensive to install or, put another way, those who insist on using this method of space heating should pay the full and real cost of fuel and not be subsidized in its inefficient use by public contributions.

I also draw attention, to show that the picture is not, certainly in the United Kingdom from my knowledge, quite as bad as the history books would suggest, to the fact that the United Kingdom has over the last decade or two promulgated certain technological and legislative developments which, I believe, are important and which may well serve as a pointer along the road which we, as a Community, might consider it advisable to go.

I refer to the promotion of smokeless zone orders to end the inefficient use of the burning of coal, which is wasteful in consumption and pollutes the atmosphere. Secondly, the laying down—as indeed legislative measures lay down in the United Kingdom—minimum thermal installation standards which will apply to all factory construction proposals. Thirdly, we in the United Kingdom give subsidies from the National Exchequer for the installation in private houses of modern efficient space-heating systems to replace inefficient coal-burning plant. Fourthly, I commend the house construction specifications which, although, not laid down by Parliament, should at least standardize the situation throughout the country and form the basis on which housing construction approvals are given.

We can promote, and I hope formulate, fuel consumption tariffs for electricity gas or oil which are attractive to the consumer who can prove that he has installed and is operating the most economic fuel system in his home or indeed in his factory. We should oppose the operation of any tariff system which makes it cheaper to buy the more one wastefully consumes.

In this context I refer to one device which is increasingly operated in the United Kingdom. The Central Electricity Generating Board in Great Britain uses a system of the carrot and the stick in terms of users of electricity. Those who install and take a supply of electricity for the purpose of power production in their factories have either to install power factor correction capacity or pay an intolerably high tariff for their profligacy. We can use this technique of the carrot and the stick in formulating power consumption policies in the Community. European fuel is not dear, indeed I feel that it is too cheap and that its cheapness possibly is the greatest deterrent to its more economic use in the interests of the Community as a whole.

I appreciate that Mr Simonet fully recognizes in his report that a Community energy policy must be formulated not only in broad general terms but in great depth.

We can rationalize the purchasing and sourcing of energy and end the opportunistic trading which has been so common in the past. Sir Christopher Soames referred a little earlier to “disparate responses”. There are wide divergences between self-interest and the Community interest with regard to the methods of purchasing and sourcing, and this applies to oil and gas.

We can also rationalize in technical and economic terms the distribution systems for fuel once we have imported it or produced it. I refer to pipelines which should never be allowed to be duplicated purely for competitive reasons, but only to promote an efficient, safe and strategically viable system of supply, and not for the purposes of cutting our neighbours' throats. We must review and reduce our dependence in terms of oil and gas supplies from non-Community sources. The pipelines that flow into the heart of European industry must be kept fully operative, and a great deal of this oil comes from the Middle East. The oil may be subject to the whim of fancy of a political commissar or despot and can be cut off at will.

Nearly forty years ago we were told in a prophetic speech that the lights of free Europe were going out. I need not remind this Parliament who spoke in those terms. But the lights

Normanton

of Europe are not going out and must not be allowed to do so. However, we shall ignore at our peril the reality of the situation, namely that the lights of Europe can be switched off at a moment's notice. No one with the slightest sense of public responsibility for the future of his fellow men—and this applies particularly to Europe—can view the present and future energy position without a deep and growing sense of anxiety.

President. — I can Mr Flämig.

Mr Flämig. — (D) Mr President, ladies and gentlemen. The previous course of the debate has shown that there are various aspects from which the four special reports tabled for discussion can be approached. The points of view to which we have listened cover world-politics, geography, "technical-futurological" aspects—if I may so express myself—ideological, economic, architectonic, and thinking of turnips, even botanical aspects.

I would like to make an attempt, with all brevity, Mr President, to sketch out the criteria—security of supply, friendly environmental relations, profitability—and from these points of view add some comments to what my friend Giraud was able to contribute on behalf of the Socialist Group, in the short time available to him during a debate which was begun ahead of time and which was interrupted by a lunch-interval and by a discourse on the USA. Mr Burgbacher has already made the point that we must consider these reports in conjunction with what he put forward in his own excellent report.

We have, however, also immediately seen during this morning's question-period that things are moving rapidly. We now know that crude oil cannot be relied on 100 per cent. There are difficulties arising out of the attitude of the countries in the Near East, and these are things which oblige us to reflect on the matter.

One of the previous speakers has already pointed out—it was, I believe, Mr Burgbacher—that contrary to what Mr Simonet said this morning during the question-period, and even more so in relation to what we thought two or three years ago, we must concentrate on coal. We are going to get a resurgence of coal. It may be that within a few years coal will already have good prospects again. I therefore urge that careful consideration be given before overradical closures of mines take place. The profitability-point, which is the determining factor, will be transformed, and will take on quite a different aspect, if the price of oil rises steadily on the world market. And the price is going to rise! As my

friend Giraud's report has made perfectly clear, gas is undoubtedly a fine affair. But gas is not available in the quantities which we would like to see.

This brings me to a comment on the importance of brown coal. The debate has drawn attention to what we should expect in connection with heat-generation in the high-temperature reactors, once we succeed in obtaining gas from coal, and especially from brown coal, in conditions that are economically viable and environmentally satisfactory.

We can thus already see that neither any one thing nor another represents the main line of supply for Europe. We must pursue the one without neglecting the other: coal, gas, and also nuclear energy.

If we succeed—and researches are actively in progress—in liquefying coal or turning it into gas with the help of the high-temperature reactors, we will then have a fuel which is free from environmental dangers. But that should not influence us to the point of feeling that we can abandon further research in the field of nuclear energy.

Ladies and Gentlemen, this is where we pass the point of no return. The European Community, including the researches of its member-countries, has already spent so many millions on nuclear energy that we must now continue our efforts in this field in order to reap the benefits of this research. This accordingly means developing the high-temperature reactors, the "fast-breeders", and the ultra centrifugal gas installations. We must also now give thought to the need for a fuel-cycle for the high-temperature reactors.

It is frequently said that the development of nuclear energy cannot be viewed as a positive progression, because of the environmental connotations. I would like to contest this in one essential respect. Nuclear energy certainly presents problems arising from the cooling-water, and we must find ways and means of avoiding excessive heating of rivers and streams. Research is in progress. I should however give warning against taking any sort of panic action over nuclear energy, and behaving as if we had frittered away sums running into thousands of millions, and must now cut ourselves free from nuclear energy. I repeat that we must pursue the one without neglecting the other.

In conclusion, I offer some further observations regarding the sources of energy which are set out in the Giraud report. This in fact offers a useful glimpse of the research programme of the European Community, currently under discussion in our Committee and due to come before

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this House for consideration at a not distant date. It includes, for instance, a reference to solar energy, as my fellow-member Noè has just pointed out.

When it is said, however, that if as many milliards of dollars had been allocated to research on solar energy as have been allocated to research on nuclear energy, we would today perhaps already have solar energy as the best and cleanest source of energy, we are then maybe embarking on the slippery slope of science fiction, and in particular leaving the transport system out of account. We do not only need to produce energy or to extract energy from the earth; we must surely also move energy from one place to another. And this—if I may once more return to nuclear energy—is the great advantage of nuclear energy; namely that power-stations can be erected and located in places where there is no fossilised fuel of natural origin, no water-power, and also no frequent sunshine available. And this is indeed the decisive factor.

We therefore have cause for reflection, for example on the transmission of power over large distances. For if we really succeed in utilizing solar energy, this can only be harnessed where there is abundant sunshine; in the south, in the Sahara, in the nearer-East, or perhaps directly from Sicily. Development of the most modern long-distance cables for transmitting high concentrations of energy is an important point.

One last point. Mention has been made—not in the debate but in the report—of tidal power stations. To this could also be added the heat of the earth itself. I would like to make a comment on the question of tidal power stations. Marine constructions—this has been the subject of profitability studies, and is particularly valid for tidal power-stations—have the disadvantage that apart from the high costs of construction they rarely offer any specific reductions in costs arising from the size of the installation, but on the contrary give rise to measurably greater costs in proportion to the increase in size.

I therefore believe that neither the earth's own heat, nor tidal power stations, nor within the foreseeable future solar energy, will solve our problems within the time-limit specified in the report which is being debated. This covers the years 1975 to 1985. This is where we must take immediate action. This is where we must do what appears indicated by how we view the matter today.

And now, Mr President, may I nevertheless give another turn to the Tibetan prayer-wheel and say that we need a united conception of a policy for energy within the Community. Energy is too

costly for it to be wasted. On this point I must support the speaker who preceded me. We are under time-pressure. We do not want to be faced with a black-out like the one in New York. Although when looking at the birth-statistics for one or another of the member-countries of the Community, I were to find that the birth-rate attributable to this black-out perhaps makes quite a good showing nine months later, I nevertheless feel that this would be the worst thing that could happen to us, if the power were ever cut off for a substantial period.

We must therefore put in hand now the necessary measures. In its report, the Commission has itself spoken of: "Necessary steps forward in the field of a common policy for energy". I would like to express the hope that what is now being high-lighted really means that we are moving forward.

(Applause)

President. — I call Mr Petersen.

Mr Petersen. — *(DK)* Mr President, I would like to thank Mr Giraud on behalf of the Liberal Group for the report he has presented, and congratulate him on the results achieved, and I would like to express the hope that we will soon have an opportunity to continue the debate here in Parliament.

It is true to say that we are dealing with a complex of problems which call for very thorough discussion. I also hope that it will be possible to carry over the debate from here to the national Parliaments where there has not yet been a debate. There would then be some continuity between the work we are doing here and the work done in the national Parliaments.

Mr President, I shall only make a few comments, principally in connection with the document of 27 November 1972, presented by the Commission, which to a great extent forms the basis of the work done recently by the Committee on Energy. In this material they have concentrated, which is quite natural, on supply requirements in the EEC countries. On the other hand, we are concerned with a complex of problem which in many respects have global aspects, and there are aspects of this material which in my opinion have not been sufficiently explored. For instance, insufficient consideration has been given to what would happen if energy consumption in the developing countries rose until it was even in some measure approaching the level it has reached in the industrialized world.

For example, I would mention that energy consumption per head in India is twenty times lower than in the United States. Any appreciable rise in consumption by India and the other developing countries would lead to an increase

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of vast dimensions in the total energy requirements and we must not forget that it is part of the Community's aim to encourage the development of the developing countries, which means also increasing their potential in this field.

There is another matter which has not yet been sufficiently included in our investigations, and which must be dealt with. I am thinking of the raw materials problem. Fear has been expressed in recent years and in many quarters that the accessible mineral raw materials will not continue to be capable of covering the constantly accelerating consumption. It has been pointed out, for instance, that greater quantities of minerals have been used since 1940 than the total consumption throughout mankind's entire history up to 1940, and it has also been pointed out that consumption of minerals in the United States has risen twice as fast as the population figures.

These anxieties are expressed in Mansholt's open letter to the Commission. The same anxieties are referred to in the book issued by the Rome Club under the title: "Limits to Growth". It is pointed out, for instance, that at the present rate of consumption we have only enough mercury for 13 years, tin for 15 years, copper for 31 years, and nickel for 53 years. It is therefore obvious that this alarming state of affairs must be taken into consideration in the overall appraisal of the energy problem, and that enquiries must be made, with the object of verifying whether the facts are as described or not.

One of the factors which appears in the warnings issued by the scientists is the population explosion and the consequences of that explosion. In the book published by the European Cultural Foundation, called "The Future is Tomorrow", I saw an argument based on the supposition that at the turn of the century there will be 7 thousand million people on earth. If one assumes that by the year 2000 the average consumption of energy per inhabitant of the earth corresponds roughly to the level in the western countries today, energy consumption will have increased 70 times over. Well, we know that such a development is unthinkable, but it is none the less one of our goals to ensure that the developing countries accelerate as much as possible, and that is a goal to which the developing countries are deeply committed and which they are working with all their strength to realise.

However, the question inevitably arises—and this is what I want to bring up here, so that it can be included in future deliberations—how is energy production to be distributed between the rich and poor countries?

I have referred to these matters in order to emphasize the very comprehensive character of the problems connected with energy and to point out that it concerns facts which must be subjected to thorough discussion to a far greater degree than has hitherto been the case. It is also stressed again and again in Mr Giraud's report how important it is that thorough research should be carried out and to a great extent this will be a question of cooperation between the universities across national frontiers in order to exploit the available capacity in terms of premises, personnel, etc.

I agree with those who have said that we have been discussing a question of the most wide-ranging importance to the Community, but also a question of the most wide-ranging importance to the whole world. I hope that the Community will succeed in drawing up a really far-sighted energy policy.

Having said this, I would like to thank the rapporteurs, and Mr Giraud in particular, once again for the fine work they have done.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, honourable Members, at this point in the debate, I think that there are two aspects whose consequences are very significant. First of all, the quantitative aspect. We have been reminded of the Rome club study on limitation on development conducted jointly with the University of Massachusetts. In other words, as soon as we start to consider the quantitative aspect of the problem, major concern arises as to the availability of energy throughout the world—for the more advanced countries, for the developing countries and for the Community in particular.

As soon as we turn our minds to what contemporary humanity may achieve by scientific research or by the achievement of those goals of progress that are now being outlined, we immediately arrive at considerations which, although not optimistic, are certainly less pessimistic and less dramatic. We have, moreover, listened to Mr Burgbacher raising bitter problems based on considerations of a quantitative nature. We have heard Mr Noè describing the prospects in the light of current scientific research and the possible outcome of that research. At this juncture of the debate, I should like to emphasise the immediate political aspect of the problem. Whatever the scientific goals that can be achieved, these are subjects which will become extremely acute in the 70's and over the next decade and which will call for vigorous and constructive decisions as to the position to be adopted by, for example, European Parlia-

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ment, which is neither a gathering of scholars nor a school of economists but first and foremost a political assembly.

This is why I believe we were right in rejecting the proposal of an adjournment and, with gratitude for the work done by the Rapporteurs, why we should attach great importance to making the voice of the European Parliament heard at a time when the Council of Ministers is about to define its position, which we hope and trust will be neither evasive nor dilatory but constructive.

We are dealing not merely with the Community's energy policy; we are not placing various policies on a single level. On this policy depends the survival, the development, the independence and the freedom of the European Community. We must make this absolutely clear, especially in view of the indisputable fact that if a country such as the United States of America, which is three times or more as large in area as the whole Community but which has a smaller population, is facing problems with its energy reserves, the problems will be far greater in this ultra-developed and ultra-populated area of Europe, the acuteness of whose problems reflects its population density. I believe that the Council of Ministers should not sidestep those questions that deserve urgent consideration. First of all, the question of the rationalisation of energy consumption, both as one aspect of the planning of energy purchases from outside the Community and as a starting point for decisions as to the use of energy sources. We know that hydrocarbons, up to this time the cheapest but now fast becoming the most problematical source of energy, are wasted on a major scale and are used for non-priority purposes. Perhaps the day is not far off when the national States, which too often overlook the basic problems, will have to face the fact that oil must be reserved for aviation and that oil by-products must be allocated to tasks of a high scientific, therapeutic or other value, not to the production of minor appliances for the purpose of lightening the housewife's task in her domestic chores.

This problem of alternative choices as to the use of hydrocarbons and of the use of other sources of energy—and this has been reflected in the demands made by several members for a reassessment of coal, for a reassessment of the possibilities of working existing mines on an economically viable basis and so on—cannot be solved within strictly national bounds.

In the light of what is, from this point of view too, significant experience—and I may say bitterly significant—we are, Mr President, once again coming up against the wall, the obstacle

raised by the inability of national States to solve these problems.

A problem such as this, on which the whole development and, I repeat, the independence of the European Community in its relations with the outside world and its freedom in the fairly near term depend, cannot be solved within national limits. This is why, with due respect to Mr Leonardi, I come to the opposite conclusion to his own, but not in the sense that he is not right in drawing attention to the empty statements too often made and the Community political positions not followed by practical implementation. He said that two treaties have been shelved, the European Coal and Steel Community treaty and the Euratom treaty. I am to a great extent in agreement with him on this severe criticism, and I would even press it further, but I do not come to the conclusion that I should vote against the resolution, so that some sort of results, in one direction or another, can be produced, but because I believe that we have passed the time for protest against blindness in the Community's energy policy.

The situation is now becoming urgent for all concerned, and for this reason European Parliament should say what it has to say; it should not, for example, merely state that these problems can be tackled in a marked economy, as they go beyond the scope of individual and group activities and govern the politics of States. It is vital that the European Parliament speak out with a clear understanding of certain problems and trends. I am one of those, Mr President, who believe in a market economy; I am one of those who place the maximum emphasis upon freedom and upon economic initiative which is a part of freedom. But this does not mean that there should not be adequate instruments to solve such a major problem. This is why it is more important than ever for decisions and goals to be planned, why it is more important than ever that there should be an agreed Community course of action.

This is why I should like to remind the members of the Commission once again of the words of a great Italian, Luigi Einaudi: "there is a duty to kill the sacred cow". The sacred cow is national sovereignty, the illusion that we can tackle and solve these problems on a national scale. This is not possible, as we have found in the aviation field, in the social field, in the field of energy. These problems can be tackled only at Community level. It could be said that this is a view shared by all and that it adds nothing new to the debate. Yet I know—and I should like to remind you—that from the time of emergence of the Community idea we have progress only as a result of the strong pressure of fear

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in a world that was torn apart by the iron curtain. Today we face the pressures of monetary chaos and of intolerant friends on the other side of the Atlantic and the clashes with those friends that are looming. Above all, we must not underestimate the pressures from those countries that hold the assets of oil and hydrocarbons, but we must realise what the true consequences are. We must realise that the Community will move forward only if it is spurred on by these concerns; otherwise we shall all jog along with our day-to-day politics, enjoying our petty reputations as politicians within a limited sphere. We are faced by fundamental needs: not only to reconstruct a political union, to build the United States of Europe, but in this case to defend the potential for life, progress and our development, to contribute to the life, progress and development of the world. We are facing a fundamental need of independence and freedom. This is why we must fight against the sacred cow by implementing a Community energy policy in supranational terms which will keep faith with the promises and meet the needs of these very difficult times.

(Applause)

President. — I call Mr Springorum.

Mr Springorum. — *(D)* Mr President, ladies and gentlemen, if one is the last speaker, one has the advantage that little still remains to be said, apart from thanking the rapporteur and thanking Vice-President Simonet, who has been patient with us and who also gave us an introductory address which indeed included much that was new and interesting for us.

It was certainly a happy double event that combined the presentation of a memorandum on energy policy to the Council by the Commission on the 19th April, with a message from the United States made public at the Congress on Energy Policy on the same day. Both spheres, that of the Community and that of the United States, are indeed perhaps of the same mind in this matter. But how different is the political tenor of these two documents. Admittedly, there is also an immense difference between the Commission and the American Presidency, as institutions. That should not however have prevented the Commission from also putting forward clear political views and clear demands. The Commission's memorandum lays remarkable stress on the need for coordination as the great panacea. There is to be coordination between the Community and the great oil companies; between the United States, Japan, and the Community; between the oil-exporting and the oil-importing countries. How, one may ask, is this to be carried out?

Today the last round of OPEG talks begins in Tripoli. The Near-East countries are asking for 11.1 per cent, and have up to now been offered 7.2 per cent. It has been suggested that at this round of discussions, at the third discussion, the oil companies would offer 9 per cent. Where does the Community in fact stand in this matter? Can this really be co-ordinated? There are in fact European companies who have already on their own account proposed discussions. Japan has in any event already concluded some agreements in the meantime and intends, as the Japanese Foreign Minister said yesterday, to make fundamental changes in its import policy. And he said this after visiting Kuwait, Iran, Saudi-Arabia and Abu Dhabi; the four countries, that is to say, which provide 70 per cent of Japan's mineral oil.

A clear statement by the European Community on this subject is gradually becoming necessary. But this clear statement requires that we should also ourselves be clear that an oil policy like that which in many countries sometimes clashes with the USA may have disadvantages for us in the long term. Mr Simonet spoke a short while ago of some of the possibilities. Here in fact—I would almost be prepared to say—is a question of beguiling offers from the Near East. But these will simply have no substance if they are not accepted by the Atlantic Community. We can, to be sure, derive certain advantages from the anti-American attitude of some of those countries. But these countries too, let us be clear on this, have a long term need for the protection of the United States fleet in the Mediterranean—the protection that Europe is not in a position to offer.

Now for a further word on what the memoranda say regarding coal. While the message from the President of the United States spells out the point that any decision adverse to coal infringes national independence, the Commission's memorandum demands in somewhat qualified terms the liberalization of imports.

During this morning's question-period, and also now, Mr Simonet has referred to the great differences in prices. American coal is substantially cheaper than the European product. But we should here bear in mind the differences in sulphur content, taking account of which brings the prices considerably closer to each other. The real question to be put, however, is this. Does the Commission intend to pursue an energy policy guided only by prices, with prices as the only deciding factor? In my opinion, the availability of the energy is far more important. The ordinary citizen prefers to pay 10 Pfennigs for one kilowatt-hour and to be sure of getting it, rather than to pay only 8 Pfennigs and know that he will have a power-cut lasting two hours every

Springorum

day. The car-driver prefers to pay a couple of cents more per litre, to avoid the fear that the next petrol-station will have run out of super-grade. When even the responsible heads of the European petroleum industry—I would like to make this quite clear—issue warnings against any further contraction of the supply of coal in certain regions—I would here of course like to emphasize that Belgium is not involved, the regions consisting of two English ones, two German, and one French—I accordingly feel that the oil industry's demand that coal must also contribute to our supply of energy in the future, should be taken seriously by the Commission.

A mine which is now having a hard struggle to exist, should not have things made more difficult during the lean period to be survived until the price of oil actually once again stands higher than the price of coal.

Isn't this energy policy of ours a really remarkable one? Some of my fellow-members have just told me that the Poles are sinking eight new shafts in order to supply Europe with coal, although the output in Poland runs at 1.5 tons below the German level and almost 1 ton below the level in England. If these mines did not have the protection provided in the countries where trade is a State monopoly, the price of this coal would stand substantially higher.

The coal deposits must however be divorced from currency manipulations. German coal would today be absolutely competitive, if since 1969 revaluations on the one hand and devaluations on the other, had not continually been put into effect. In my view that is no proper working basis.

Allow me to make one reference to some figures for price-movements of fuel-oil, that is to say gas-oil, on the Rotterdam market. Last year, in April 1972, 28 units of account: now, 43. For benzine: from 27 units of account then, to 57 now. For supergrade petrol: from 34 then to 71 now.

The main increases have taken place during the last weeks. The consumer will find these price-increases passed on to him during the coming months. Let us be clear on this. A policy for a reliable and lasting supply of energy will shortly become one of the most politically explosive themes that exist. The Commission will have to learn to plan its intentions in this field over a longer term, and also on a more thoroughgoing basis than at present. It should also—as various speakers have pointed out—take account of the future when conducting its deliberations. The course which it is taking in the second Planning Programme, namely just to plug any gaps by increasing the output of nuclear energy, will

be not only unpractical but unrealistic. The protest-march of the citizens of Strasbourg, here in Strasbourg a few days ago, directed against the Fessenheim power station, is also a reality; and one which has to be reckoned with, not just a passing gesture by the inhabitants of the city.

We should wish that the Commission's outstanding expert knowledge may be coupled with greater boldness in its political dealings, and that it may meet with more success in that direction.

(Applause)

President. — Before we consider the motions, I call Mr Simonet, who has asked to speak on behalf of the Commission.

Mr Simonet, Vice-President of the Commission of the European Communities. — *(F)* Mr President, I shall be extremely brief, because out of all the extremely interesting comments which have been made here there has emerged, I believe, a very large measure of agreement with the terms of the reports submitted to your Assembly, and, as these have already taken a favourable view of the Commission's proposals, I can only express my thanks for the positive way in which they have been welcomed by the members of this Assembly.

I will restrict myself simply to making a clarification which, I am afraid, is all the more necessary because several speakers have referred to a statement which I am supposed to have made.

I must say first of all that I do not consider myself tied by the fact that a particular newspaper or press report has summarised, intelligibly enough perhaps though in parts a little too cursorily, observations which were of course more subtly expressed.

What appears to me to be the official attitude of the Commission, and the one which I am led to defend, is given explicitly on page 9 of the document which the Commission is submitting to the Council of Ministers. I would add that it emerges very plainly from reading this document that the Commission is convinced of the necessity of maintaining a sizeable production capacity within the Community. But—and this is perhaps the point on which we differ—we do not believe it is possible to fix a target figure and disregard considerations of cost.

With these reservations, we are too well aware of the restrictions on economic development, and also—I had occasion to refer to this this morning—of the serious social problems which would be

Simonet

caused by injudicious plans for closures and recession, not to be in agreement with you on the necessity of as large a capacity as possible in coal production, for economic reasons, to safeguard supplies, and also because coal may constitute the basis of new technologies which could guarantee for a much longer term supplies for the European economy.

(Applause)

Mr Hougardy. — (F) Hear, hear!

President. — Does anyone else wish to speak?

The joint general debate is closed.

We shall now consider the motions.

I first call the motion contained in the report by Mr Giraud.

On the preamble and paragraphs 1 to 9, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

The texts are adopted.

After paragraph 9, I have Amendment N^o 1, tabled by Mr Pêtre on behalf of the Committee on Budgets and worded as follows:

After paragraph 9, insert a new paragraph worded as follows:

“Requests the Commission of the European Communities to study projects from the financial angle and, where several options are open, to calculate the costs involved in each case so that Parliament can adopt a well-founded position with due regard to the Community’s financial potential within the limits of a budget covered exclusively by own resources as from the 1975 financial year.”

I call Mr Pêtre to move his amendment.

Mr Pêtre. — (F) Mr President, your Committee on Budgets tabled this amendment because, when the time came to study the Commission’s proposals, it regretted not being able, through lack of complete financial information, to adopt a firm position towards the financial angle of the proposals. It therefore requests the Commission of the European Communities to study projects from a financial angle.

Where energy matters are concerned it also requests that, when several options about projects are open, the cost of each should be calculated, to provide a valid basis for choice.

The Committee on Budgets further requests the Commission of the Communities that, each time it submits a proposal, which has been checked and scrutinized and is in proper form, it should

append detailed financial notes with sufficient indication of the resulting charge on the Community budget.

Parliament will thus have the opportunity of coming to a decision in the full knowledge of the facts.

In order to carry out this important type of inquiry, which is in the interests of the Community and Parliament as well as the budget, the Committee on Budgets considers that the various departments of the Commission which are concerned should collaborate closely in working out these calculations.

The amendment proposed to you merely conveys the considerations which I have just expressed. The Committee on Budgets hopes that the Committee on Energy and the Members of this Parliament will agree to adopt it.

(Applause)

President. — What is the opinion of the rapporteur?

Mr Giraud, rapporteur. — (F) On behalf of the Committee on Energy, Research and Technology, I give my immediate and complete agreement to the amendment presented by the Committee on Budgets. If this Committee has not been able to include the paragraph in its text, and it is a paragraph which it unreservedly approves, it is simply due to delay on the part of the Committee on Budgets in expressing its opinion, which was certainly not the case with the former.

President. — I call Mr Hougardy.

Mr Hougardy. — (F) I shall vote for this amendment, which, I hope, will be the prelude to greater control and clarity in budgetary matters.

As I have already had occasion to state elsewhere, I was once rapporteur on a non-existent research budget. I hope such an occurrence will not be repeated and that in future, thanks to greater simplicity in the presentation of accounts, parliamentarians will be more easily able to check on expenditure.

President. — I duly note your statement, Mr Hougardy.

I put the Amendment No 1 to the vote.

Amendment No 1 is agreed to.

On paragraphs 10 and 11 of the motion, I have no amendments or speakers listed.

Does anyone wish to speak?

President

Paragraphs 10 and 11 are adopted.

I put the motion as a whole contained in the report by Mr Giraud, as amended, to the vote.

The resolution as a whole, so amended, is adopted.¹

We shall now consider the motion contained in the report by Mr de Broglie.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

We shall now consider the motion contained in the first report by Mr Hougardy.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

We shall now consider the motion contained in the second report by Mr Hougardy.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

13. *Regulation on tariff arrangements applicable to certain goods purchased by travellers*

President. — The next item is a debate on the report drawn up by Mr Wohlfart on behalf of the Committee for Finance and Budgets on the proposal from the Commission of the European Communities to the Council for a regulation on tariff arrangements applicable to goods purchased by travellers in airport shops and on board aircraft, ships or hovercraft operating between two or more Member States (Doc. 320/72).

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

Mr Wohlfart, rapporteur. — (F) Mr President, the proposal submitted to this Assembly by the Commission of the Communities seeks to remove exemptions from customs duties on goods originating in non-Member States sold in airport shops

in the Community and on board aircraft, ships and hovercraft.

The proposal is based on the principle that, because of the existence of the common customs tariff, goods which are not in free circulation in Member States in accordance with the provisions of Articles 9 and 10 of the Treaty may not be consumed of the territory of the Community unless customs duty has been paid.

You know what the present position is, my dear colleagues, since you are often called on to travel in aircraft and use airports belonging to the Community: travellers in aircraft operating on intra-Community routes, except between Benelux countries, can buy in airport shops duty-free goods originating in non-Member States.

In addition, goods originating in non-Member States are also sold free of duty on aircraft, ships and hovercraft, both on intra-Community routes and on routes between Member States and non-Member States.

The Commission's proposal seeks to make the following changes to the present system of exemptions:

Firstly, travellers in intra-Community transport will only be able to enjoy exemption from customs duty in airport shops, and will only be entitled to this exemption on board aircraft, ships or hovercraft for goods consumed during the journey. To be more specific, under the provisions of Articles 9 and 10 of the proposed regulation, those travelling by air will be able to purchase goods exempt from customs duty in "duty-free shops" provided that they are in possession of tickets made out in their names and have as their immediate destination an airport located outside the Community.

Secondly, as regards the supplies carried by aircraft, ships or hovercraft operating between two or more Member States, only foodstuffs, beverages and tobacco products intended for consumption on board by the passengers or crew will be exempt from customs duties. This is Article 3.

Thirdly, when an aircraft, ship or hovercraft operating between two or more Member States makes an intermediate stop in a non-Member State, the provisions of Council Regulation No 1544/69 of 23 July 1969 on the tariff applicable to goods contained in travellers' personal luggage will be applied. This is Article 4. It involves 25 articles which are subject to ad valorem exemption and the observance of certain conditions and quantity restrictions for tobacco products, beverages, toilet articles, coffee and tea.

¹ OJ, Series C from 4 June.

Wohlfart

The proposal has been studied very carefully by the Committee on Budgets, and has been found to be fully justified. Its purpose is in fact, as I said just now, the enforcement of Articles 9 and 10 of the Treaty, which set out the terms of the customs union, and it will put an end to discrepancies in treatment between intra-Community travellers using aircraft, ships or hovercraft and those using other forms of transport. In the area of customs regulations it supplements the provisions contained in the second directive and provided for in the third directive on turnover tax and excise duties.

However, the Committee on Budgets considers that the regulation set out in the present proposal should come into force three years after its adoption by the Council, to allow business concerns affected by the change to adapt themselves to the new tariff arrangements which are envisaged. It is tabling an amendment to this effect as Article 5 of the proposed regulation.

So I would ask the House, on behalf of the Committee for Budgets, to approve the proposal made by the Commission of the Communities, together with the amendment proposed by the committee.

(Applause)

President. — I call Mr Gundelach to state the Commission's position on the amendments proposed by the committee and the motion contained in its report.

Mr Gundelach, Member of the Commission of the European Communities. — *(DK)* Mr President, I would first like to thank the Committee for Finance and Budgets and its rapporteur, Mr Wohlfart, for their very thorough discussion of the Commission's proposal and for their clear and concise report, of which the conclusions in general follow the Commission's view and therefore support the Commission's desire to remove certain anomalies in the administration of the existing European Customs Union.

With reference to the proposal for an amendment concerning the date at which the regulations would go into force, however, the Commission does not think that there are cogent grounds for making this coincide with the harmonization of tax regulations.

The present proposal, as will have appeared, concerns the Customs situation alone. It concerns an already existing Customs Union. The matters which the regulation is intended to cover must be regarded as anomalies in a Customs Union. Economically they are not of such wide scope that any particular transitional period should be necessary. As far as the cus-

toms conditions which are the subject of this regulation are concerned, the situation is quite different from matters of different tax and fiscal conditions, since in these fields the European Communities have not, after all, achieved a common policy in the same way as they have in relation to Customs.

The matter in question, that is, matters connected with fiscal dues, are also of far greater scope, economically speaking. The Commission therefore feels that the regulation in question should come into force at the time originally proposed.

President. — I call Mr Schwabe.

Mr Schwabe. — *(D)* Mr President, honourable Members, I greatly regret that an engagement abroad prevented me from being here this morning, since it was then a question of our doing something more that would make the easing of international travel in Europe appear more credible and convincing to our peoples, by the early abolition of the green insurance card. Please now allow me, as a representative of international tourism, not in any professional capacity but as someone who feels himself to have links with it and duties towards it, to add something to the record.

It may perhaps sound somewhat naive if I fully admit that the administrative and legal changes in Customs procedure ought not to prove so difficult. I lay stress on this, and would even like to say that in this case we can for once praise the bureaucratic arrangements. Together with your governments, you are seen to be taking action on a matter more speedily than would usually have been assumed. The form of the changes suggests that they can be put into effect very quickly. But I would like to draw your attention to something else. As international air traffic visibly develops—and I am referring especially to this—the Duty Free Shops acquire a quite special importance. They are also of importance, and this is not confined to one country, insofar as their receipts assist and help to determine the profitability of the airports. At the Brussels airport too, I think we can very often observe how heavy the turnover is, and can surmise—in line with what we know from the actual figures for other airports—that the receipts from the letting of these shops represent an alleviation during a time of transition. One airport or another—and I again quote Brussels as an example—could perhaps make this aspect a direct basis for refraining from imposing the airport tax.

I would therefore like to plead that we should at least for a while leave these possibilities still

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open as regards inter-European traffic, and announce that the existing arrangements and the existing contracts can be terminated on the basis of subsequent fair and equal negotiations between all Europeans. Forgive me if this was not so much a financial and legal statement as a reference to a practical aspect of this matter in relation to international tourism.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion.

I have Amendment No 1, tabled by Mr Outers and worded as follows:

Throughout the texts of the motion and the proposal for a regulation:

1. (No change in English text.)
2. After the word 'ships', insert 'boats'.

I call Mr Outers to move his amendment.

Mr Outers. — (F) Mr President, I have submitted an amendment of both the motion and the proposal for a regulation.

The amendment is essentially legal in scope and is concerned with terminology.

My amendment, in fact, will not alter the meaning of the provisions under discussion, but on the contrary will bring them into line with what their authors intended.

It consists in fact of two changes.

First it seeks to replace the word 'avion' by 'aéronef' (aircraft).

The law of the air does not accept the word 'avion' as having any meaning. On the other hand the term 'aéronef' has been defined in various international conventions, and is an expression with a very precise legal implication.

For example, appendix 7 of the Chicago convention gives an exact definition of what is meant by 'aéronef'.

It is the same with the term 'ship'

In the succession of maritime convention this term has always carried a precisely defined meaning.

The authors of the motion for a resolution and the proposal for a regulation do not intend that the resolution and the regulation should apply only to 'ships' but also to 'boats'.

In other words, they do not want the enforcement of the regulation to depend on the nature of the vessel concerned.

That is the sense of the dual amendment which I have put forward.

I repeat, it is a matter of terminology which has already been gone into in other circumstances, particularly by the Legal Committee, which accepted the same terms when it was studying another regulation; and the reasons which led the Committee to take this view at that time seem to me to be equally valid in the present instance.

That is why I venture to present this dual amendment.

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, I would like to say, first, that I have no comments to add on behalf of the Commission on the proposed amendment to the regulation.

I would like to say to the previous speakers that it is the Commission's firm intention to see that the administration of the Customs Union is lightened, to make it more flexible and consequently also easier to live with, not only for businessmen but also for ordinary people. As far as the problem of duty-free shops at airports is concerned, I would like to stress, as I did in my first remarks, that while we are discussing this proposal for a directive this afternoon we are not discussing the whole complex of problems connected with these shops. This question will also be debated by Parliament at a later date and in another connection. We are dealing only with the part which, as far as prices and economic consequences are concerned, is the least part, namely the part concerned with Customs, and my argument was that we have complete Customs Union, but of course without any harmonization of the fiscal regulations in the Member States. So there is a difference between the two.

In the Customs Union we have the anomalous situation that certain shops within airport areas can buy duty-free goods and sell them principally to consumers within the Community, which as far as purchase of the goods sold there is concerned, is subject to the common Customs tariff. A form of not wholly proper competition thus exists, which it is the intention of this directive to remove, but it is not intended that this directive should solve the whole complex of problems relating to duty-free shops. That will be dealt with at a later date.

President. — I first put to the vote Amendment No 1, tabled by Mr Outers, to which Mr Gundelach has stated he has no objection.

President

Amendment No 1 is agreed to.

Does anyone else wish to speak?

I put the motion as a whole, so amended, to the vote.

The resolution, so amended, is adopted.¹

14. *Oral Question No 27/73 with debate on competition in the motor car industry*

President. — The next item is Oral Question No 27/73 with debate, put by Mr Fellermaier on behalf of the Socialist Group to the Commission of the European Communities, on competition in the motor car industry.

1. What is the situation with regard to competition in the European car market? How does the Commission view the price policy of European car manufacturers in this connection?
2. Does the Commission consider it necessary, for reasons of safety, for car components to be subject to special price control—for example resale price maintenance—in addition to safety regulations?
3. Are the marketing strategies of European car manufacturers, which result in the partitioning of national markets within the Community, consistent with the aims of the establishment of the Common Market? What possibilities do the provisions on competition in the EEC Treaty offer for taking action against this regionalization of markets?
4. How far is competition impeded by the fact that motor vehicle manufacturers use sole agency systems, which do not place a formal ban on exports but nevertheless obstruct or impede purchases in other countries by consumers and the trade? What measures does the Commission propose to take against such trading systems?
5. What importance does the Commission attach to sole agency agreements in the motor vehicle industry in which vehicle manufacturers come to a standard arrangement for the whole Common Market?
6. Can such sole agency agreements under certain circumstances promote competition in the motor vehicle industry in the Community?

Pursuant to Rule 47(3) of the Rules of Procedure, the questioner may speak to the question for up to 20 minutes. After the institution concerned has answered, each speaker listed may speak for not more than ten minutes.

I call the questioner, Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, honourable Members, on behalf of the Socialist Group, may I make the following observations on the question?

We believe that the competitive situation in Europe in the automobile-sector, unlike the marketing of other products, is characterized by the fact that in this field there is a well-known regionalisation of the markets which means that they are not subject to the degree of competition that should actually be the case. We have therefore quite deliberately asked the Commission how it views the price-policy of the European car manufacturers.

I would like to give one example by way of elucidation. A few weeks ago, when all car factories in the German Federal Republic raised their prices on the domestic market by nearly the same proportions, but did not raise them for the other member-countries of the Community, the French car manufacturers followed suit with their prices for Germany. This must surely pose the question whether we are not facing a state of affairs which, even if it can certainly not in every instance be deemed to fall within Article 85 of the Rome Treaty from a juridical point of view, must nevertheless at some point be publicly discussed from a political aspect. The European Parliament is called upon to do this.

In this connection it must naturally be asked whether competition in the European automobile market really amounts to what the consumer expects from a free market.

We know that the EEC Commission had to institute a number of proceedings in various countries in the Community, under Article 85 and the related Regulation No 17 of the Council, against car manufacturers who have impeded free competition within the Community by operating exclusive selling systems, by imposing categorical prohibitions on exporting, applicable to some of the dealers in contractual relationship with them, and by preventing or putting difficulties in the way of purchases involving cross-frontier movements, by customers or indirect customers. It is now common knowledge that a large automobile concern, which is in American ownership, is at this moment trying to set up a distribution network covering all the EEC member-countries. On this subject, we would be glad to hear what view the Commission takes of this initiative by this American concern, and whether the Commission believes that a system under which all contractually-related firms and all agencies for a particular make of car are treated alike—and exactly alike, whichever EEC country is concerned—is conducive to competition and can exclude discrimination where dealers are concerned. We believe that exclusive selling-agreements can promote competition only if there is a specific assurance given that in the field concerned

¹ OJ. Series C, from 4 June.

Fellermaier

competition may be put into practice in exactly the same way as in other sectors of the economy.

Now we know that in this connection—and this involves my raising, with your leave, yet another problem that we have defined in part 2 of the question—spare parts for cars are very frequently a matter of so much argument in the automobile industry that when they give rise to the question of who may or may not re-sell, they must be made subject to strict control, especially on grounds of security.

Even if this is accepted from the point of view of security, there nevertheless arises the question whether the working out of prices for the same product, from the same factory, and often with the same routing except for instance the difference between dispatch to Trier as opposed to Luxembourg, is on a justifiable basis; seeing that awesome price-differences occur in the individual countries, for the same spare part for the same model of car. But this really highlights the question whether in this context the term "more security" is what is in fact meant; or whether at times the answer is that more money goes into the coffers of the car-makers. It is our opinion that in these respects the operations on the European car market cannot be reconciled with the regulations governing competition. The Socialist Group therefore wishes to encourage the Commission to take further steps, so that by bringing the situation completely to light, and by applying Article 85 in conjunction with Council Regulation No 17, the workings of this market may become more clearly visible. Furthermore, we want to encourage the Commission to consider whether still better instruments should be devised, not so much in the domain of supranational cartel-law as by further development of national laws applicable to cartels, in the individual member-countries; so that regulations for competition similar to those which other markets have become thoroughly accustomed to for years past, will come into being in the European car market.

President. — I call Mr Borschette to answer the question on behalf of the Commission of the European Communities.

Mr Borschette, member of the Commission of the European Communities. — (F) Mr President, I will first thank Mr Fellermaier for having put this question, since it allows me to answer certain points which arise in this extremely important and sensitive area.

The first question, dealing with the present state of competition in the European market for cars, is of course very general in scope.

Before I try to answer it I must draw a distinction between different kinds of blocking measures whose effect on the degree of competition prevailing depends on whether they are of a statutory nature—that is to say, imposed by governments—or introduced in the private sector.

It is sufficiently well known that the Community and Member States have yet to introduce the necessary degree of harmonization and improvements which are a prerequisite of effective competition in the motor industry. We only have to recall the difficulties experienced in trying to establish, for instance, a harmonized system of rules, and as uniform as possible, on the licensing and circulation of vehicles, taking into account the mandatory considerations which now exist, especially in regard to the protection of the environment and road safety.

I imagine that the first question is concerned largely with obstacles to competition in the motor industry arising from measures originating in the businesses themselves.

In this context, I should like to underline first of all that the automobile sector is one of those which is under continuous and very close supervision by officials of the Commission over enforcement of the rules on competition. I think I can also affirm in general that there is effective competition in this sector, which also has an effect on the price structure. Indeed, as regards the structure of the motor industry, I believe that the manufacture of motor cars in the Common Market has probably not yet reached such a degree of concentration that competition does not exist.

As regards agreements on the basis of Article 85 of the Treaty of Rome, a number of cooperation agreements have been concluded between companies in research, development and specialisation which are authorised by Article 85 (3).

There are further, and I think that this is the essential point of your question, exclusive concession agreements between motor manufacturers in the Common Market. We hold that the ban on exporting contained in these exclusive concession agreements should be abolished. In enforcement of Council Regulation No 17/62, proceedings have been taken against 38 reported offenders, and in another case proceedings have been officially taken up. Following these proceedings, most manufacturers have renounced bans on exporting. While the Committee has informed three companies or groups of companies of the complaints which have been made against them.

But difficulties of another kind still subsist, which up till now have hindered any notable

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increase in parallel importations. These measures are equivalent to bans on exporting. They are now being looked at by the head of the administration in the Commission, and I shall come back to this when I reply to your fourth question.

As regards the second question, I do not hold the view that for reasons of road safety in motor vehicles prices of separate parts ought to be fixed, either by government regulations or by agreements in the private sector. Nor do I think that road safety would suffer from competition in the sale price of separate parts.

The Community has never tolerated restrictions on competition in intra-Community trade whose sole object is the protection of government-imposed price structures, and, as is known, these restrictions include in fact the bans on exporting contained in mutual and exclusive concession agreements.

The Commission sees no reason to depart from this principle in regard to separate parts for motor vehicles.

Third question. In my previous remarks, I did not go so far as to talk about concerted plans on the part of motor manufacturers to seal off national markets in the Community. The Commission has no indication that such concerted plans exist. If they did, they would certainly be contrary to the original purpose of setting up the Common Market, and illegal under the terms of Article 85 of the Treaty of Rome, and might well induce financial penalties.

As I have already made clear, the Commission is making use of all the means afforded by the provisions of the Treaty of Rome and Council Regulation No 17/62 to combat repeated attempts to regionalise European markets through activities inherent in concession arrangements for certain makes of motor vehicle. The Commission will continue to take action to ensure that the motor industry adapts its methods of distribution to the rules on competition of the Treaty, and it will do this as need arises through formal interdictions, as it has already made clear in its reply of 26 March 1973 to a written question from Mr Jahn.

The fourth question is about exclusive concession arrangements which while not constituting formal bans on exporting nevertheless prevent or at any rate make more difficult purchases from another country either for direct use or for resale. The range of these preventive measures is considerable. On the one hand there are concession arrangements which again contain clauses which impose obstacles on exporting, and on the other hand practices which lead to the same result.

Sometimes provision is made for charges, known as "transfrontier commissions", for after sales service which the concessionary vendors must pay to the concessionary on the territory in which the end-user registers the vehicle imported "in parallel". This commission can reach a prohibitive level, to the point where it discourages the concessionary from making any attempt to export.

The same result can be obtained by several other methods: end of year bonuses may be reduced if exports go up; the manufacturer, or the concerns which are connected with him, may treat concessionary exporters less favourably or less expeditiously than he treats concessionaries who keep to the zones of the concession agreement; or the concessionary may refuse services under the guarantee or free loans of vehicles in the case of vehicles which are imported in parallel. Sometimes concessionary importers, who carry out road safety checks on behalf of their government or in conjunction with it, may demand higher charges, or take longer over doing the work, in the case of road safety tests on vehicles imported in parallel.

The Commission is of the belief that by taking the proceedings which it has in enforcement of Council Regulation No 17/62 it may help to bring about the dismantling of these practices. They will in any case disappear with the progressive elimination of the considerable differences in the price of the same product which are in force in different Member States and with the consequent removal of the necessary inducement to export and import in parallel.

Fifth and last question. It would be as well to underline that a uniform form of words for use in exclusive concession contracts, for the whole Common Market, would not be enough, however desirable it might seem, to promote competition. In respect of Article 85 of the Treaty of Rome, the essential is—if I may express it like this—that these contracts must allow competition between dealers in the same make of product, and this must apply to trading between all Member States. If this is so, parallel imports will continue so long as there are wide difference in prices and conditions of sale. On the other hand, when concessionaries adopt approximately the same price structure and sales conditions, parallel importations will become superfluous.

This is the result to be aimed at in the interests of the consumer. That is why the Commission does not feel that it should depart, where the motor industry is concerned, from the basic concepts set out in the regulations of the

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Commission and the Council on exemption by exclusivity agreements.

On the supplementary questions put by Mr Fellermaier I will add a few remarks.

It is true that the German motor industry recently raised its prices, and that some other foreign makes, particularly French, immediately followed suit and raised their prices in the same way or something like it.

There would seem to be three possible explanations for this.

There has of course been an increase in costs in all Community countries. The increase may also perhaps be explained by the relatively weak position of imports into the Federal Republic of Germany, and from fear of retaliatory measures by the large German makes.

In the third place, I also think that there may possibly have been a concerted agreement to raise prices between the different makes and concerns. I entirely agree, of course, that the Commission should look into the matter.

You will realise however that it is sometimes very difficult to get to the bottom of concerted activities of this kind.

And that, Mr President, is what I wanted to say now on this subject.

President. — Does anyone else wish to speak?

I have received no motion on this debate.

The item is therefore closed.

15. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Wednesday 9 May 1973, with the following agenda:

At 10.15 a.m. and, possibly, the evening:

- Statement by Mr Spinelli on industrial policy
- Report by Mr Baas on a regulation on arrangements to enable bonded goods to be processed before being made available for consumption (vote without debate requested by the Committee on External Economic Relations)
- Report by Mr Seefeld on the Sixth General Report of the Commission
- Report by Mr Gerlach on the Audit Board's performance of its duties
- Report by Mr Aigner on the giving of a discharge for the implementation of the 1970 budget
- Report by Mr Bousch on the economic situation in the Community
- Oral Question No 3/73, with debate, by Mr Jahn and others on the Communities' information policy.

The sitting is closed.

(The sitting was closed at 8.30 p.m.)

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IN THE CHAIR: MR BERKHOUWER

(The Sitting was opened at 10.10 a.m.)

1. *Approval of minutes*

President. — The minutes of yesterday's sitting have been distributed.

Are there any comments?

The minutes are approved.

2. *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:

- Act of Notification of the conclusion of the Protocol by the Community, laying down certain provisions concerning the Agreement with Spain, arising out of the accession of new Member States to the European Economic Community;
- Minutes concerning notifications of the completion of the procedures necessary for the entry into force of the Protocol laying down certain provisions concerning the Agreement between the European Economic Community and Spain, arising out of the accession of new Member States to the European Economic Community, signed on 29 March 1973;
- Act of Notification of the conclusion of the Protocol by the Community laying down certain provisions concerning the Agreement with the State of Israel, arising out of the accession of new Member States to the European Economic Community;
- Minutes concerning notifications of the completion of the procedures necessary for the entry into force of the Protocol laying down certain provisions concerning the Agreement between the European Economic Community and Israel, arising out of the accession of new Member States to the European Economic Community, signed on 28 March 1973.

These documents will be placed in the records of the European Parliament.

3. *Membership of committees*

President. — I have received a request from the Socialist Group for the appointment of Mr Harmegnies to the Parliamentary Conference of the EEC-AASM Association, to replace Mr Radoux.

Are there any objections?

This appointment is ratified.

4. *Commission statement on industrial policy*

President. — The next item is a statement by Mr Spinelli on industrial policy on behalf of the Commission of the European Communities.

I call Mr Spinelli.

Mr Spinelli, Member of the Commission of the European Communities. — (I) Mr President, further to the commitments arrived at during the Paris summit meeting, commitments concerning a scrutiny of European Community policies, the Commission discussed and—on May 3rd—approved a communication on the programme for industrial and technological policy, which it forwarded to the Council with the request that it be considered at the earliest opportunity. Parliament, too, will be receiving the document in the next few days and the Commission hopes that Parliament will also conduct a policy debate on the document as soon as possible so that we can reasonably expect a final text to be drawn up by the second half of the year embodying any suggestions brought up in the course of these discussions. In this way, it will be possible to evolve a plan with a specific timetable before the end of the year, as requested by the Summit Meeting.

Today I would like to sketch no more than a rapid outline picture of this document, which has been approved by the Commission, for the benefit of Parliament. The aim of the Community's industrial policy is (as stated at the Summit Meeting) to create a common basis for European industry, a connective tissue. This will not consist merely of freedom of movement for goods but it will also imply the establishment of a set of rules, regulations and directives that will help to make the legal and fiscal structures of our companies more consistent to promote the structural development of industry, that will help to tackle the major problem of the relations between industry and the public authorities in each state so that these relations do not form an obstacle to the achievement of a European scale, which will help to create European instruments—financial instruments, the instruments of industrial organisation—on a European scale, and finally which will also embody European policy guidance on certain important sectors with special problem.

One basic feature of this industrial policy is that it must be conceived and evolved in close liaison with the body of the Community's policies. Since

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the main theme of the common industrial policy is proper development of the European industrial system, it must obviously be viewed in the general context of the Community's economic development policy so that the European industrial structure can be one of the mainstays of the formation of the economic and monetary union.

The industrial policy must also be an integral part of the policy whose aim is to pave the way for a better society. In drawing up that policy, therefore, due account must be taken of regional policy, environmental policy and research. In formulating the policy, too, allowance should be made for an ever broader and freer commercial policy which will be based on a highly competitive industry.

The industrial system of the Community and of our States is characterized by a form of pluralism. The basic responsibility for industrial development is, and must continue to be, in the hands of private enterprise. Above the entrepreneurial level, there is a set of activities and measures that depend on local and national policy. In certain fields and in specific directions, however, there must also be a system of European actions. We shall not succeed in establishing the proper measures in this field unless we pay due heed to this articulation, this multiplicity of centres of initiative and decision. The measures must, therefore, take many different forms: in some cases, the Community decision-making procedure will apply; in others, as in the case of assistance for industrial purposes, the Commission will have to take the initiative; in other cases, there will have to be concerted national industrial policies with the help and participation of the Community institutions. Finally, efforts must be made to promote, stimulate and guide companies; in other words, companies must be helped to help themselves while at the same time care must be exercised to ensure compliance with all the rules of competition and of the Treaty in their development.

The following is a brief summary of the main chapters on which the Commission intends to concentrate as a matter of priority. The first is the problem of doing away with technical obstacles.

It is the Commission's intention to draw up an adequate programme and, with the Council's assistance, to seek out the most rapid procedures for eliminating at least the known technical obstacles within the next five years. In deciding upon priorities and in drawing up the implementing regulations, the sole aim must not be the liberalization of trade; among the main objectives must always be concern for public

health, respect for environmental needs, and so forth. My colleague Mr. Gundelach, who has special knowledge of this sector, will be speaking to you on this aspect of the problem at greater length.

The second chapter is the need gradually to open out public procurement. As you know, the markets in question are still far from open. With the present level of cross-currents of trade in the private sector, the percentage of consumption satisfied by intra-Community trade ranges from 15% to 35%. In the public procurement sector, however, there is a far lower percentage and in some cases the public spending market is completely closed.

In this field, the Commission proposes to bring in new directives to abolish all the remaining legal obstacles altogether and to ensure that all infringements are penalized. Nevertheless, we are aware that very often and to a great extent the restricted nature of public contracts is due not to the existence of legal prohibitions but to the fact that there is a whole body of habits and interests militating against any extension of procurement beyond the national borders.

With this in mind, the Commission also intends to start compiling information on the actual situation and on the nature of the obstacles that do in fact exist. It will issue a periodical report and submit it to Parliament to publicise this abnormal state of affairs, for such publicity will surely help to overcome quite a few obstacles.

Finally, there are certain sectors which are by nature network systems; I am thinking in particular of the problem of railways and telecommunications. These two sectors can look forward to a future of major development, of great and radical innovation, and we intend to promote—and here it is a matter of taking the initiative in promotion, not merely in introducing regulations—the formation of joint companies through the various national agencies which can cooperate on all forms of research and development work and joint procurement to prevent divergent, and therefore partial, development in these two important sectors.

A third chapter in our document is concerned with the promotion of competitive concerns on a European scale. Our first concern should be that the rules laid down by the Treaty of Rome be complied with in this development as they concern private agreements and dominating positions. The Commission intends to draw up draft regulations to make it universally compulsory to give notice of mergers.

It is extremely useful to be promptly informed of such concentrations as an assessment can then

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be made as to whether they constitute a monopoly or dominating position. Although I shall not dwell on the subject here, as it will be discussed at greater length on other occasions, we must also forge ahead with the harmonization of company law, the creation of new forms of European law and the abolition of fiscal obstacles and the creation of a true European capital market.

It is obvious that the liberalization and creation of a true European capital market are aspects of the overall development of economic and monetary union and transcend the narrower limits of industrial policy.

We are also planning certain specific measures and have already made formal recommendations: one of which is now being implemented is the bureau whose task is to effect the rapprochement of companies, mainly small and medium-sized concerns; another is the plan for development contracts which was recently discussed in Parliament and which is now before the Council.

Here again, the Commission intends to promote cooperation between the national financial institutes—most of which are public bodies providing industry with capital and participating with risk capital—to encourage them in financing the development of trans-national operations. The European Investment Bank will obviously play an important part in promoting cooperation and collaboration in this field.

Finally, we come to the problem of investment. Some investments are just coming into effect after many years. The Commission feels that more information should be provided to prevent excessive investment—which occurs frequently—which then leads to overproduction.

In some cases, measures will have to be proposed regarding the policy of resources, and I am thinking in particular of non-ferrous metals and enriched uranium. In other fields there are European industries whose structure is still inadequate since they are still on a national scale and have to cope with dominating positions on the Community level and outside the Community. The two most typical cases are probably the computer production industry and shipbuilding.

In other areas, especially with imports, European industry is often faced by great difficulties, here again because of its fragmentation and because it is divided into sectors which are often too closely bound up with national markets. One instance is the grave problem of the European aviation industry, where we have an absurd position: the Americans, who account for 70% to 80% of the world market, have six large companies, in other words the same number of com-

panies as we have, with only a small share in world production. It is evident that a remedy must be found for this apparently anomalous situation. There are other problems connected with imports: I might mention the problems of the paper industry, which is also associated with the growing problem of environmental safeguards, and the problems of modernizing and adapting the textile industry in view of the developing nations' growing textile industries. In each of these sectors, as it has already done in the field of the aviation industry, the Commission will recommend appropriate measures so that plans can be drawn up for immediate reorganization and development. This is the overall list of priority measures that the Commission intends to adopt in this field. It is a general picture and I hope that Parliament will help to fill in the details and to improve it very soon.

(Applause)

President. — Thank you, Mr Spinelli.

I call Lord Bessborough on a point of order.

Lord Bessborough. — Mr President, my point of order is only to repeat what the honourable Member, Mr Hill, said yesterday about regional policy.

When we have such an extremely important and far-reaching statement by the Commission as was Mr Spinelli's today, we should at least be allowed, say fifteen minutes of very brief questions following the statement.

I recognize that we shall be debating the whole statement in the Committee on Energy, Research and Technology next week and we look forward to doing that. But I think it would be good for Parliament if just a few questions could be put to the Commissioner in the plenary session.

President. — This problem came up yesterday following Mr James Hill's remarks, when Mr Thomson made his statement on regional policy.

As Mr Hill and Lord Bessborough pointed out, it would be useful to arrange matters so that Members of this House could put a few questions after a Commission statement.

We shall examine the matter at one of the Bureau's next meetings.

I propose that Mr Spinelli's statement be referred to the Committee on Economic and Monetary Affairs.

Are there any objections?

That is agreed.

5. *Regulation on arrangements for processing bonded goods*

President. — The next item is a vote without debate on the motion contained in the report drawn up by Mr Baas 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 on arrangements to enable bonded goods to be processed before being made available for consumption (Doc. 52/73).

I have no speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted ¹.

6. *Sixth General Report on the Communities' activities in 1972*

President. — The next item is a debate on the report by Mr Seefeld, general rapporteur, on the Sixth General Report of the Commission of the European Communities on the activities of the Communities in 1972 (Doc. 46/73).

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

Mr Seefeld, rapporteur. — (D) Mr President, ladies and gentlemen, the report which I have to submit in my capacity as Parliament's general rapporteur on the Sixth General Report on the Activities of the Communities in 1972 comes at a time which is of historical significance in the development of the Communities. Although the Commission's report does not extend to the activities of the enlarged Community of the Nine, which did not legally come into being until 1 January 1973, it does cover—in the form of the interim measures and procedures—the actual preparatory period in which the three new Member States of the Community gradually became involved in the integration process. The accession of Great Britain, Denmark and Ireland is an important event in the history of the Community with regard to geographical expansion and the increase in the Community's production capacity in industry and agriculture. I hope that the accession of these countries will also become a historic milestone and provide a further impulse for expansion and increased integration in the institutional field, the social sector and youth policy and in the area of political union and cooperation in defence questions.

I find it regrettable that Norway did not consider it possible to accede to the Community at the present time, but along with many others I hope that this will be accomplished shortly. The unfavourable result of the referendum in Norway also makes it clear that outsiders unfortunately gain the wrong impression of the Community as a result of its technocracy and bureaucracy and that the Community must therefore show itself to be more human, more open and more democratic in its work.

Before going into detail on the salient points of my report, honourable Members, I should point out that most of the paragraphs on specific items originate from opinions delivered by the various committees of Parliament on the parts of the Commission's General Report that concern them. As the general rapporteur, it was my task to collect the opinions of the various committees, check them carefully and adapt them to suit the structure of the Commission's General Report.

Traditionally, the general rapporteur further has a certain licence to express his own political opinion on the state of the Community as it is described in the Commission's report. I have taken advantage of this tradition to express some personal criticism and make a number of suggestions in connection with the Summit Conference of Heads of State or Government in Paris in October 1972 and the measures subsequently taken and to stress that the economic union which is now evolving and which forms the basis of the Community must also produce a social Community if a tenable "European Union" is to come into existence by 1980.

At the beginning of my comments, I must also apologize to you, honourable Members, for the fact that my text reached you so late. I should not like to place the blame for this on others but it should be pointed out that we ourselves, that is this Parliament, established the timetable and it unfortunately left me only a few days in which to collect the committees' opinions, prepare my report, have it checked by the Political Affairs Committee and finally set the translators the task of translating my thoughts into the languages of the Community. The basic conclusion which I would like to draw from this and which should prove useful to next year's general rapporteur, is that there should be better agreement on deadlines to enable the Members of this Parliament to consider the report carefully.

I should first like to say something about the structure of the report. I have scrutinized the opinions of the various committees and put them together in a new form and sequence on the model of the Commission's General Report.

This means that in the interest of complete clarity a number of items dealt with by com-

¹ OJ. Series C, from 4 June.

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mittees in their opinions have been removed from their original context and introduced into my own draft report in somewhat different form—on some occasions even together with the opinion of another committee. At the same time, a point of view advanced by two or more committees has been given only once for the sake of brevity and to avoid repetition.

Wherever possible, I have tried to retain what seemed to me to be the essence of the subject concerned, the most important arguments, the most important criticism and the most important suggestions made by the rapporteurs of the various committees, but in a few cases I felt that an argument which a committee particularly emphasized in its opinion, although watertight, did not exactly have a place in the report on the General Report. Consequently, parts of the committees' opinions have sometimes been deleted. I hope, honourable Members, that you will sympathize with me when I say that I had to shorten and rephrase outspoken descriptions of ideas and commentaries, which in the case of some committees occasionally became too lengthy.

As is usually the case with reports by the Communities, the language and style of a report do not meet the requirements normally made of literary works.

One reason for this is that several languages are used during the preparation of the report, another that the use of "Community jargon" is frequently unavoidable.

I would therefore ask the men of letters and language aesthetes among you for their indulgence.

I spoke just now of various factors which came to my knowledge during my work on this report. Older, experienced members have tried to console me with the remark that it has been the same for every general rapporteur in the past and what I am saying is not new. Since this does not, I find, necessarily make it wrong, I should like to criticize the way in which Parliament has examined the various General Reports of the Commission on the Activities of the Communities up to now. My complaint is that, for example, a report was submitted in February on the intentions and work of the Commission in 1973 and this was discussed, while last year's activities are not being reviewed until 3 months later, namely to-day. What is the purpose of this discussion when we have in principle long since told the Commission about our ideas on future work, without, however, having analyzed the work done last year and the consequences for this year? The answer I was given was that the

Treaties of Rome stipulated that this was to be the case and that was the way it was. I cannot and will not agree with this view. If we should discover here that the procedure is senseless or no longer in keeping with present conceptions, a change must be made. Irrespective of to-day's debate, I have asked the President of our Parliament to examine this question and, if he considers it necessary, to form a working party. I would appreciate it if you, honourable Members, could support my intention to make our work more effective in this respect.

And now to my report.

Following the general introduction (Paragraphs 1 to 4). Section A (Paragraphs 5 to 17) deals with the Summit Conference in Paris in October 1972.

In my opinion, Summit Conferences of the Heads of State or Government of the Community countries are useful if they provide the work of the Communities with a specific political impulse. In the institutional field, in which the Council has gained in strength in relation to the Commission and Parliament in the last few years, there is, I feel, some danger of the already pronounced manifestation of national interests within the Council becoming completely dominant if, for example, the trend to 'government by summit conferences' continues. I hope the members of this House will agree with me when I say that we should insist on Community procedures being observed in compliance with the recommendations made at the Summit Conference and that the Commission should remain the initiating body for Community legislation. In this respect, the work of the Commission as an assembly should not be replaced by governmental action. In addition, frequent summit conferences might even give rise to false expectations with regard to progress being made towards European unification, expectations which would be justified only if the conferences were well prepared and the Member States had largely agreed on the questions concerned beforehand.

I fully accept, however, that the Paris Summit Conference was extremely useful to the extent that various new objectives and a timetable for their achievement were set. The conclusions drawn and initiatives taken at the Paris Summit Conference in, for example, questions of economic and monetary policy, regional policy, social policy, industrial, scientific and technological policy and in the fields of the environment, energy policy and external relations are to be welcomed by Parliament. The various bodies of the Community and above all the Commission will now have to make a great effort to keep to the timetables established at the Summit Conference. Real progress can only be made if both

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the Community bodies and the Member States steer and coordinate the political will proclaimed in Paris to eliminate the differences that became so evident during the recent events in the currency field. The citizens of the Community have welcomed the fact that an attempt is being made to set up a common external policy within the Political Affairs Committee, known to many as the Davignon Committee, primarily so that the Nine can adopt a common standpoint and take joint action at the preparatory multilateral talks in Helsinki on the European Security Conference. The work of this Political Affairs Committee is, however, not done within the framework of the Community bodies because the Davignon Committee is not formally a Community institution but a government body working side by side with the Community. I know that many Members of this Parliament agree that the development of a genuine Community external policy will soon have to be dealt with by the Community itself. In this connection, we eagerly await the report on measures to improve political cooperation which the foreign ministers are to submit by 30 June 1973.

One important aspect of the Summit Conference concerned the strengthening of the community bodies and the most important institutional decisions mentioned in the Paris Declaration. They are outlined in Paragraph 13 of my report. At the Summit Conference, however, no practical decisions were reached on extending the powers of the European Parliament or the election of members direct to Parliament, although this is stipulated in the Treaties. In this connection, it is interesting to note that the new parliament of the Netherlands has stated that no Dutch government will be prepared to cooperate during the transition to the second stage of European monetary union scheduled for 1 January 1974 if the decision-making powers of the Community and parliamentary involvement in this process are not strengthened at European level.

The most important single item in the Paris Declaration is perhaps the suggestion by the Heads of State that relations between the Member States be transformed into "European union" by 1980. The Paris Declaration also requests that the Community bodies submit before the end of 1975 a report on this European union which would then be considered at a future Summit Conference. In my view, a common procedure is required to initiate the preparation of this report by the Community bodies and in Paragraph 14 of my report I call on the Political Affairs Committee of the European Parliament to suggest an appropriate procedure. My idea is that this procedure should take the form of negotiations between the Community

bodies on the formulation of the proposals to be submitted to the Heads of State, and in Paragraph 16 I suggest that Parliament should be represented by its President at these negotiations with the Presidents of the other Community institutions.

Before leaving the question of "European union", I would like to emphasize that this term will have to be adequately defined before it can be accepted by Parliament. "European union" could exist in one of many forms. It could take the form of loose cooperation at government level or of a fully developed federal union with a European Government responsible to a directly elected European Parliament. I don't know whether it is realistic to try and achieve European federal union by 1980, but a tenable "European union" must surely go a great deal further than simple cooperation at government level. A union of this kind should not, in my opinion, be restricted to the economic and social sectors, but should also include political union and cooperation in defence questions. With regard to defence, measures taken to strengthen European unity should not adversely affect the structure of the Atlantic pact and account should be taken of the great efforts being made by the Euro-Group to improve European defence.

Section C of my report (Paragraphs 1 and 20) concerns the role of the Community in the world. At this point, I would like to refer to the extremely significant statement, which has had an effect on this Parliament, by President Nixon's adviser on national security, Henry Kissinger, in New York on 23 April 1973. He said, as you know, that the goal of the President of the U.S.A. was an "era of development in the West" based on a new Atlantic Charter which might also include Japan. Europe will certainly have to comment on President Nixon's challenge—we have discussed the question here—either positively or negatively. The European Community has, I believe, a tremendous role to play in the development of a new concept of Atlantic and Western relations because it is the strongest, and most important European institution. This is only one point on which the Community must speak with one voice for Europe. Other questions in which joint Community action is required are the European Security Conference and East-West relations, the promotion of a lasting peace in the Middle East and development aid.

In Section D of my report I have expressed a number of personal opinions on the necessity for the Community, the bases of which are at present entirely economic, to be transformed into a more comprehensive and more humane

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social community. Article 235 of the EEC Treaty could be taken as a basis for proposals by the Commission aimed at achieving substantial improvements in the living and working conditions of the peoples of the Community and narrowing the present gap between these conditions in different parts of the Community. My feeling is that such proposals should be submitted by the Commission within the framework of the joint programme on social policy and social measures which is to be completed by 1 January 1974. A "European union" like that envisaged by the Heads of State must be based on a social Community if it is to be a sound proposition. If the European Community's first interest is not to improve the quality of life of its peoples, there is no point in economic growth. In this connection, I should like to refer to a number of apt remarks made by the President of the Commission, Mr Ortoli, when he submitted the general report for 1972 and the Commission's programme for 1973 to Parliament on 13 February 1973. He stated on this subject, and I am quoting him: "In my opinion, this question of the quality of life must be taken into consideration more and more as the Community edifice arises. For we must build a Europe which will serve mankind, as we have often said in the past. We cannot repeat this too often... To speak of a Europe which will serve mankind is first and foremost to seek to put into effect a broad-based social policy and play an active part in protecting and improving the environment. But it also means setting out to make our peoples participate, directly and indirectly, in the work of building Europe." Thus President Ortoli.

I hope, ladies and gentlemen, that the Commission will keep the promises made by Mr Ortoli in its work in 1973 and future years.

As parliamentarians, honorable Members, we are all in constant contact with the men, women and young people of our countries. In our talks with them we are asked only too often whether the Europe on which we are working with complete conviction does not, in fact, only concern agriculture or the economy and industry, with little or no attention paid to the interests of large sections of the public by the magnificent Community of the Nine. What is considered to be particularly lacking is the social policy component. Since we can regard ourselves as the elected parliamentarians of the Member States, we of all people should concern ourselves with social policy questions more than we have done in the past in this European Parliament. We want a social Europe and European integration in every field must serve this end. Our work must make it absolutely clear to everyone that we want the citizens of our Community

to be able to live in economic and social security, in freedom and democratic co-responsibility. This must, I find, be our stated objective.

One particular aspect of this "social Community" is worthy of special mention. I am thinking of the position of migrant workers. Much of the heaviest, dirtiest and most dangerous work in the Community is done by migrant workers. This labour force can be split up into three groups: firstly, those from Community countries, mostly Italians; secondly, workers from associated countries, primarily Greeks and Turks; thirdly, workers from third countries, for example Portugal, Yugoslavia, Spain and the North African countries. Significant though these three groups may be from a political and legal point of view, the decisive factor—to which we should pay particular attention—is that the living and working conditions of migrant workers are in numerous cases extremely unpleasant and inadequate, and this to so high a degree that they present a considerable problem. Although we are not unaware of this, we are too often tempted to underestimate the problems involved. The way in which these people live among us and the degrading way in which they are treated in some cases is, in fact, a scandal and will remain a visible scar on the Community until practical measures are taken to overcome the political problems which make it difficult to improve the living and working conditions of these migrant workers.

In Paragraph 23 of my report, Parliament calls on the Commission to submit proposals within the framework of the social policy programme it has announced, aimed at giving migrant workers in the Community and their families the same civil, political, social and human rights as enjoyed by the citizens of the Community countries in which they work and live.

In Paragraph 24, I suggest as the final goal that migrant workers from the associated and from third countries working in a Community country be allowed the same working conditions and social benefits as the citizens of the country concerned and I call upon the Member States to make the first step towards this goal the coordination of their policies on migrant workers from associated and third countries.

Honourable Members, Section E of my report deals with Chapter II of the Commission's General Report and in particular welcomes the fact that the legal procedures applied during the expansion of the Communities have made it possible to integrate the new Member States while maintaining the legal order of the Community and in particular the law derived from the legal acts of the Community institutions.

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Sections F, G, H, I, J, K, L and M of my report (Paragraphs 26 to 43) concern Chapter III of the Commission's General Report. The inconvenience caused by the continued existence of frontier checks and referred to in Paragraph 26 applies not only to normal mortals such as we, but even to the President of the Commission himself, who, as we read in the Press a few weeks ago, suffered considerable delay and difficulty when he was refused permission to cross a Community border because he did not have a "green card" for the car in which he was travelling and was apparently not allowed to cross the intra-Community border until some time later when he had taken out a temporary international insurance policy.

Unnecessary frontier formalities still exist and until they are eliminated, Community citizens will rightly ask: 'What has the Community done to remove intra-Community frontiers for the normal citizen?'

I fail to understand why, as the Commission informed me in September 1972, the number of passport and customs checkpoints on the borders between the six countries then forming the Community was at that time 495 and why the decision to introduce monetary and customs union on 1 July 1967 did not result in a stop being put to the increase in the number of such checkpoints within our Community. The citizen blames our Community for the minutes and hours which he spends waiting and swearing at frontiers during the main tourist season and which leave him in doubt as to the value of assurances by responsible politicians that it is possible to move freely within and between Member States. Special emphasis should be placed on the demand expressed in my report for the abolition of passport checks in the interests of holiday and other travel and the associated opportunities for people to understand and get to know each other better.

Section G points in particular to the necessity for the removal of differences between Community legislation and the competition policies of the various Member States (old and new) and the importance of a common competition policy to facilitate the realization of economic and monetary union.

Section H refers to the Commission's regrettable lack of an overall plan to achieve tax harmonization.

Section I discusses the right of establishment and calls on the Commission to urge the Council, as a precondition for economic and monetary union, more strongly than hitherto to accept proposals for directives concerning the right of establishment, the freedom to provide services

and the approximation of national legislation on the free professions, on which Parliament has already delivered its opinion, and concerning in particular: (a) the members of the free professions and (b) finance institutes and insurance companies. Here too the Commission should establish an overall plan for the creation of complete freedom of establishment and freedom to provide services within a uniform domestic market in the Community.

Section J refers to the necessity for the approximation of the company law of the Member States and the creation of a European company law.

Section K stresses the need to protect Community consumers against hazards to health and calls on the Council to accept a number of proposals made by the Commission on specific aspects of public health.

Section L urges the Commission to meet the various requests put forward by Parliament with regard to the environmental protection programme of the European Communities and emphasizes the principle advocated by Parliament that the primary objective must be the prevention of pollution and that the polluter should therefore bear the cost of eliminating the damage he has caused.

This section of my report also points to the necessity for activities in the field of public health to be coordinated with the efforts being made by international organizations and third countries in these two fields.

The last point of this section (Paragraph 40) calls on the Commission to submit a proposal for a directive which includes regulations aimed at achieving a noticeable reduction in the lead content of motor vehicle exhaust gases on the model of German legislation, which is the most advanced in this field.

Section M touches on the question of consumer protection. The fact that the Commission has begun to take action in the field of consumer protection is welcomed, but it is urged to make contact with the national consumer associations. The hope is expressed that the Commission will intensify its activity in the field of consumer protection—particularly when carrying out the instructions given by the Heads of State or Government to the institutions of the Community at the Paris Summit Conference to find ways of 'strengthening and coordinating measures of consumer protection.'

Sections N, O, P, Q, R, S and T of my report (Paragraphs 44 to 67) concern Chapter IV of the Commission's general report.

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Section N deals with the crucial problem of progress towards economic and monetary union, the realization of which is the immediate and principal objective of the Community.

I would urgently recommend those attending this debate to study carefully Paragraphs 44 to 49, which concern economic and monetary union, because this subject is too important and too urgent for me to be able to give a reasonable summary of this part of my report, which is based on the opinion delivered by our Committee on Economic and Monetary Affairs.

If I might be permitted to make a personal remark on this extremely important field, I would just like to emphasize that until economic and monetary union has been achieved, the Common Market will not be able to function in a balanced and effective way in any major sector—agriculture is only one example—and there can be no hope of applying the integration process to new sectors. Economic and monetary union is therefore the *sine qua non* of further development of the Community.

Like most Members of Parliament, I am of course well aware that it is pointless to express the pious hope for progress towards economic and monetary union while the governments of the Member States lack the political will for this union. Since we also belong to national parliaments, however, we should, where necessary, support the European cause by intervening in our national parliaments and urging them to take the necessary action.

Section O of the report discusses the regional policy and in particular expresses the hope that the regional development fund will be established on the scheduled date, 31 December 1973, and that this fund will be large enough for the regional problems associated with the adaptation of industry and agriculture and with structural unemployment, which exist in all the countries of the Community to a greater or lesser extent, to be tackled effectively.

Section P of the report concerns social matters and is therefore related to my appeal in Section D for the economic Community to be transformed into a social Community. While Paragraph 54 urges the Commission to submit proposals on the improvement of woman's place in the economy, society and public life, draws attention to the position of older people in modern society and also requests the Commission to make it easier for employees to acquire their own dwellings, Paragraph 55 advances the view that the common social policy must be pushed ahead at the same rate at two levels: firstly, with both sides of industry participating by means of joint committees on all important

sectors so as to facilitate the conclusion of European collective agreements; secondly, by the Community bodies, which should initiate the priority measures set out in the "preliminary guidelines" published in 1971 and in particular the early establishment of a European social budget.

Section Q of my report deals with health. The Commission is urged (a) to improve the safety regulations on nuclear power plants and to propose safety standards for laser beams and microwaves and (b) to submit proposals on the harmonization of the legislation of the Member States concerning security of employment

Section R deals with the important field of agriculture, and from the opinion of the Committee on Agriculture given in Paragraphs 59 to 63 it is clear how the currency events to which the Community has been exposed in the last few years have resulted in considerable uncertainty and monetary insecurity in the whole of the agricultural sector and that this may undermine the common agricultural policy if progress is not made towards economic and monetary union at a very early date.

Paragraph 62 emphasizes the necessity for the directives on structural reform passed by the Council in April 1972 to be brought up-to-date and applied.

Section S of my report concerns the energy and research sectors. The Committee on Energy, Research and Technology has not delivered an opinion on these sections of the Commission's general report because of the disappointing lack of progress made in these fields. Although I entirely understand the Committee's attitude, I have myself drafted a comment—Paragraph 64—to ensure that these important items in Parliament's report are not completely ignored.

Section T concerns transport, and in view of the failure of the Community's attempts at a gradual approach to each individual aspect of the transport policy, my report suggests that an overall Community solution be sought for the most important problems of price policy, development of capacity, payment of transport costs, social and technical harmonization and the elimination of frontier obstructions to transport.

Sections U and V of the report concern Chapter V of the Commission's General Report. Section U deals with external economic relations. The Commission and Council are urged to make a constructive contribution to the forthcoming discussions on trade within GATT and reference is made to the necessity for the Community to consider the specific interests of the developing countries during these discussions.

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It is suggested that the difficulties arising out of the variances in the trading policies of the various Member States towards Japan should be eliminated by the conclusion of a trade agreement with that country in accordance with Article 113 of the EEC Treaty. Against the background of the forthcoming conference on security and cooperation in Europe to be held in Helsinki, Paragraph 71 calls on the Commission to submit proposals on how the structural difficulties restricting trade between the Community and the state trading countries could be overcome. Finally, Paragraph 72 of this section of the report again calls for an overall Community policy on the Mediterranean area.

Section V makes a number of suggestions on various aspects of the Community's relations with the developing countries. Particular attention is drawn to Parliament's regret at the inability of the Member States of the Community to pursue a coherent policy towards the developing countries at the third UNCTAD conference and regret is also expressed at the inability of the Heads of State or Government at the Paris Summit Conference to agree to the Commission's proposal that the Communities comply with the UNCTAD resolutions, according to which 0.7% of each country's gross national product should be used for development aid and imports from the developing countries increased by 15%. Point 76 underlines the Commission's view that the association with the AASM should be intensified and Paragraph 79 urges those Member States that have not yet done so to ratify the association agreement with Mauritius without delay.

Sections W, X, Y and Z of my report refer to Chapters VI and VII of the Commission's General Report. In Section W, which concerns the Communities' budget, it is pointed out that the budgetary instruments available to the Community should be improved as part of the European budget in the light of the rapid growth in expenditure.

Section X notes with some displeasure that the Commission's General Report does not expressly mention the motion of censure entered against the Commission on the grounds that it had not met its obligation under the Treaty of April 1970 to submit proposals on the extension of the European Parliaments' budgetary powers within 2 years. Paragraph 85 calls on the Commission to meet its obligation to submit new proposals on this subject by 1 June 1973 so that the new budgetary procedure can be applied early enough in 1974 during the examination of the Communities' budget for 1975.

Section Y urges the Commission to intensify internal and external checks on the Community's expenditure.

Section Z calls on the Commission to increase the amount of information distributed to the legal professions in the various Member States.

And now, honourable Members, we come to the last 4 points of my report.

They concern, Mr President, what could be called the "missing chapters" of the Commission's General Report, namely the important subjects of the youth, education and cultural cooperation. Community activity in these three sectors has in the past hardly been worthy of mention and should be improved. If I may express my personal opinion, the Commission's General Report says practically nothing about the young people of the Community. The younger generation is, moreover, not made up solely of secondary school and university students; the vast majority are young workers. For this reason, the youth question cannot be brushed aside with a reference to the creation of an institute of higher education in Florence, for example. Complaints are frequently heard that young people in the Community can no longer raise any enthusiasm for European unification. But that is quite understandable; for it is very difficult, generally speaking, for the younger generation to enthuse about the Community in its present state.

In addition, the Community has so far done too little for young people, as the lack of appropriate evidence only goes to show.

The Commission—and the other Community institutions—are faced with the task of not only doing more in this field but also of concerning themselves with criticism raised by the younger generation and of considering their opinions. The Community should think itself lucky that this dialogue is sought.

Sound criticism is far more valuable than thoughtless enthusiasm.

The whole question of youth policy and in particular the education and exchange of young workers should in future be considered a fundamental Community matter, especially in view of the hopes expressed at the Summit Conference in the Hague in December 1969, which have not as yet been fulfilled.

Mr President, honourable Members, I have tried to explain this report to you and to add political remarks on some aspects. I should like to thank you for your great patience and all the Committees and their rapporteurs for the valuable help they have given the general rapporteur. My thanks also go to the ladies and gentleman who

Seefeld

have provided such wonderful assistance during the compilation of the report and to those who have prepared the written translation and those who are now interpreting.

In spite of the critical comments on various items of the report, it would be wrong not to confirm at the end of my speech that the Commission means well and that it and all its staff are working in the front line to build a progressive, social Europe.

I should like to finish with an appeal to the Commission, Council and also to us Members of this Parliament: the yardstick for all our activities must be the will to improve the living and working conditions of people in Europe.

At the same time, there must at last be a move to greatly strengthen the democratic element in the Community and to make decisions by Community institutions more easily understandable for the citizens of Europe.

We must succeed in developing this Europe into a democratic and free Community in which people feel at ease and in which it is worth living.

(Applause)

President. — I call Mr Bertrand on behalf of the Christian-Democratic Group.

Mr Bertrand. — *(NL)* Mr President, I have listened with particular attention to the very comprehensive introduction given by the general rapporteur. I admire him and thank him for the enormous efforts that he has taken in summarising such an inclusive report in a draft resolution.

Mr Seefeld finished his comments by stressing that we must all try by mutual co-operation to improve living conditions and rights in our Community in such a way that people will obtain a better picture of the aims towards which we are working.

Despite the efforts that I have made I have not quite succeeded in understanding the contents of chapters A to Z inclusive of the resolution. It is impossible to digest this material in such a short space of time.

In my opinion we shall have to examine how we can in the future combine discussion of the General Report, which by virtue of article 18 of the Treaty must be published at least one month before the sitting of Parliament opens, with a broadly conceived political debate.

I can remember being present in this House from 1952 to 1958, at the time of European Coal

and Steel Community. Then the annual debate on the report concerning the activities of the High Authority, a report which had to be introduced by the President of the High Authority at the Meeting of the Community, formed the political debate of the year. Only at that debate did the Meeting have the right to introduce a motion of censure against the High Authority.

We have in the meantime developed and have experienced the merger of three Communities. The European Parliament can now introduce a motion of censure any time it wishes. We are no longer tied to fixed periods. This does carry the disadvantage that it is difficult for us to hold a political debate once a year that could give rise to a dialogue not only between the various Communities, but also between the Community installations.

The pattern of this report is that it must be submitted by the Commission although it deals not only with its own activities but also with those of the other institutions of the Community. In this a report is made of the activities of Parliament, in which the number of plenary sittings and details of the committees are stated. A report is also included on the activities of the Council and on transactions at the Court of Justice.

Here, however, we can only speak to the Commission on these matters. The Council is now not represented here; we cannot request a dialogue with the Council because of certain regulations.

We can nevertheless consider the Sixth Report on the Communities' activities as highly important. It is an assessment of a historic year for the European Economic Community and for Society in general, a year of great hopes but also of great difficulties and disappointments.

A year of great hopes because within it the expansion of the Community was completed. In addition, within it an important Summit Conference took place—the first of the nine Member States together—which accomplished a stiffening of the Community's spirit. It was a disappointing year because the referendum in Norway proved negative. It was further characterised by great difficulties due to the rapid growth of inflation in all countries. In particular, monetary crises followed one after the other; they were and are of great importance for the joint decisions that have been or still have to be taken.

Today we are to debate a draft resolution numbering no less than ninety-three paragraphs. It is not possible to take this draft paragraph by paragraph. The greater part of these

Bertrand

paragraphs are in fact dealt with in the notes. Mr Seefeld spoke amongst other things of the Summit Conference; in November we deliberated upon the Muller report, which dealt with the results of the Summit Conference, and finally accepted a resolution.

Then Mr Mommersteeg has prepared a report on foreign policy. After this had been discussed the views of Parliament were laid down in a resolution.

Subsequently Mr Radoux submitted a report on the Conference for Safety and Co-operation. Mr Scelba reported on the policy for the Near-East and a report was put forward relating to the Mediterranean Area.

Mr President, all these problems were dealt with by means of reports. It is not a matter, therefore, of bringing up all these points again when discussing the present report. It is not therefore possible to conduct a serious political debate on a General Report that is only a historical account of the activities that the various Community institutions have carried out in the past year. The past can be of interest when making provision for today. We should, however, at this moment be devoting discussion to the future, and in doing so base ourselves on the conclusions to which this report gives rise. It is for this reason, Mr President, that I feel that the procedure should be changed. We must investigate the way in which we might couple the submission of the General Report on the past year with discussion of the Commission's proposals as to its policy for the coming year. I do not know how we might combine these but I do ask those concerned to investigate the matter earnestly. I feel that bearing this in mind, Article 18 of the Treaty should be revised. In anticipation of such revision we ought, in my opinion, to reach a gentleman's agreement under which we would state our readiness to seek a new procedure.

What is the present procedure? The General Report appears in February. This report is sent to all committees. They meet on the matter and discuss the chapters and paragraphs that concern them. After that a general rapporteur is appointed. He receives comments from all interested committees. The rapporteur can distill a general political opinion from these comments which he submits to Parliament in the form of a very succinct resolution. The general rapporteur can indeed also follow the procedure adopted this year; he can edit, extend, shorten or composite all the comments from the committees with a view to giving a total picture of the contents of the General Report.

The rapporteur has followed the latter path this year. The consequence of this, however, is that

we cannot therefore discuss the various points of detail. The Christian Democrat Group is in no way opposed to the publication of a General Report. We feel that a historical documentary necessity remains.

In this context I think chiefly of those who will in the future wish to study the Community's past and who will wish to draw conclusions therefrom. With this in mind I feel that the annual report must appear every year in as comprehensive a form as possible. It must not, however, serve as a basis for a debate on what is past. Deliberation on this general report must, in my opinion, be coupled with discussion of an annual programme and must also offer the opportunity for debate not only with the Commission but also with the Council.

On studying the ninety-four paragraphs of the draft resolution it is noticeable that the Commission have submitted dozens of proposals as to regulations and directives to the Council which so far have not even been examined. The Commission has in fact remained in similar default upon specific territories.

We are rather sorry that Mr Seefeld did not sufficiently stress the relations between Commission and Council in his report, when referring to this situation. On this point I should like to select just a few paragraphs.

As regards the continued default by the Council I should like to refer to paragraph 31. It appears from this that the draft directives regarding the right of establishment, the free rendering of services and harmonization of national legislations on the free professions, on which Parliament passed on comments to the Council quite some time ago have still not yet been dealt with by the Council. Does the Commission intend to devote some effort to this and to say in what way it will attempt to prompt the Council in this respect to reach a solution?

I will now turn to paragraph four, which also concerns the Council. In this it is deplored that the latter has not accepted a number of the Commission's proposals concerning harmonization of legislations on the foodstuffs industry, in such sectors as, for example, cocoa, jam, beer and preserves, as a result of which trade in these products continues to experience technical obstacles. Why is the Council so remiss on this point? Might we know the answer? What political motives induce the Council to let dust gather on this business, and not to deal with it?

In paragraph thirty-six we read that the Council has accepted only two of the Commission's eight proposals regarding legislation on veterinary medicine.

Bertrand

It seems to be a matter of technical problems that can easily be solved.

Could we now have some information on this? Will these problems be cleared up?

I now turn to what is stated in paragraph forty-six. Mr Seefeld himself drew attention to this when he advised Parliament to study chapter N, concerning requirements towards economic and monetary union, i.e. paragraphs forty-three to forty-eight inclusive in particular.

It should indeed be possible for us to debate on inflation in the Community on the basis of Mr Seefeld's draft resolution. There would be reason for doing so, as this problem is dealt with in the report. There would be a need for briefly discussing this problem now, but we cannot do so today. Were one member to speak about social policy, in fact, and another on economic policy, then another on environmental protection and yet another on youth, and so on, the debate could well last eight days.

The Council decided on 30 and 31 October last year to conduct a policy of combating inflation. Under this gentleman's agreement—no-one was prepared to accept a Community regulation or directive it was jointly agreed to restrict price increases in 1973 to 4 per cent. But if we look at the true position we can see that not one of the Member States will achieve this result and that price increases of 6 per cent and beyond can already be noted in the various countries. We are now dealing with passive clogging up as regards combating inflation. It has become quite clear to us that there is hesitation to take unpopular measures; however much these may hurt the electors, they are nevertheless in their interests. But the governments will not go through with them; the Parliaments dare not insist on them. Inflation is allowed to develop and only the little man will have to pay heavily for it, because his purchasing power reduces each year to a degree that is not compensated by adjustments in wages and by benefits under social legislation. Because of this we are on the road towards a situation which is very difficult and dangerous.

We ought really to know at this moment how it is intended to conduct a policy of combating inflation in the prices sector, in the monetary adjustments sector, in the investment sector and in the budgeting sector of the various governments, which measures it is proposed to introduce and whether the Commission does or does not intend to submit a new proposal to strengthen the policy of combating inflation.

Should the Commission stick to the passive stance that it has shown since October 1972, when it withdrew its own proposals, a decision on which it has not gone back?

These are some of the problems that should be discussed within the scope of paragraph forty-six but for which we just do not have the opportunity; we cannot therefore really look into the matter.

In paragraph forty-nine, the last of the paragraphs concerning the Council, we read that the Commission put forward proposals in 1969 for making a start with a regional policy within the Community. This is four years ago now. The Council did not react to this. In the meantime regional policy has again been pushed to the front as part of normal political tactics at the Paris Summit Conference. Will we now get a new proposal from the Commission? For four years now nothing has happened. This is time we have lost. We now seriously wonder whether regional policy will be seriously taken up and whether the right ideas in this connection will be given priority. A debate such as that we are holding today should be able to give us the opportunity of getting the Commission's explanation on this. We would then know what we are about.

Paragraph thirty-three deals with the Commission. I read in this that as regards harmonization of company law in the Member States and the need to arrive at a European company jurisprudence we still have not received all of the proposals from the Commission that have been promised us. We should like to know the reasons why not all these proposals have been submitted. Now we are not in a position to obtain a full picture of the policy that will be conducted with regard to such harmonization. We ought to know towards what we should orientate ourselves. When these proposals are submitted one by one it is difficult for us to pass overall political judgement on such an important matter as that treated in paragraph thirty-three of Mr Seefeld's report.

In paragraph sixty-four on transport policy—this paragraph concerns both the Council and the Commission—I read: "regrets that the Commission does not, in the sections of the General Report dealing with transport, give any indication of getting transport policy off the ground again and further regrets the fact that the Council has not been in a position to take the necessary decisions".

When it comes to this chapter my thoughts go back to the recent very instructive Marathon sitting of the Ministers of Agriculture. It in fact became very clear on that occasion that if a joint policy is not arrived at in other sectors, the common agricultural market is likely to fall apart. What efforts will the Commission of the European Communities devote towards arriving

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at a jointly agreed policy in specific other sectors as well?

In some paragraphs, among them sixty-two and sixty-three, reference is made to the shortcomings of the Member States who do not carry out the Council's decisions.

In paragraph sixty-two it is regretted that no decision has yet been taken at Community level regarding the draft regulation concerning the financing of projects for structural improvement in agriculture. The Member States have not so far followed up the directives on the matter.

We should be pleased to learn whether the Member States will be encouraged to do so and for what reasons this has not yet so far been done.

The same comment also applies to paragraph seventy-three, in which reference is made to the shortcomings of Member States with regard to development aid.

I have only made use of these examples, Mr President, because I wished to point out that we need not dwell in detail on the activities carried out in the various sectors of the Community. We must on the other hand pronounce a general political opinion as regards specific shortcomings in the past year, with a view to drawing the necessary political conclusions therefrom with an eye on the activities that the Commission and Council must pursue in the future.

Finally, I request that the procedure for dealing with the General Annual Report be changed and the new procedure be adopted when discussing the Seventh General Report of the Commission that has to be submitted in February next year.

While awaiting a possible revision of article 18 of the Treaty the Christian Democrat Group proposes holding a general discussion when the annual budget is submitted at the beginning of October next, on the political orientation of the Community which the Commission must lay down in consultation with the Council.

In connection with discussion of the credits summarised on the budget the Commission could comment on its general policy and could indicate the direction that it wishes to take. This can then be followed by a political debate so that the ordinary man can understand which road the European Community wishes to follow.

This, Mr President, I wanted to say on behalf of the Christian Democrat Group. We shall, of course, in view of the present state of affairs, approve the resolution in the form put forward by the general rapporteur.

(Applause)

IN THE CHAIR : MR BERSANI*Vice-President*

President. — I call Mr Dalsager on behalf of the Socialist Group.

Mr Dalsager. — (DK) Mr President, I have good reason to thank Mr Seefeld for the way in which he has performed this task. Under the conditions which Mr Seefeld himself has reported, and under the conditions which Parliament has imposed on itself, I do not think it was possible to fulfil the task better or very differently from the way in which it was done today.

As you know Mr President, I was not a Member of this Parliament in the year to which this report applies and I have therefore not chosen to say very much about the past but on the other hand I would very much like to add a few remarks to the sections of the report relating to future work. General considerations, as they naturally must be when we are discussing a general report, and perhaps also rather superficial comments, since I hold the same opinion as the one which was expressed from another quarter, that this is not the time and place for discussion of the Communities' future policy.

But first and foremost I would like to be allowed to insert a question-mark, as was done before, in the matter of the value of drawing up a big general report once a year about the past year in Parliament. Since all or almost all the Members of Parliament have agreed at some time or another this afternoon to accept such a resolution, it must naturally be very general. One might ask oneself and others about the significance of the fact that Parliament has imposed this task on itself in accordance with its rules of procedure. Both from the Chair and in the political Affairs Committee and our own Political Group I have listened with great interest to the debate on Parliament's treatment of this year's report. It struck me that I did not hear a single one of my colleagues who thought that the process we are employing here was the right one. Mr Bertrand shared this view. I learned that this debate as to whether this is the right method of procedure is an annual recurrent event. I would therefore like to support the wish that now or at least in the coming months we should consider a change. Otherwise, Mr President, we shall be going through the whole of this technical discussion all over again next year. For my part I see no objection to making the necessary changes in Parliament's rules of procedure — rules of procedure over which Parliament itself exercises control.

Dalsager

I ask myself this question: why should we have a chief spokesman, a colleague who across all party divisions, all political differences, must express the views of Parliament? What is the point of a general report? Beside this, too, I would like to put a question-mark. We are engaged on political questions; then let us have a political debate where our different political and ideological views can be expressed. I have brought up the idea in my Group that a general debate could be held about the annual report leaving it to the Political Groups to report on the Groups' attitude through a rapporteur and thereby allowing our differing political views to be expressed by means of a debate. In my opinion this is what we have a Parliament for. Let the opinions clash and for once in a way let disunity have a chance to speak, give us an opportunity to describe our picture of the future and criticize what we think should be criticized about the past.

The agricultural negotiations which took place here in Parliament some time ago are not something which there is any reason to recall as a particularly major event but at the same time Parliament seemed to come to life in a completely new way as if it suddenly was behaving in the way that the political assemblies I have seen are used to behave. It was really quite entertaining to be on the spot even if the objective treatment of the subject may be debatable.

This particular report has, after all, been discussed in all the Committees. I have naturally taken part in the debate in the Political Affairs Committee about the Political Affairs Committee's contribution. I proposed an amendment to the Political Affairs Committee's contribution. I had it rejected and like most other Members of this Parliament, presumably, I could have wished for different formulations here and there, but in view of the many correct things in the report I would like to give it my support.

That does not mean that I have deviated from earlier views about the work on foreign policy and defence policy, as I stated here in Parliament during the discussion of the Mommersteeg Report.

As far as I am concerned I can give my personal vote to this report.

I agree with the remarks made by Mr Petersen yesterday afternoon on the same problems.

If I am to comment on the report I would like to say on behalf of the Socialist Group that we share the regrets expressed in point 17, that there is no definition of the political union which was as agreed to at the summit meeting.

This is certain to give rise to many debates in the time to come. The different institutions of the Community must therefore get on as quickly as possible with establishing this definition.

The Socialist Group naturally shares the view which was expressed about the importance of the European Summit Meeting held in Paris and it cannot be sufficiently clearly emphasized that the institutions must observe the time limits laid down in connection with working out the necessary proposals to carry the decisions out in life.

In my view it is also right, as laid down in points 41 and 42, that consumer policy should have a more prominent place in our work.

Consumer policy has been a neglected area and it is the opinion of my Group that social development in the Communities must take a more prominent place in the coming year. I am referring here to the recent Congress of Socialist Parties in Bonn where we discussed the whole question of future social development with great thoroughness.

As you know, the Congress was held under the motto "For a Social Europe". The European Communities must in our opinion develop in future towards becoming more and more of a community for the benefit of the man in the street, for the benefit of youth and for the benefit of the weakest in our society. We must to an ever greater extent work towards giving the regional policy we have talked so much about a bigger and bigger place in our work, both at national and at international level. By means of a sensible and well-organized regional policy it will be possible to solve a great number of the social problems which confront our countries today. I would like to say here that we look forward expectantly to seeing the new Commissioner for Regional Policy having the opportunity and resources in the coming year to work out this very important part of the Communities' collaboration, and wish him every success.

The democratization of the economic life of our countries must be encouraged. All too few people in our country have all too much economic power. This economic power must naturally, like political power, be democratized to a far greater extent.

I would like to indicate another area. There are still far too many workers in our society who are being robbed of life and health in our places of work. The Socialist Congress I referred to before has worked out a great deal of material about these problems. This material will be available for distribution in the near future. We

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very much hope that the viewpoints we put forward here will set their stamp to an increasing extent on the future work within the Communities.

In relation to the developing countries, too, the Communities must take an ever more prominent place. As we know, want has not been greatly reduced in the world.

I would also like to say in conclusion that we share to a great extent the comments in the report about the lack of policy in relation to the youth of Europe. We must face the fact, we must recognize, that youth in Europe is sceptical about our work in this Community. It seems to them—and rightly—that the Community puts too little emphasis on progress which might alter our society in a more human direction. The Socialist Group desires changes of this kind. It is undoubtedly the most important task of the Communities in the coming year to win over Europe's youth to our Community and to our work.

I would like to conclude by saying that the Communities' policy must be established with this in mind.

(Applause)

President. — I call Mr Habib-Deloncle on behalf of the EDU Group.

Mr Habib-Deloncle. — (F) Mr President, I could not begin this discussion of the general report without paying tribute in my turn to the work achieved by the rapporteur general in trying to bring together views of the various committees on the general report drawn up by the Commission of the European Communities and to give some unity to this collection.

With this discussion, the Parliament is satisfying an obligation in the Treaty. I believe that it would not occur to anyone to say that, since the Treaty makes it an obligation for the Commission to submit a general report which relates not to its own activity but to the activities of the Communities, the Parliament should refuse the opportunity which is given to it by the Treaty to discuss this report and express an opinion. There is therefore simply between us a question of procedure which will form the subject of the first point of my statement.

What is the difference between the general report of the Commission and our ordinary work? It is that it presents an overall view of the Community activity, whereas we normally only examine it from successive and fragmentary different points of view. It also sometimes happens—and this happens to everyone—that we contradict ourselves without knowing it, depending on whether we have dealt with the question from one point of view or another. When the

Commission describes, as a spectator and equally as an actor, what the activity of the Community has been over a year, we are in a position to check retrospectively—this irreplaceable form of parliamentary control—the whole of the activity of the Community and to express an overall opinion on an overall report.

I believe, speaking in this chamber for the last time at the end of my appointment, that I could leave to those who will be continuing the task the advice not to try to include in the general report the views expressed by the Committees on the occasion of partial debates, but to give, in a short resolution which would correspond somewhat to the political judgment which Mr Dalsager wants, an overall opinion on the policy of the Community during the past year.

I do not think we should confuse this debate with the one which has been initiated on the Commission's statement of programme, since the report relates to all the Community activities, whereas the Commission, in its programme, can only involve itself. I should like, on this occasion, to ask for a resumption of the examination on a proposal formulated by Mr Harmel before the Belgian Chamber of Deputies, at the time when the institutional problems were under discussion. This was a statement of the programme of the Council, which the latter would present at the start of each two-year period of activity of the Commission and would then serve as a reference document which could be taken as a basis by the Commission and the Parliament in judging the progress in Community activity.

Concluding this digression I should like to pass to the subject of the debate today, namely the general report of the Commission and the general opinion which we have to express on this report and on the activity of the Community.

And since our rapporteur has chosen the analytical method in proposing to us a resolution in an impressive number of items—93 I believe—I should like, for my part, to try a synthetic approach and to see how an opinion on the activity of the Community during the past year could be formulated, perhaps in a dialectic conception.

I would like to say that this judgment should not be either too favourable or too critical.

Not too favourable first of all, because we are all impatient with the slow rate of implementation of the common policies and unhappy to see, in fact, the Community limited in its achievements to fairly restricted areas.

What is the Community objectively today?

Habib-Delonele

It is a customs union certainly which has been brought into being within the proposed time limits and even accelerated; and it is a common agricultural policy, the implementation of which is not without its difficulties which, unfortunately, are in danger of becoming an annual event. And if, every year, the fixing of the agricultural prices is to be the occasion of a crisis of which it is said that it places the existence of the Community itself in jeopardy, this is not normal operation for a common policy.

Apart from that, what is there?

There is a social policy which is being established and in which I believe fairly decisive progress has been achieved in the last few years, in particular last year. But there is little progress otherwise, and I shall not repeat the list of things left undone, since I have said that the approach was to be synthetic, but I shall emphasize our anxieties about the development of the economic and monetary union.

Economic and monetary union is our great hope. If it is not achieved, it will be our great disappointment and our unforgiveable failure. The application of the decisions which marked the first stage of the economic and monetary union, decisions taken by the Council on 22 March 1970, is still very incomplete, whereas this first stage is to end in less than eight months. The final date of the first stage is 1 January 1974.

What new things have we seen?

The parities fixed between the currencies are not assured: one is gaining, another is lagging, at the will of the market. In the economic sphere, it cannot be said that much progress has been made on the way to agreement either as regards the fight against inflation or as regards the harmonization of taxes, or as regards a common view of the political objectives of a European Economy. It even seems that, with regard to methods, no settlement has as yet been reached between the supporters of planning, however flexible, and the supporters of the effect of market economics alone.

This is really a subject which, I believe, merits consideration as a matter of priority, and the general rapporteur was right to draw the attention of Parliament recently to the chapters in his report which dealt with this point. I do not believe that objectively we can say we are satisfied with what has been done during the first stage. The text of the memorandum recently drawn up by the Commission with a view to the transition to the second stage, also seems to me to be stamped with the seal of timidity, which is not the timidity of the Commission, but is imposed on it by the slow rate of progress in

the completion of the first stage. This is why the judgment, in my view, must not be too favourable.

But I should also like to say immediately why it must not be too critical. In 1972 there was an extremely important event for the future of the Community and the general and practical repercussions of which have not yet perhaps been realized: the enlargement of the Community. And if we described 1972 as the year of enlargement, this would be enough, in my view, to justify the statement that it was a good year for the Community.

The enlargement of the Community has absorbed a great deal of the energy which therefore could not be deployed elsewhere: there are limits to human powers and work has to be done in stages. Furthermore, the Council, Commission and we ourselves deliberately held questions over, considering that the discussion of these could only usefully be resumed within the framework of the Community of the Nine and that it was pointless to continue to debate them within the restricted framework of the Community of the Six.

However, the first few months of 1973 have already given us experience of this enlargement: the acceding countries have entered fully into the Community, and they did not need any training, probably because there had been a long wait and they had had time to prepare themselves; they assumed all their responsibilities and all their tasks immediately at the Council, Commission and Parliament level. One only has to remember that the agricultural policy crisis, about which I have just made a rather critical statement, is the first to have been overcome with the Nine, which immediately modifies the severity of this criticism. We were at a turning point: would the agricultural policy, one of the only real Community achievements, which is known to be controversial, would it withstand the test of enlargement? It did withstand it and I believe that this is very important.

At the same time, we became aware of the new weight of this enlarged Community, and if we were not sure of this ourselves, we would only have to look outside and examine the emotions caused by the Community in one direction or the other. On the one hand sympathy on the part of those coming to it to conclude increasingly wider associations and which, at present, are certainly making our Community the first organization in the world to spread it. Also, feelings of fear on the part of some who are worried about a development, the principle of which they nevertheless approved and who wish

Habib-Deloncle

to enter into negotiations—on an equal footing—with this new economic power.

We felt that these reactions caused a reaffirmation of the coherence of the Community with respect to the outside world, and it is, I believe, very important for this to be so and for us all to be convinced that the enlargement has created an irreversible situation and that therefore the Community will henceforth present itself more and more as an entity as time passes, with its own personality with respect to the outside world, and that no one will be able to count on taking advantage of the differences between its members; these must be resolved and, I am sure, will be resolved, before it presents itself to the outside world.

To justify again this relatively favourable verdict on the year 1972, I shall say finally that, although it has been the year of enlargement, it has also been the year of the Paris Summit Conference, a vital event for the future not only of the Community but for the whole European structure. It is with this latter point that I should like to deal before concluding my statement.

What can we actually derive from the Summit?

Two very important things of which we vaguely feel the need: a vision of the future and a timetable.

The vision of the future is the prospect of the transformation into a European union, at the end of 1980, of all relations between Member States.

Certainly one can, as in the resolution, say that this union is not yet sufficiently defined. But the principle of it demands everyone's attention, and it is the responsibility of the Community institutions, and in particular the European Parliament, in conjunction with the other institutions, to report for a future summit conference on the form which they envisage for the European union which has been decided upon.

Let me say that it would have been a pleasure for the person speaking to you to make his contribution to this report. The democratic principles which govern us have decided otherwise, and therefore I would like to repeat to you here, in plenary session, what I have already said to the Committee on Political Affairs, about what this report should contain.

First, I believe, a redefinition of the ideological foundations and political objectives of the European union. We cannot involve ourselves in the European union without knowing what this Europe is, in favour of whom the national states

are to transfer their powers, or how they will transform their relationships according to the form this Europe takes. In my view, it should be possible to base agreement on the dual notion of a democratic Europe and an independent Europe.

In the second place, this report should comprise a definition of the powers of the union and the national powers according to the form that Europe takes, and not according to pre-established doctrines on the powers of a federation or a confederation.

The fact that Europe has started to unite in the form of an economic Community may mean that powers will be transferred to the union more quickly in this area, where they are already those of the Community, whereas the transfer of powers in matters of foreign policy and above all defence may lead to greater difficulties. It can also be envisaged that the transfer of powers will be progressive, spread over a period in accordance with a precise timetable. But it is first of all with a definition of what the form of the union will be and what the form of the Member States will remain that one must begin the foundation of the European union.

In the third place it will be necessary to examine the institutional principles of the union and the definition of the control of the Member States over the formation of joint decisions. It will not be sufficient to draw up a list of common matters and matters which will remain the responsibility of each state. It will also be necessary to say how these common matters will be managed. We must not hide from the fact that it is undoubtedly here that the greatest difficulties will arise. But we must seek a consensus. This cannot ignore the principle that nothing can be forced on a Member State when, considering that it has a choice between submitting or withdrawing, it prefers to withdraw rather than submit. As has been justly said in this chamber quite recently, "we shall not make war in order to create Europe!"; our structure is a work of peace and it must therefore be based on the consent of the peoples, certainly, but also on that of the governments in whom today sovereignty is embodied.

In the fourth place, it will be necessary to define the organs of the union. Many hypotheses have already been formulated on this subject and I shall not dwell on these, except to say that these organs must be adapted to the objectives, the powers, the principles adopted previously. This will not therefore be a theoretical and abstract structure, but a concrete and practical structure, the outlines of which must be drawn before it is converted into fact.

Habib-Deloncle

Finally, this report must indicate, from 1975, how the transition will be made from the present Community to the more complete European union which is proposed to us as the objective for 1980.

I shall not dwell on the need to define, in the preparation of this report, a procedure which will leave our Parliament with its full role, and certainly a greater role than that which is given to it in the ordinary debates, —since it is said that it is the institutions of the Community which must prepare this report. But I should like to affirm that this objective requires from us a change of attitude right away in order to organize the institutional development of the Community and the development of political cooperation in a coherent manner, as well as the development of the Community itself in the other areas in accordance with this objective, in short, with a view to making preparations immediately for the achievement of this European union.

To do this, the Paris Conference has laid down a timetable for us. It has proposed that before 1980 the Community should be made a reality in the areas in which it is still only a potential community. The implementation of all these common policies, that is the reality of Europe.

Therefore, my friends and I want the Parliament to establish itself as the vigilant guardian of this timetable. I have proposed to the Political Affairs Committee, who agreed with me, that we should demand from the Council right away an account of the undertakings given in regard to the improvement in its own procedures which, as everyone knows, constitute a delaying factor in the progress of the Community institutions. It should also be asked to establish a shuttle service with this Parliament for all the important texts—and for this purpose, a modification of its internal regulations would be sufficient—in order to ensure participation by the Parliament right away in the formation of the common legislative decisions, without which we know very well there would be no transfer of powers, as the national parliaments will not agree to give them up for the benefit of a purely governmental institution and will demand that the Parliament should have at least a share in the formation of the legislative decisions.

That is what I wished to say on behalf of the European Democratic Union. I believe that the year 1972 will remain a great European year, if the years 1973, 1974, 1975 and all those between now and the end of the decade, show that what was described by the Heads of State or of Government of the Nine, meeting for the first time as such in Paris, has not remained a dead letter. Today the Parliament is expressing its

verdict and my group agrees largely with what has been proposed by the general rapporteur. But it is the future years which will judge us, it is the future years which will say whether, in 1972, false hope was given to the peoples or if, on the other hand, a start was made once and for all on this great structure which inspired us and still inspires us all: the construction of the union of Europe!

(Applause)

President. — Mr Habib-Deloncle has intimated that this was probably his last speech in this House. May I therefore take this opportunity of saying that Parliament will deeply regret his departure and long remember his extensive contribution to our proceedings, a contribution which has always been commensurate with the importance of the task and his great ability. While wishing him great success in his future political career, we would like to say that we hope to see him among us again as soon as possible, in the interests of a united Europe.

Mr Habib-Deloncle. — *(F)* Thank you, Mr President.

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

Mr Federspiel. — I shall not prolong the debate for very long in speaking on behalf of the Liberal Group. In broad terms we are in agreement with the perspectives laid down by the general rapporteur. The report adopts the line laid down in the summit meeting in Paris where the broad outline of policy was sketched. It expresses approval, but in some respects disappointment, at the work of the Communities in 1972.

The importance of the report is that it looks into the future. It highlights the necessity to combine the various functions of the Community within a general policy and not to try to separate the different parts of our common aims.

For this reason we believe that both courage and caution are demanded in going forward with the shaping of European policy—not necessarily a policy where every nation speaks with one voice, but a policy in which we are united in our deliberations and in our common organization and in which we do not try to separate politics, defence, social policy or whatever may be involved, into separate organs without internal coherence.

The other matter in which caution is required is in the progress towards European union. I

Federspiel

think that we all agree with the ultimate aim, but much may be destroyed if we do not set our pace so that the great majority can follow it. There is a tendency to go a long way in harmonization and, sometimes, if harmonization takes an excessive form, it may cause disharmony.

The Liberal Group believes in a pragmatic approach to the unification of Europe. For this reason, while we believe in the furtherance of steps that are necessary for progress towards greater unity, we believe that we should not attempt to impose strict rules merely for the purpose of harmonization since they might disturb the natural progress of social, commercial, or industrial policy in individual countries according to their traditions and needs.

These are the two points that I wish to emphasize on behalf of the Liberal Group, although in broad outline we are in agreement with the text of the document which is now before us.

President. — I call Mr Leonardi.

Mr Leonardi. — (1) Mr President, ladies and gentlemen, once again this year the Commission's annual report is the usual list of the Communities activities drawn up in a proper and correct manner. The Seefeld motion attempts to take up those points which are considered to be of greatest moment; it expresses a few criticisms here and there but in general it approves the document. The motion, for instance, welcomes the two draft directives on the retail sale of pharmaceuticals, indicates the Community's problems in the world, mentions harmonization of statistics, environmental policy and the extension of cooperation on defence matters.

We are in agreement with certain points of the Seefeld motion—for example, with paragraphs 21, 23, 45 and others—but we do not share its overall view on the Commission's activities, nor do we approve the way in which the motion has been presented. For this reason, we shall vote against.

Continuing the negative experience of the past few years, the Seefeld motion takes no account of the main needs of this time: the need for an overall political view on the state of our Community. The Commission should provide us with the data on which we can base this view, stating the consequences of its activities on the life of our States and not confining itself to describing those activities.

We regret that the first tentative step in this direction taken in the general report of a few years ago has not been followed up.

Parliament should express an overall political view in response to the main issues now in the minds of public opinion. I think that, like other speakers, Mr Seefeld has been mindful of this need in his introduction today and that he has raised the problem of reforming our working methods.

Nevertheless, there has been no follow-up to information that had already been supplied in former years. And yet there is a primary need for such an assessment, as a response to the challenge from outside and to mobilize the internal forces, both critical and supporting, which will be the main source of development or regression of our Community in the current situation.

It is said that 1973 should be the year of Europe. What Europe, though? This is what the peoples want to know, and this is the question to which we must attempt to find the answer by taking a critical look at the Commission's activities over the past year. We must not merely draw up a sterile list which will arouse no interest outside this Assembly.

Can we say specifically that last year the process of integration among our countries advanced, was at a standstill or regressed? Very broad sectors of public opinion of differing ideologies and social status—as stated, for example, by the Governor of the Bank of Italy in some of his recent speeches—consider that we are moving away from the Community situation and that there has been a backsliding in the process of integration. If this is true, it could be sustained that external forces which no longer support the Community process might avail themselves of these diverging internal interests to promote disintegration. In support of this theory, mention has been made of our well-known monetary vicissitudes, our inability to make any progress towards monetary union, indeed the move away from the relative stability that has marked the relationships between our currencies for many years.

What reply is being given to this question? None. Item N, for example, in the motion is entitled "Progress towards economic and monetary union". Paragraph 43, however, immediately following that heading, draws attention with concern to the fact that it has not been possible to make up for the delay caused by the failure to start up economic and monetary union. Despite the heading, this is not progress but regression. In paragraph 44, the viewpoint repeatedly expressed is once again emphasized: assurances of the need for parallel progress in monetary and economic policy are not sufficient, but positive action is required to achieve such progress. We agree with this

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view, but the requirement that is emphasized calls for positive action, for jointly arrived at common policies, and therefore for a broad popular consensus and the ability to obtain that consensus. Paragraph 46 urges the Commission to submit to the Council as soon as possible a proposal for a guideline or regulation on stability, economic growth, a high level of employment and balanced external trade, as if these factors could be governed by regulations in the light of a treaty such as the Treaty of Rome, which is based on what are known as market laws, in other words primarily on the abolition of obstacles to private initiative, a goal which is moreover invoked at many other points of the motion being considered.

Another question to which no reply has ever been given is the disparity within our Community, in the light of the basic fact of its enlargement.

Have such disparities decreased or increased? What impact has the Community's activity had on disparities? In particular, has the implementation of the customs union, in the way in which it has been done, brought us closer to economic union, or has it perhaps had the opposite effect? No reply is given to this question, only a mention of the need for a regional policy in item O. But the regional policy required will differ greatly depending on whether the aim is merely to speed up the existing process of achievement of greater homogeneity or, on the other hand, to counteract and reverse the trend towards growing differentiation between different countries and regions. We must, therefore, know where we really stand.

We could go on with further questions that are put to us by public opinion, questions that we often put to ourselves as we are engaged on our political activities and to which we should reply at the time of this annual review of the Community's activities. Once again this year, however, the main impression of the motion is of an attempt to lump together differing subjects and problems, sometimes contrasting subjects, without a clear and simple connecting thread of interpretation or appeal to the authorities, for instance the summit meeting, outside the Community institutions, demonstrating the weakness and not the strength of the Community and stating objectives for which no coherent action is subsequently taken in the Community; indeed, it often happens that the very men who state those objectives later act to prevent their achievement.

There are of course many positive points in the motion: let us take paragraph 18, for example, which calls for the promotion of peace, peaceful

relationships with the outside world, and paragraph 20 which discusses improvements in the living conditions of the Community peoples, social work, etc. But how can we achieve these objectives unless we can assess the effects of action already conducted, and consequently the corrective action that should be taken and the measures that should be taken vis-à-vis public opinion and within our individual national Parliaments?

As it stands, this motion will certainly be of no help in our political action and, if only for this reason, it should be rejected.

President. — I call Mr Aigner on behalf of the Committee on Budgets.

Mr Aigner. — (D) Mr President, ladies and gentlemen, I should like to make a few remarks on behalf of the Committee on Budgets. I am very grateful to the rapporteur that in his report and also in his oral introduction of it, he has taken cognizance of our astonishment that the proposals promised by the Commission with regard to the strengthening of the European Parliament's budgetary powers have not been put before us and that in this report, the first vote of no confidence ever recorded in the history of the Community has not even been mentioned. I realize that this is nothing for the Community to boast about; nevertheless, such an occurrence should at least be recorded in an annual report. I make these remarks, Mr President, because I wish to remind the Commission of its responsibility to put new proposals before us by 1 June at the latest, and this date is rapidly approaching.

If the Commission thinks that it can once again extend this deadline with impunity, I should like to warn it that it cannot do so.

Allow me to make one more remark for the ears of the Council. On 22 April 1970, Mr President, the Council adopted a resolution to discuss in future with the Parliament all legal acts from the point of view of their budgetary consequences, that is to say, to discuss the financial means which would be required for legal acts. This promise has not been kept. And I think that the Council should be reminded of it. This Parliament shares budgetary powers with the Council and it is obvious that legal acts, which have budgetary repercussions, should be discussed with the other partner exercising budgetary powers. I should like then to remind the Council quite openly of this obligation which it has taken on itself.

I understand that this Parliament has a single weapon which it can use against the Commission,

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namely, the vote of no confidence. Unfortunately, it has no such weapon to use against the Council. When such infringements of legal rights occur, therefore, we should seriously consider whether Parliament ought not, where necessary, avail of the services of the Court of Justice to establish its own legal position.

Allow me to make one last observation on auditing. Mr President, as we shall see in the next debate on Mr Gerlach's report and on my own report this afternoon on the discharge for the 1970 budget, there is now no longer any doubt that the efforts of the Commission to set up a fully effective auditing system have been simply inadequate. We urgently request, therefore, the President of the Commission to give this matter his own personal attention in future.

The fact that we are being financed by our own resources, that is to say, by Community resources alone, makes it all the more vitally important that we should have an effectively functioning audit system for these own resources. It is vital that the external and internal auditing system should be expanded. I have just found out that in the meantime the Commission's report on instances of fraud has been completed. I hope that we can shortly discuss this report with the Commission in our committee.

Mr President, I should like to return here to my earlier demand. It is vital that within the internal auditing system, which is the responsibility of the Commission itself, there should be a coordinated investigation of these instances of fraud—we have spoken of a mobile fire-brigade, you can call it what you like—, so that we can keep them to a minimum, especially in the agricultural sector. For this we need an effectively functioning information system, but even this has not yet been built up. Mr President, I should like to limit myself to these few remarks. I wish to congratulate the rapporteur on his excellent report.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — *(F)* Mr President, ladies and gentlemen, I would like to begin by endorsing what was said in Mr Seefeld's report.

As he has underlined, this is a difficult matter, and it is indeed true that there is a certain peculiarity to be talking today, 9 May 1973, about what happened last year, especially in view of the fact that, following my initial statement on this subject on 13 February, the policy we intend to follow was debated at that time. It is not my job to propose modifications of

procedure, but I must say that what I have heard said by Mr Seefeld, by Mr Bertrand, by Mr Petersen and, I think, by each of the other speakers, strikes me as being eminently sensible.

This is particularly true in the circumstances; as Mr Bertrand so rightly put it, if, in this debate, we follow the text of the report and stop at each of the items it contains, we will find ourselves debating a series of points, some of which are of particular importance but some of which, we should recognize, may well merit the attention of Parliament but do not merit discussion in a general political debate such as this one.

That is the first thing I want to say: I share the view which has been expressed here by nearly all the speakers.

The second thing I want to say is that this is an opportunity for us to talk of what happened in 1972 and to see how last year relates to 1973. This represents a break in the almost exclusively future-oriented work of Parliament. This is a chance to reflect upon the past and, as Mr Habib-Deloncle has said, it is a time to reflect that in 1972 two major events took place.

The first of these was the enlargement of the Community. This is a fact which has been brought up during every session of this Parliament; it is a fact whose importance and whose compass we have not yet finished appreciating and which will by its very nature give our Community a different style and new opportunities.

The second important event was the expression of political intention made by the Heads of State or Government at the Summit Conference. This too, Mr President, is a fact whose consequences have yet to be recognized, particularly in one respect, in my eyes a vital one, and that is in the development of a new mission for the Community.

From all that has been said here it has become evident that this is a matter of which the members of this Parliament, rightly so, are well aware: the Heads of State or Government, responding to a need which has become increasingly apparent, have suddenly given the Community, founded and shaped with economics in mind, a dimension and goals of a new and different nature.

This is something, Mr President, which I too, when remembering 1972, cannot allow myself to forget.

Indeed, Mr Leonardi, as far as this report is concerned, the Commission—which drew it up and which presented it to you, preceded by the general statement which I had the occasion to make before you on 13 February, and which

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was at that time discussed here as if it were a political statement—the Commission, as I say, drew up a report on activities and management for which it was not responsible. This is a paradox with which we find ourselves confronted when the Commission is changed.

From the start, as I said, Mr Seefeld emphasized the importance of the Summit. He was also right in proposing what could be called “proper use of Summits”, in other words that they should be convened whenever the chance arises to inject new stimulus, apply new impulses and new drives which in turn could lead to concrete results. This offers the Heads of State or Government and the Commission, the opportunity to work for further development of the Community. Yes, we must make “proper use” of Summits, and I believe the one that we have just had was a good one. I share a great many of the points which have been made here, some of them applying more to the Council than to the Commission, others addressed to Parliament itself, asking it to consider for its part what its contribution to the idea of a European Union could be, the established goal for the 1980s.

It would not be reasonable for the President of the Commission to attempt today, four months after the Summit, to say what form European Union could take. For our part, we are going to be confronted with the same tasks as you, in Parliament.

Once this first period is over, something I'm going to come back to, this period which represents the crossroads between the past, which came to an end in 1972 and the future which begins in 1973, I think we are going to have to devote a lot of thought to European Union, because this change of dimension, this change of goal, is going to be accompanied by a change in character. It is no longer enough to continue in the routine of the past: we shall have to devote ourselves to a new effort of discovery and imagination as we look towards the future, and this, undoubtedly, will be anything but easy, since it is not the immediate future we are dealing with but that of the 1980s.

Mr Habib-Deloncle has raised many excellent questions regarding the kind of procedures he envisages leading to European Union. I am not saying that I agree with all his feelings, with all his ideas; what I am saying is that it is effectively this type of question, refined and detailed, which we are going to have to put when it becomes necessary to define European Union.

As far as the Commission is concerned, I would like to recall that it has undertaken to do various things and I would like to comment briefly on

the budgetary problem which I have already had the opportunity of discussing here.

It is not altogether correct, Mr Seefeld, that we had forgotten that the Commission had been the subject of a motion of censure. This matter was of sufficient importance that it is, I believe, set out on page 363 of the report in what seemed to me realistic terms.

It is not, moreover, altogether correct that I undertook to present the Commission's budget proposals before 1 June. I do undertake to present them by 30 June, while pointing out in response to various points raised during question time at the last session, that as far as we ourselves are concerned, we are doing everything possible to meet this deadline, but I do not feel myself to be in a position to accept a commitment which it would be impossible to fulfill. This is a question, Sir, where I am in full agreement with one of the basic ideas that you put forward: if we want to preserve the balance and the strength of this Community, the Commission has to do its job properly. But first of all we must recognize just what its job is and that its prerogatives and its responsibilities cannot be called into question. At the same time, it is important that the Commission itself does not display timidity in exercising those prerogatives or those responsibilities. In reply to the document which you have drawn up and whose first edition appeared at the beginning of April, I would like to point out that the most recent past clearly shows that the Commission is very well aware of what is required of it. In other words, despite the magnitude of the task assigned to it, despite its new membership, it cannot content itself with simply taking over ideas or work completed by others. In four months we have tried to take—and I quote—“these bold and significant initiatives” which you consider desirable. I have considerable pride in saying that we have observed, not without considerable effort, an extremely rigorous timetable, perhaps even more rigorous than the one fixed for us, and that despite the monetary crisis and various other problems. After all, Parliament will be able to discuss a social programme, a programme of economic and monetary union, a regional programme, a programme of industrial policy, of environment, and some thoughts on the question of energy. It has been able to hear what became of the GATT negotiations and of the mandate which we are preparing, as well as of the Commission's proposals regarding the association of States in the context of the Yaoundé and Arusha agreements, and of Protocol 22. All this was not accomplished without a great deal of work, but with clear objectives in mind seems to me to have gone a

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long way towards relieving the concern expressed here.

In the first place, we have tried to work as colleagues. This involved a great deal of effort, I may say, because we didn't want more than one individual alone to take responsibility for what, ultimately, would have to be expressed as a joint viewpoint; this is something that we all agreed upon. Subsequently, each document became the object of an internal debate, then of several collective examinations, because we had to be certain that what the Commission was called upon to say would be what it wanted to say as an institution, not merely the opinion of this or that member.

Secondly, and I say this to Mr Federspiel, and to Mr Petersen, both of whom spoke at length on this subject, as well as to Mr Leonardi, who also mentioned it: we have had the greatest possible will to achieve continuity. Whenever one wants to go beyond simple matters of customs or commercial policy, and extend the Community's action to those areas I have just mentioned, all those individual and inter-related items which together go to make up a genuine policy in the widest sense, each of whose parts is related to the others and based on an identical premise have to start progressively appearing; we are very well aware of this.

One of the characteristics of the Summit is to suddenly attach great importance to policies other than those initially scheduled for discussion; one of the most deliberate and self-imposed actions of the Commission has been to maintain continuity with great firmness of purpose, and I believe that the debates here, even if not approving of everything we say, will show that we have made every effort to apply this continuity. You can re-read the various documents and you will not find one which does not refer to other problems raised elsewhere, because we have always wanted to establish very direct relationships between the different policies.

Finally, we have wanted our work to be characterized by a willingness to have close ties and relationships with Parliament. I cannot say it with great enthusiasm, talking as I am at this late hour before a half-empty Parliament, but I have gained the impression during these four months that our dialogue has taken place under relatively good conditions and that we have begun to talk seriously among ourselves about matters which are at the root of European affairs. And for the sake of Mr Bertrand, I would like to say this: speaking of the report, many of his criticisms are true; but of one takes account of the other debates which have since

taken place, as your general rapporteur has recalled, I no longer believe that all of his remarks are altogether accurate. After all, we have had various policies to discuss, sometimes before the committees, sometimes before so much as a debate has been opened; we had an example of it this morning with industrial policy, yesterday with regional policy, a month ago with the problems of GATT and of the Associated States. Without even having had the chance to discuss the matter in depth, we have had to come before Parliament and explain to it what we thought and what we proposed. This would seem to me to be a not unimportant aspect of our relations and of the manner in which we can work together.

I now find myself confronted with a problem. Should I talk in detail on each of the policies? If I do, and am required in my turn to refer to the excellent analytic document which your general rapporteur has submitted, I feel the debate would lose much of its interest. I should be forced to repeat things which have been discussed during other debates and which will be discussed again. There is the question of the problem of inflation and the problem of economic and monetary development; Mr Haferkamp was here two months ago to speak on this policy. I shall therefore stick to extremely simple points.

First of all, I understand the importance which has been attached to the Community's social policy and to ideas on that policy. The document which we have drawn up spells it out: as far as we are concerned, it is a question of a new dimension in Community politics, and we believe that the goal of our Community is the satisfaction of people's needs and an answer to their problems. We emphasize this on the first page of this document and we do not believe that the Community's social policy should simply be a policy of response, to difficulties which could arise; it is something much more, it is a goal for the Community itself; and I would like to say to Mr Seefeld and to those other members who raised this point that the majority of the suggestions which you will find in the document which we have just completed have been made with this in mind. As far as problems of employment are concerned, problems of living conditions and of work, of the training and the difficulties of the young and the problems of women and of participation, the text which we have submitted is a sort of context in which the first stage of a bolder Community social policy can develop; it includes nearly all the ideas which you yourself have put forward, Mr Seefeld, and which have come either from yourself or from one of the various committees which has had to

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study the report and look for omissions or deficiencies.

I believe that on this point our response will be basically clear. In the same way I subscribe to all that has been said on the free movement of people. There has been some light-hearted talk of the personal difficulties which I could have encountered; I wanted to make them known outside to show that I was well aware of the problems in question, directly, but also in a broader way. There is still a lot to be achieved in this sphere; but this is a subject we touched upon yesterday. The President of the Council has made certain commitments. It is the job of the Commission to make sure that these commitments are respected. Certainly, there are difficulties, and we are aware of them. Not everything can be done in a day; but for the sake of those people whom we are asking to understand Europe it is important that those policies which they can see and feel should be implemented as quickly as possible.

I fully agree with everything that has been said on the problem of the free movement of people and of goods, and that includes your concern that the proposals we make should be carried out according to a precise timetable. You will find that these ideas are included in the programme on industrial policy which you spoke of this morning, Mr Spinelli.

We have other tasks. One of them, which Mr Habib-Deloncle referred to as containing "great promise", is obviously economic and monetary union. We cannot debate that point today, since we shall inevitably be debating it when we come to speak on the report itself, the most recent prepared by the Commission. I would like to say, however, that we are completely aware of two things: first of all of the necessity to start moving forward again; there has not actually been a retreat, but neither has there been much of an advance. The Commission ceded one part of the battle on agriculture to allow us to return to principles of unity in our market, a principle which to us seems indispensable. Apart from the proposal we have just made, there is another job we have to do, and that is the setting up of a fund for monetary cooperation, or to be more exact, the gradual setting up of common reserves; you raised the subject of short term monetary support in your report, Mr Seefeld, and we shall be making proposals by 30 June.

This central point will undoubtedly form the basis of a wide debate during 1973. There has been talk of the necessity of a wide-ranging political debate from time to time, and I agree with this; it is no bad thing that Parliament

should be confronted a bit more often with a sort of summary of the problems which have arisen in this or that sector, and then be required to exercise technical judgment and a political appreciation of the various elements which, once again, I believe need to be very precisely coordinated.

As far as taxation is concerned, something we have talked about little up to now, value added tax now exists in all the Member States. As far as the Commission is concerned, the next stage is to make proposals for an alignment of taxes, and for a harmonization of rates, something which, as you know, is not only of great importance for the general operation of the Common Market, but also for the solution of the related problem of the Community's own resources.

I will say nothing, if you don't mind, about our foreign relations. Enough debates have taken place, one of them here only yesterday, during which we discussed our relationships with the United States in the presence of several members of the American Congress.

I am also not going to say anything on regional policy, not because I believe that we should be indifferent to regional policy, or that it has no significance in a Community such as ours—if you re-read what I said on the subject myself on 13 February, you will see that it is in my eyes one of the most decisive factors—but because Mr Thomson yesterday had occasion to speak in detail on the propositions expounded by the most recent Commission document on the setting up of the fund, and the coordination of policies. He even put the problem into a wider context, outlining the thread of a regional policy and underlining the necessity for it. I don't think it would serve any purpose to say anything more on the subject, despite the fact that I consider it to be topic of vital importance.

There are, all the same, one or two points amongst what has been said—and these will be the last—which I would like to touch briefly upon. They concern things which we did not say—your phrase, I think, Mr Seefeld. The first point is that of the mutual recognition of diplomas and general problems of education.

It is true that this is an area where we are not making very rapid progress. We do attach importance to it to have asked a Member of the Commission to accept particular responsibility in this field and to establish competencies and to coordinate views. Mr Dahrendorf, in direct collaboration with certain of his colleagues, in particular Mr Gundelach and Mr Spinelli, is at present engaged in examining what can be done to give this matter new impetus.

Ortoli

As far as youth is concerned, I would like to say that the most recent documents on the subject, ones which you will not yet have read, do, despite everything, give an answer to the questions you have asked yourselves. We have not merely submitted a collection of texts which concern the problems of youth; I would like to remind you that we have also asked for the institution of a consultative committee with competence in this area, and that I have altered the text to take account of the enlargement of the Community and the fact that Norway has not joined it.

In the document on social questions, we have proposed that particular consideration be given to the problem of employment among young people, and especially to the question of supplementary training for those young people who do not find employment. We are, in addition, proposing a huge exchange programme to promote contact between young people and we are ready to take new initiatives in this field.

I made a point of reminding you of this, because, and I don't want to hide this, I have been very sensitive to criticism on this subject, and I believe it was necessary that certain things be done. We are doing all we can to get the Council of Ministers to act on these points.

In connection with the various problems of control which have been raised, I could perhaps reply by saying first of all that, on a number of issues, procedural solutions would be possible. It is true that the procedure for drawing up financial statements has not yet been perfected, but it is also true that on each new occasion there has been new progress. Now there's a new procedure and I believe the Committee on Budgets was fairly satisfied with the latest financial statement on mountain agriculture. I say all this to show that we do not reject criticism and that we are doing our utmost to effectively develop the best possible procedures.

Other problems of control will be raised this afternoon, for if I am not mistaken this is the next item on the agenda. Therefore I do not think it would serve any useful purpose for me to expand on the subject. However, I would like to say that we are examining, for example in the context of the report on the financial management of the EAGGF, which has just been submitted to Parliament, several of the problems raised by Mr Seefeld, and I believe that next Friday this point will also be the subject of an examination on the basis of the report by Mr Durand which contains a proposal for a regulation. You will thus have all the problems in front of you.

What I can say, seen from my position as President of the Commission—and this is the last thing I want to say on the subject—is that there is no doubt that this item of control is essential; for my part—and this is the answer that I will be giving to the rapporteur of the Commission on Budgets—I am ready to offer my personal attention, that is to say to examine in great detail how each of these problems arises and to develop internal procedures—we will talk on some future occasion of external control—which will convince the Commission that everything which concerns its management is being submitted to the best scrutiny possible. And let me hasten to add that I completely understand Parliament's concern about this matter.

There can be no question of the Commission's determination to do its job as thoroughly as possible with respect to this question, particularly since we now find ourselves at the crossroads between a Community of Six, concerned very largely with the economy, and a Community of Nine, which has assumed a new dimension. I believe we have demonstrated this and we have never been afraid to face the storm—and there have been several during the last four months, as there often are in Europe—in order to achieve progress.

One thing that I am admittedly proud of is that we were able to settle most of the problems of Euratom. The Commission completely lived up to its responsibilities and played its part in resolving this problem.

Although we have not made much progress in the monetary field, I believe that we have evaded a series of problems which would have arisen had it not been for the determination not only of the Commission but also of the Member States.

In the case of the most recent trial the Community has faced, on agriculture, we must recognize that there were indeed great difficulties, but we must also recognize that the outcome was not without significance; if you analyze what happened and what was achieved during the night of Tuesday—and this is something you no doubt will do one day, when you are examining agricultural problems—you will see that Europe did not lose and that very real progress was achieved. Much would have been lost in the case of a stalemate, but just as much could have been lost by an absurd compromise.

Well, that is not what emerged from the Luxembourg discussions last week. An agreement was reached which removed, or at least lessened, a certain number of doubts and made way for improvements in the existing common policy. We expect measures to be taken by the Council

Ortoli

—and this is the last point I want to make—to ensure that the huge amount of work which, despite everything, is done in Europe, by you and by us, be translated into concrete terms by means of Council decisions.

We are at present examining with the Council what practical measures can be taken in this direction. For our part, we consider it vital to re-examine everything which is at present on the table and to establish a list of priorities from among this enormous quantity of proposals and directives which can then be dealt with as part of a genuine working programme. When we submit proposals, we intend to establish a time limit and we shall ask the Council to discuss this so that we agree on method and date. It is important that we should know whether you agree, as we do, to work together towards the realization of what is, after all, no more than what was asked of us by the Heads of State and Government at the Summit.

Finally, we expect the support of Parliament. In this respect—and this is my conclusion—I can say that experience has taught me that relations between Commission and Parliament are not always ideal; I have heard a lot of serious criticism here. Nevertheless, the general view is that we should work together and this we are doing, with some success.

(Loud applause)

President. — Thank you, Mr Ortoli, for your contribution to today's debate. I shall now suspend the sitting until 3 p.m.

The House will rise.

(The sitting was suspended at 1.10 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR BERKHOUWER

President. The sitting is resumed.

I call Mr Scott-Hopkins on a point of order.

Mr Scott-Hopkins. — May I draw your attention, Mr President, to what has been going on in the last two days with the admission of visitors to the European Parliament. We have been swamped with visitors both in the Members area and in the Press corridors which have been full of an enormous number of visitors. I have no objection to people wishing to visit the Parliament, and indeed I am delighted that they wish to come here, but I suggest that some form of control should be re-established so that they are not allowed to wander at will in their hundreds—and I mean in their hundreds—throughout the

Members' and Press parts of the building and indeed in those areas of the building in which the various delegations have their offices. Both today and yesterday an almost intolerable situation has been created by the sheer number of visitors to this building.

President. — I take full note of the point made by Mr Scott-Hopkins. I shall attempt to arrange for steps to be taken to ensure that Members enjoy the same undisturbed working conditions in this building as in their own Parliaments and are not inconvenienced by crowds of visitors.

7. *Sixth General Report on the Communities' activities in 1972 (cont.)*

President. — The next item is continuation of the debate on the report by Mr Seefeld on the Communities' activities in 1972 (Doc. 46/73).

I call Miss Lulling.

Miss Lulling. — *(F)* Although I am somewhat reassured by Mr Ortoli's first answer, in my capacity of draftsman of the opinion of the Committee on Social Affairs and Employment on the Sixth General Report on the activities of the Communities in 1972, I would like to point out in this debate some conclusions for the future which we have drawn from past experience as regards this report.

First let me express my pleasure that the political resolve to build an economic and monetary union will free Community social policy from its restricted role of acting as a kind of Red Cross organization and put it on the level it should long since have occupied. Indeed no one here can deny at this point that economic and social questions are linked to monetary policy, and *vice versa*.

To aim at economic and monetary union without aiming at a genuine Community social policy would spell failure for such union.

Having established this, the wide divergences that still exist among living and working conditions in the various Member States and regions of the Community, as shown by the social indicators provided by the Commission, are evidence of the great and urgent need to narrow these differences and achieve the great social objectives of the Community. This will not happen automatically, nor will it happen without, on the one hand, the two sides of industry, which must be more closely involved in Community policy, taking parallel action, in particular by establishing the joint committees

Lulling

on the various sectors for which we have been calling for years, and without on the other hand action by the Community authorities—who must have the political courage to draw on the terms offered by Article 235 of the EEC Treaty and to set up and put into effect the general social programme put forward by the Paris Summit meeting.

Pending the setting up of this programme, may I stress that the priority actions advocated in the 'Preliminary guidelines' which the Community published as early as 1971 and on which Parliament delivered an opinion over a year ago should not sink into oblivion.

Indeed we do not have to wait for the great social programme, but can note even now the quantitative and qualitative imbalances that still exist on the labour market. We already possess a wide range of Community instruments which must be employed in a much more coordinated fashion than hitherto, in the service of a genuine Community employment policy.

These instruments are:

- the provisions of Article 56 of the ECSC Treaty,
- the EAGGF,
- the European Investment Bank,
- the European Regional Development Fund,
- the European Social Fund.

In my capacity of rapporteur of this Parliament on European Social Fund matters, I cannot let this opportunity to stress two points pass:

firstly, the need for a considerable increase in the allocations of the new Social Fund, which we do not regard as a money-dispensing machine but as a policy instrument;

secondly, the need to make other sectors accessible to intervention by the new Social Fund, notably

independent craftsmen and tradesmen who are victims of the process of concentration and the changes in their sector and of the flight from the land,

workers in the clothing industry,

the handicapped,

the retraining of women.

Improvement of the living and working conditions of women was one such priority action envisaged in the "Preliminary guidelines" for a Community social policy proposed in 1971. As

a political woman myself, I cannot but take an interest in the fate of my sisters, and you will surely not hold it against me if I call for specific Community initiatives to resolve the thorny issue of the position of women in economic, social, civic and family life. These problems exist to different degrees in all the Member States of the Community. Specific Community measures to harmonize progress could contribute towards solving these problems, which our society can no longer ignore, as it has done for so long in the past. Besides it would be wrong not to be as concerned about the position of women as about the protest of youth and the growing number of social problems: young people, and in particular young intellectuals do not, unfortunately, have a monopoly of the much talked of "malaise". Take care, Gentlemen, for if women's problems are not solved more rapidly, their malaise will certainly lead to trouble and protest! And I urge the Commission of the Communities to act on our suggestion and set up, on the model of the United States Women's Bureau, a consultative committee and special department for this matter. I would be very happy to hear the Commission's decision on the fate of this suggestion which appears in the proposals and on which you will be voting later.

Besides a solution to the problems of women, the resolution proposed by the rapporteur also calls for specific action in two other fields which concern us deeply.

First of all, we believe in the need for a genuine old age policy and for Community initiatives to stimulate and guide the action of Member States so that they may all take suitable measures to ensure that old people are better integrated into modern society. One such measure could be to make retirement ages more flexible in all Member States.

Secondly, we are concerned at the deplorable state of the housing market. We believe that the conclusive results of the policy of promoting housing set up by the Community within the framework of the ECSC should be extended to the other sectors. Access to owner-occupied housing must be improved by setting up a system of premiums, reduced-rate loans and lease-buying facilities. The Commission should undertake studies and make proposals in respect of such systems; in particular it should study the best ways of combating the rising prices of building land and building costs. Even if the application of these measures remains up to the Member States, studies, proposals and recommendations by the Commission could bring about a more rapid solution of the problems in the various Member States, for we often need someone greater than ourselves!

Lulling

I hope in a year's time we will be able to see some progress made in the areas I have stressed more particularly in this debate.

(Applause)

President. — I call Lord O'Hagan.

Lord O'Hagan. — Mr President, I am very conscious that I am a new Member from a new Member State, so that much of what we are discussing could almost be said to be outside my competence. Nevertheless, I wish to congratulate Mr Seefeld both on his speech and on his report and to say that the debate has been very valuable, to me at least, although there has been some discussion about its format and heterogeneity, and I hope we will go on with it even if we make it more forward-looking.

I should like to link some words of our President Ortoli this morning—that the Community must have “a more daring social policy”—with some words of Mr Seefeld who looked forward to a Community “more human, more open and more democratic”. I felt strongly that representatives of the two institutions were here moving together along the lines suggested by that key half-sentence in the Paris communiqué of the Heads of State of October 1972 which accorded “as much importance to vigorous action in the social field as to the achievement of economic and monetary union”.

I cannot hope to try to cover as many areas as my fellow Member of the Committee on Social Affairs and Employment, Miss Lulling, but, as an illustration of what excites me so much about this new direction in which the Community is going, I wish to refer particularly to paragraphs 22, 23 and 53-55.

I suggest that this Parliament has been too timid. We have not been as fierce as we should have been. The action that has already been proposed by the Commission and has already come from Dr Hillery's team is fiercer and stronger than we have asked for. As a worthy institution which claims to represent the peoples of the Community, we have been left behind and overtaken. I very much hope this will not happen again, above all in this respect.

The problem about which I am talking is that of the six million migrant workers from countries outside the Community without whom the Community would be lost. I fully recognize there are grave unemployment difficulties amongst citizens of our own Member States, and in some more than others. But these six million people in our nine countries represent

a European problem on a European scale, and it is a human problem. It is the job of this Parliament to look at human problems and remind the bureaucracies and those who take the technocratic decisions that there is a human dimension to their economic viewpoint.

We should also remember that, although we may still like to consider that these six million migrant workers are foreigners, are strangers and do not belong to us, their children are growing up in our culture and in our tradition; we are theirs and they are ours and we cannot dodge that fact. It is the job of the Parliament to look at this problem.

To put it another way, these people come here to do our work for us if it is too dirty, too difficult, too dangerous or too nasty. We do not want to do it; we get them to do it. My country deprives India and Pakistan of doctors that they need. It is said that there are more Korean nurses in West Germany than there are in Korea. Whole districts of Turkey have been bled of able-bodied males.

If Europe claims to be more than a self-satisfied trading bloc, have we not responsibilities towards these people from developing countries? Should we not take this into account when we are determining the cost? Above all, should not Parliament be the voice for asking these questions? Have you put some social content into your money equations?

To revert to the problems inside our countries, surely it should be the Parliament which must buzz like a swarm of hornets round the Council and Commission ready to sting them continually, especially with our budgetary monetary control, unless the Commission initiates a far-reaching social programme. I do not suggest there is any question of their not so doing, but they must not make a mere token effort. They must rather institute something that spreads out far beyond the squalor of our inner cities and institute a programme which attacks all the festering sores of social deprivation.

We in the Parliament must surely be the guardians of social justice. We must ensure that the environmental policy and harmonization of social services, regional policies and all the new policies emanating from the Commission are bound together, leading towards a fairer and more humane Europe. We must demand a global approach to social problems within the Community.

We in England have had a special problem in this respect, partly perhaps because of our history and insularity, but mainly and overwhelmingly because a few selfish politicians

Lord O'Hagan

have chosen to advance themselves on fears about race and immigration. We in this Parliament can make sure that the same thing, or the same kind of thing, does not happen again in Europe.

We must remember, not with fear but with enthusiasm for the future, that those people who started this Community were reacting against a war that was caused partly, if not wholly, by fears about race and social deprivation.

Let us look calmly at the problems of the immigrant workers from third countries. At the time of the Treaty of Rome this problem hardly existed. It is not, therefore, surprising that it is hardly mentioned in that Treaty.

The Community has moved on. Let us applaud what it has started to do in the social domain. In welcoming the signs of Dr Hillery's courage and determination, let us hope that Parliament will be merciless in pursuing the Council and Commission on behalf of these six million people. We feel this Parliament must speak not selectively but for all the peoples of our Community. Unless we speak for them all, we have no real purpose and we might as well hand over our jobs to the chattering monkeys in the Orangerie zoo.

If we do not act as the conscience of Europe and as the conscience of the European institutions, no one else would do that essential job for us.

President. — I call Mr Petersen.

Mr Petersen. — (DK) Mr President, I would first like to say that I have tabled a motion for an amendment to point 17 of the proposal for a resolution. I propose that the words "...and cannot leave out of account measures of defence co-operation" should be deleted. This proposal has been distributed.

Several times in this assembly I have spoken against the involvement of military matters in our discussions. I am not going to reiterate the arguments here, but my motion is a consequence of the viewpoints I have put forward here.

Then, Mr President, I would like to make a few comments on the document which has been presented to us. I would like to say that it seems to me that this is a very important and good report. It is important for us, who are new, to have the history reflected in the report and the views attached to it before us when we are asked to form an opinion on future policy. I would like to add that I believe that

in many of our national parliaments we could learn from what has happened here. Is it not true that it is precisely a common conception of the activities we exercise that we lack there? Here we have a description across the board of what has happened and I hope that we shall continue on these lines. We may have to have different forms for debating it but the principle itself should be upheld.

I have a comment on the political union, and that is simply that we are facing a long series of difficulties in discovering what we really mean by this concept. Mr Seefeld was right to say that the concept can be interpreted in many ways and now it is up to us in the Community to determine what we want to have included in this concept, whether it is to be a broader, less binding collaboration or a more binding collaboration. All this will be made clear as time goes by and it cannot take place in the right way unless we here in Parliament return to a discussion of the content of the union.

Mr President, I would also like to express the hope that the section at the very end of the report under the heading "Relating to the Missing Chapters", will have a different heading next year and that considerable activity will be reported under this heading as well as a considerable exchange of ideas. In my opinion, educational and cultural policy will assume a significant place in the Community's deliberations in the coming year. I agree that neither the University in Florence nor the question of the recognition of diplomas implies anything very epoch-making. I believe that without trying to achieve harmonization of educational systems which are very different, we should exchange the results of our experience to a very great extent so that we can learn from each other, and we have a lot to learn from each other. The fact that experience from elsewhere is available to us may contribute to development in the individual countries.

Cultural policy is a subject which—as far as I know—is scarcely ever discussed here in Parliament. People may say that it is not included in the EEC Treaty, nevertheless it is a background to our concerns and to the things with which we shall be increasingly concerned. When one uses the expression "quality of life" this is in fact a proof that we are looking for a wider discussion of cultural questions and that we are looking for solutions in this area. The concept "quality of life" can, I believe, also be found in the Summit declaration and in what Mr Ortoli has said. It is not simply a question of artistic endeavour or the problems of leisure or the other things which may immediately spring to mind when we hear the words "quality of life".

Petersen

To me cultural policy in the broad sense is not simply a matter of encouraging artistic activities, of preserving our cultural heritage or however you like to express it, it is a matter of encouraging man's development potential and improving our chances of living together, having consideration for each other, showing solidarity with each other. Here I fully support the previous speakers and others who have been concerned with the social aspect. Perhaps the vital thing, when we are speaking of cultural policy, is that we should insist again and again that it is the decisive factor in our preoccupations. In our countries we must create a feeling of solidarity not only with those who live in other Member States but also with other nations, indeed this feeling of solidarity must in reality expand until it covers the whole of the globe.

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, I too am conscious of the fact that today I have the honour, as a new Member of this Parliament, to take part for the first time in the debate. I therefore propose to confine myself, to just a few remarks especially as I was unable to attend the debate this morning and did not hear President Ortoli's statement. At the same time I would ask for your indulgence if I should repeat anything that has already been said this morning, or should happen to raise a point that has already been dealt with.

I was unable to be present this morning because I was attending the meeting with the delegation from the American Congress. In the first place, I should like to add my own word of thanks to the rapporteur, Mr Seefeld, to the appreciation already expressed by a number of my colleagues for all the work that he has put into this report. I also wish to lend my support to the point made by Mr Bertrand this morning on behalf of the Christian-Democratic Group. We endorse the rapporteur's view that it is necessary to amend Article 18 of the Treaty, so that such a dialogue with the Commission, and indeed also with the Council of Ministers, can become a meaningful political activity for this Parliament.

Having worked for many years in other European institutions, I cannot help forming the impression that the idea underlying all these considerations was to give parliamentarians a toy to keep them occupied, a ball with which they could play around as long and often as they liked. As European parliamentarians, we are not interested in occupational therapy. We want to extend our control powers and our

democratic rights as a Parliament, both in our own and in the Commission's interest. It therefore appears to me necessary to underline once again in this context what Mr Bertrand has already said. In the meantime, until Article 18 has been amended, a general debate should be held on the occasion of the annual discussion of the budget, and the Council should also be requested to attend this debate.

Mr Seefeld, having just thanked you in general terms for your report, and before I come back to certain points which seem to me to be particularly important, I should like to say that no one would have objected if in your report you had begun with a statement of the major political questions, and had then referred us to a kind of supplement or appendix in which you could have listed some 60 or 70 other noteworthy and important points, so as to place on record those matters which appear to us or to the rapporteur essential on the basis of the provisions of the Treaty. It would have been particularly useful to those reading such a voluminous report for the first time, as well as to interested outsiders, if the major points, to which, as we have heard, you also attach importance, had been highlighted.

For example, a veiled reference to East-West relations and the conferences on security and cooperation in Helsinki and on MBFR in Vienna is hidden away in paragraph 7 of the general section of the report. The military aspects cannot for the moment occupy too much of our attention at this point. However, I am surprised that both the Commission's and Mr Seefeld's reports referred to this scarcely unimportant event merely in passing. Another reference to this subject is made in some other paragraph of Mr Seefeld's report. This matter of some significance because of the extremely gratifying degree of agreement established in 1972 by the nine Member States of the Community during the preliminary consultations and discussions on the tactics to be employed during the negotiations at the preparatory conference, a state of affairs that, we hope, will continue.

This topic also came up in the talks with our colleagues from the United States Congress; for in this way the Community becomes a real partner, on equal terms, of another great country. This was in evidence during the talks in Helsinki. I do not propose to talk about the Vienna Conference. Nevertheless, Mr Seefeld, I feel that rather fuller treatment would have been warranted, and I would be glad to hear your opinion on this point. I should like to add that in paragraphs 11 to 16 the rapporteur touches on a series of most important subjects, and I endorse everything that he said in this

Blumenfeld

context. I would call particular attention to paragraph 14, in which it is pointed out that the new Netherlands parliament has stated that no Netherlands government will be prepared to cooperate in the transition to the second stage of the European monetary and economic union unless decisions are taken which we all consider to be essential.

In my view, this example offered by our Dutch partners should be followed by the governments and partners of other Member States. I am not persuaded by the sceptical response, based on political experience of the difficulties in carrying through such things, which we repeatedly receive from European governments and institutions.

I am of the opinion that this Parliament should make energetic efforts through its members to bring influence to bear on our colleagues in the national parliaments, to show how much store we set by the cause espoused so firmly by the Dutch both at the Summit Conference in Paris and in this latest government decision.

Mr President, I should like now to touch upon a totally different aspect of the report, namely the question of the economic and monetary union rightly raised by the rapporteur in paragraphs 43 ff. I endorse what the rapporteur has said concerning the need to proceed more rapidly and actively towards a second stage. However, I think we must make it plain that there are practical ways in which we can accelerate this progress.

In this report, Mr Seefeld mentions the European Fund for Monetary Cooperation. I believe that we should now call upon the governments and the Council of Ministers not only to make this Fund an instrument of the Community's common monetary policy but also to make it possible for the Fund to accelerate joint actions. Basing ourselves on the model of the independent central banking system existing in the United States, we should establish some kind of European reserve fund or a central banking system that would be capable of operating independently, but also capable and ready to press for a common European currency which would permit a contribution to be made to the reform of the international monetary system.

Mr President, all of us here are convinced that the economic and monetary union can only be a living and practical reality if, as explained yesterday, not for the first time, by Commissioner Thomson, the struggle to overcome the problems on the monetary front is accompanied by the greatest possible priority in the matter of regional policy. Much greater impetus must be given to regional policy in Europe if we really

want to see a properly functioning economic and monetary union in the next few months, or even next year.

In conclusion, I believe that the President of the Commission, Mr Ortoli, did not go into a question that is of such great concern to all the Member States, namely the fight against inflation. I would be grateful if Mr Ortoli could give us, on behalf of the Commission, a clear and informative statement at the end of this debate on the Commission's future policy in this field, in reply to the questions posed by the rapporteur in paragraph 46 and elsewhere in his report. The Commission has a duty to say something on this point to Parliament, the Council, and indeed all of us.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, I should like to raise a point concerning the Association with Greece, which is discussed in sec. 381 on pp. 260-261 of the General Report from the Commission. The Commission's report on this subject is very terse, and we welcome the Commission's brevity when it tells us that the application of the Athens Agreement continued in 1972 to be confined to routine business.

As far as developments are concerned, we are told in footnote 1 on page 260 that, in the course of a speech on 16 December 1972, the Greek Prime Minister, Mr Papadopoulos, announced the ending of the state of siege for Salonika and a few measures in favour of persons imprisoned or condemned on political grounds. "However, no information was given concerning the date of the future elections". The Commission may have been forced to make this comment on the Greek Prime Minister's announcement in drafting its report for 1972. But this is now past history, for the Greek Government, the Colonels' junta, has stated publicly and unambiguously that free, direct elections in Greece would continue to be impossible in the future. I believe that, on the occasion of this debate on the Commission's general report, at a time when the European general public has been horrified once again by the numerous arrests and arbitrary censorship of the Press, the Commission has a duty to the peoples of the European Community to make it unmistakably clear to Greece that the association between it and the EEC was being subjected to such a strain by the conduct of the Greek Government that the matter could not be allowed to rest with mere freezing of the association. I know that the Commission had hoped to see a process of liberalization in Greece, partially

Fellermaier

at least through the pressure of realities in Europe. On the whole, we in Parliament shared the Commission's hope and looked forward to free elections and a return to parliamentary conditions.

Mr President, ladies and gentlemen, precisely the opposite has happened. Greek newspapers which dared to reprint the words of a Greek political exile have had the entire brutal might of this regime brought down upon them. Of course, one can say that many countries of the world and, indeed, Europe are not as democratic as we should like to see them. The difference is, however, that Greece is trying, through the association agreement, to work towards full membership of the Community.

When we perceive from the Commission's report that relations are continuing to develop—figures are quoted concerning the liberalization of imports into Greece from the EEC and, conversely, from Greece into the EEC—this is clearly connected with the technical content of the agreement. But, Mr Ortoli, I wish to say on behalf of the Socialist Group that in our view the Commission should not have stopped at a discussion of the relationship between the Community and Greece in bare economic figures, but should have used the General Report as an opportunity to make plain at a political level to what extent Greece is moving away from the possibility of becoming a full member of the Community.

The Commission has not taken this opportunity in its annual report; in my view, Mr Ortoli, you have an opportunity here and now, to inform European public opinion as to the Commission's basic political attitude to the Colonels' regime in Greece.

President. — I call Mr Ortoli.

Mr Ortoli, *President of the Commission of the European Communities.* — (F) Mr President, I can keep my answer fairly brief, for, as some of the speakers this afternoon recalled, I had already dealt with several of the points raised in my answer to the rapporteur and the representatives of the groups. However, I must reply, if briefly, to the various statements we have just heard.

Firstly, I should like to say to Miss Lulling that perusal of the social policy programme which the Commission submitted clearly shows the institutions' concern and its desire effectively to give the Community the wider social dimension called for by the Paris Summit meeting, and, on various occasions, by the Com-

mission or in this Parliament, as soon as possible.

This led us to propose a body of measures some of which concern collective agreements and joint committees, others the problems of women, regarding which we suggested the creation of national committees where these do not exist; we also proposed setting up a permanent committee attached to the Commission to study these problems as a whole and to facilitate our role of initiator in this important area, which includes the problem of old age too, regarding which we made certain proposals; finally, in the field of housing, we suggested setting up pilot projects at Community level going further than what has already been achieved in the field of social housing.

This does not, of course, mean that we feel we have covered everything in the social field. But in this first stage of a new campaign, we tried to choose a certain number of issues which we considered decisive, either because they were major ones or because they enable us, on an experimental basis, to begin to consider and take action, at Community level, reflecting a Community resolve; for our aim is to create this social Community which was discussed earlier.

My reply to Lord O'Hagan is that it was in this light that we approached the problem of migrant workers; the Commission laid particular stress on the question of social protection, the question of reception, the question of gradual participation in economic, social and political life and the housing question. This is one of the areas where, we believe, the very nature of the Community, and not only its interests, should induce it to take account of one of the most marked phenomena in all our States.

Mr Petersen referred to his proposed amendment to the motion for a resolution. I shall not discuss this but shall dwell for a moment on what he said about missing sections. In my first answer, this morning, I already pointed out that the absence of some of these sections was less apparent since the Commission's most recent proposals. Naturally, we must take rather cautious action in these areas, some of which border on the precincts of the Treaties. But when, for instance, the case concerns our young people, it is quite clear—as the Commission showed in its report on social policy—that we have a particularly important duty since the Community cannot assume a wider political dimension without their allegiance, of which so much has been said and which remains extremely necessary. I would like to add, Mr Petersen, that like you I believe that there is a very close link between the quality of life and the development of a cultural policy and that in some

Ortoli

respects it is possible for the Community in fact to propose this cultural policy.

I think that here we are touching on a number of questions which come under the Treaty of Rome and for which an extension has already been provided. And I consider that, quite apart from these questions, if we are thinking in terms of an overall vision of a society in conformity with European traditions and interests, that dimension will gradually have to assume increasing importance.

Mr Blumenfeld spoke at some length about the variety of institutional problems which faced us. If he permits, I will not answer at length because that would involve another very wide-ranging debate. Such a debate was already opened on another occasion, in this House, on individual issues, and it will of course resume when the Commission makes appropriate proposals. Besides, I understood that Mr Blumenfeld was not only addressing the Commission but also Parliament and asking it to consider its responsibilities in this matter.

Regarding three of the points on which he questioned me, I should like to say, firstly, that I too raised them, I perhaps laying more stress on them than the Commission report, in my answer to the general rapporteur. I am referring, for instance, in the context of economic and monetary union, to the question of the reserve fund and the outcome in the next few months of the proposals which the Commission is obliged to submit on gradually creating joint reserves. I shall cite only this one example.

Secondly, as regards regional policy, I too stressed, like Mr Thomson yesterday, the very close connection we believe should exist between this regional policy and the whole complex of developments in our economic Community.

Concerning the fight against inflation, you quoted a paragraph which calls for a directive on economic growth and stability. I may say that in the document we submitted on the economic and monetary union we announced that we are drawing up a proposal for a directive on this matter and that we hope the Council will adopt it this year. But naturally, you must understand that there again we cannot start debating the whole problem of combating inflation or even all the points which have been raised here. I believe you quoted paragraph 46; there are 94 paragraphs. Clearly it would be impossible to debate each of these points at length. But on other occasions, in particular when the various economic reports were discussed, we have in the past and will in the future be able to start a much wider debate, on proposals from the Commission.

I may add, as Mr Haferkamp said in this House some two months ago, that combating inflation is one of the main problems facing the Community. We were asked what happened to the proposals we made in October. I can reply that some of them were adopted, but one was not. This does not prevent the Commission from demanding openly that joint or coordinated measures must in all events be taken in this area, nor above all, will it prevent it from taking the requisite steps.

This, and I insist on the point, is a matter which has concerned the Commission since it was established.

Mr Fellermaier raised the problem of Greece and regretted the fact that not much was said about it. I want to say that the Commission has again taken a stand in a different document from the one he has before him now. Indeed, during a debate on 14 March, a question was put to the Commission which Sir Christopher Soames answered, briefly but very clearly, as follows: "The House knows that because of the restrictions on civil liberties and the suspension of democratic institutions in Greece the Community is confining its Association with Greece to the administration of current business. When civil liberties and democratic institutions are fully restored in Greece we look forward to developing our relations with that country to the full."

I can only share your hope, Mr Fellermaier, that we will be able to resume relations with that country effectively and rapidly under the terms stipulated by the Commission.

These, Mr President, are very briefly the answers I wished to give to the questions raised.

(Applause)

President. — Thank you, Mr Ortoli, for your reply.

I call Mr Seefeld.

Mr Seefeld, general rapporteur. — *(D)* Mr President, ladies and gentlemen, during the debate which we have been having this morning 11 members and the President of the Commission have given their opinions. I should like to thank them all for their efforts to comment so objectively on what I have to do here on your behalf, as it were. Perhaps I may be permitted to say once again before I start that I am grateful to the spokesmen for the four groups who have expressed opinions, that is Mr Bertrand for the Christian-Democratic Group, Mr Dalsager for the Socialist Group, Mr Habib-Deloncle for the European Democratic Union Group and Mr Federspiel for the Liberal and Allies Group,

Seefeld

for largely agreeing, disregarding a few objections, to the present motion for a resolution.

The objection has been raised—in fact by myself in the first place—that the report is extremely long, and Mr Blumenfeld and other members have asked in their speeches whether a different procedure would not have been possible. My answer is yes, of course another procedure could have been adopted. I have kept to a tradition—I should like to stress this once again—which has grown up here, and with my contribution I have attempted to pave the way for a different form; you yourselves will remember that I began by saying that I considered the procedure impossible in the long run and asked Parliament to seek other forms for the future. I would refer in particular to the penultimate paragraph, namely paragraph 93, in which I said that the form of the report on the General Report should be changed next year so as to become a more effective political instrument. If you agree with me in this—and I assume this is the case from your contributions—we also agree that a change can be made. At this juncture, I should again like to point out—to make it clear to everybody—that I have tried to be extremely objective and that I had to take the opinions of the committees into account. You may take it for granted that I looked at everything that has happened in the last few years.

I have discovered that Mr Schuijt, last year's rapporteur, submitted 52 paragraphs in his resolution and 59 in his explanatory statement, making a total of 111 paragraphs. So in fact my report includes slightly fewer paragraphs. But to be serious, ladies and gentlemen, I would be grateful if we could agree that what I have suggested and what a number of members have taken up would be effective: we should use the next few months to agree in good time before consideration of the next report on the General Report begins on the form it should take in the future. To revert to the comments made by Mr Blumenfeld, who could not be here this morning and has not therefore heard everything that has been said, I should like to expressly confirm once again that the general rapporteur has attempted to include in his report as many statements as were accessible to him.

Honourable Members, Mr Bertrand has made the concrete proposal on behalf of his group that the general debate on the political activities of the Commission be combined with the budget debate in future. This suggestion has already been made by his group in the Political Affairs Committee. Although the question has not as yet been discussed in any detail, I should like to say that I sympathize and that that procedure could be quite acceptable.

Mr Dalsager has also suggested that in a report of this kind the technical aspects, which are unfortunately all included in my resolution, and everything the Committees have laboriously prepared should be attached as an annex, that the report on the General Report should be considered and should finish with a brief, concise, accurate political statement. Much as I am in favour of this, I must point out that it would probably be more difficult to make a small number of political statements representing something approaching a consensus of this House and that I admit that it is easier for me to quote the large number of items on which we largely agree.

And now to the general decision which we have to make in future, honourable Members. It is extremely difficult—I would emphasise again—to talk about the 1972 report, to comment on what the Commission did in 1972, while one can still hear what the Commission said a few weeks ago about what it intends doing in 1973. Should I then say as the general rapporteur that the report on activities in 1972 contains a number of deficiencies to which we object? But I do not want to mention them here because I know that the Commission says that it intends doing things differently in 1973. President Ortoli, I know your speech of course. You do assume, I trust, that we listen to you and to the members of your Commission and that we read your documents and your papers and also know what you stated in February. I appreciate—and I think that I can say this for the whole of Parliament—members of the Commission appearing here before us, as they have done today and as they did yesterday and in the last few weeks, to describe their political intentions. We do welcome this. Nevertheless I must point out when considering the 1972 report that many things we would have liked to have seen done in 1972 are not included in this report or have been described only vaguely. I am therefore forced to comment on behalf of this House on a report which has really long since been superseded by what you have described as the Commission's programme. That is the dilemma, honourable Members, which we face. It does not make it easy for a general rapporteur to appear before you and give an opinion of yesterday's news.

President Ortoli, I am very grateful to you for representing the Commission during a discussion on a period for which you were not personally responsible. However, as you have taken over the work of your predecessors, I have to say, where 1972 is concerned, that it was not only natural but also a duty for you to state the Commission's position here.

Seefeld

I very much agree with everything you have said. I should like to thank you for describing your political attitude very clearly on some of the questions that have been raised here. I should also like to emphasize that we noted during the part-session in Luxembourg in February that the Commission, you personally and all of your staff are prepared to work towards close cooperation with this European Parliament. As the general rapporteur, I feel I can say that we welcome this and that we are extremely grateful for your willingness in this respect. You may be sure that in any question in which we have to direct a joint appeal to the Council you will have our full support, here and also in our national parliaments, because we are very well aware that it is not you but the Council that is to blame for a large number of factors.

I should now like to take up the points made by Mr Bertrand, Mr Dalsager and others: where and how is the Council represented here today and how can the Council be involved more deeply in the discussion on the Report on the Activities of the Commission in future? It would be a good thing if the Political Affairs Committee of our Parliament could look into this question so that it can be made clear that discussions on the Commission's activities should not be held with the Commission alone, but that the Council should be involved because the Commission also has critical remarks to make to the Council and we support this.

Honourable Members, please forgive me if I do not now attempt to comment on every question you have raised. You have largely expressed your support for the contents of the motion for a resolution. You have made a few remarks on what could be done differently in the view of your political group or in your own opinion. Perhaps I might add in all modesty that I too would have done some things differently. But I have consulted my colleagues and said that after 12 committees have met in our Parliament and have conducted serious discussions on the Commission's report, it is not fitting for me as an individual to interfere in subjects which, due to the task I have been assigned by Parliament, I—and I admit this and if you are honest, you will too—cannot really completely grasp.

I have therefore relied on the expert knowledge of Members who are on committees and have as far as possible taken over what they have had to suggest.

Forgive me if I make a remark to the Members of this House. I had to smile a little when one or other of you complained that 94 paragraphs were naturally too many, because some of the

Members complaining in this way had, as rapporteurs for their committees, helped to increase the length of the report to 94 paragraphs.

Mr President, ladies and gentlemen, without wishing to go into every detail—that is surely not expected of me—I should be grateful if you could decide to accept this motion for a resolution, which as far as possible takes account of the opinions of all the political groups, considers, I would expressly point out, the opinions of the committees as far as possible and represents a record of the opinions of the committees in consideration of the fact that agreement has largely been reached in the committees themselves. If you could find your way to agreeing to this document, I should therefore be grateful not only on my own behalf, but also on behalf of the 12 committees of our Parliament, who have made every effort to subject the work of the Commission to a critical appraisal.

Mr President, ladies and gentlemen, I should like to leave it at these comments for the time being, since I know a number of motions for amendments have been submitted and that we will have to express our opinions on them as well. I should like to thank you for the extremely fair discussion, for the willingness shown by the President of the Commission to cooperate very closely with this Parliament and for the assurance we have given today that we will seek ways and means to enable us to make more political and less technocratic statements in connection with the report on next year's General Report. I hope the next general rapporteur will be able to benefit from what has been said today. We should all undertake to seek ways of allowing this to be the case.

(Applause)

President. — I call Mr Spénale.

Mr Spénale on behalf of the Committee on Budgets. — (F) Mr President, after President Ortoli's statement that, between now and 30 June, the Commission would formulate proposals on the budgetary powers, I feel I must make a brief statement on behalf of the Committee on Budgets.

I wish to remind Members that last December, when the vote of censure had been withdrawn, Parliament declared its wish that proposals should be drafted sufficiently early for us to be able to discuss the 1975 budget on the basis of the new budgetary powers, and that Parliament gave 1 May as the deadline for the Commission to make its proposals. Since then, there have been changes in the Commission, as we are aware, and we have agreed to put the date back to 1 June.

Spénale

We wish to insist that this date be adhered to. Indeed, to judge from previous experience, it takes more than a year for new texts of amendments to the treaties to become available, between the Commission's proposals and the inter-institutional debate before Parliament and Council, on the one hand, and ratification by the parliaments of the Member States, on the other. If we do not receive the proposals before the end of June, we shall not be able to discuss them until September and we shall not be able to examine the 1975 budget, the first budget with our own resources, with the new powers which the Parliament has been promised.

The Committee on Budgets has submitted texts on this issue which the general rapporteur, Mr Seefeld, has taken account of in his report, for which we thank him. Paragraph 84 of the resolution submitted to Parliament asserts that the proposals from the Commission on increasing the budgetary powers of the Parliament must be presented before 1 June.

I most earnestly ask the Commission to do everything in its power to observe this deadline otherwise we cannot accomplish our work on the budget for 1975.

(Applause)

President. — I call Mr Ortoli.

Mr Ortoli, *President of the Commission of the European Communities.* — (F) Mr President, I should simply like to say to Mr Spénale that I do not intend to engage in a discussion on dates; I have spoken at some length about it in another connection. I then made two points: the first is that 30 June, which is the date I had proposed as far as my own role is concerned—and the only one I have ever proposed—would be adhered to whatever happens; the second is that the Commission attaches enough importance to these problems to try to bring the date forward if it sees any chance of doing so.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion.

On the preamble and paragraphs 1 to 10, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

They are adopted.

On paragraph 11, I have Amendment No 2, tabled by Mr Habib-Deloncle on behalf of the EDU Group and worded as follows:

"11. Stresses that the institutions within the framework of which political cooperation in organized will in due course have to merge with the Community institutions in the context of the future European union, and requests that closer links be forged between the Political Affairs Committee and the Community institutions in order to pave the way for this long-term process;"

I call Mr Habib-Deloncle to move his amendment.

Mr Habib-Deloncle. — (F) Mr President, this amendment is a kind of prelude to Amendment No 3, for I feel that the rapporteur, with so much to cover, has dealt with various notions in different paragraphs without relating them properly.

Thus paragraph 11 mentions political union, an idea which Parliament is very familiar with, but which is not exactly the same as European union. Later, in paragraphs 13, 15 and 16, he mentions European union with no reference to political union.

This morning the President of the Commission told us that we should not feel obliged to continue automatically along earlier lines of thought. I had myself said to honourable Members that we ought perhaps to force ourselves to take a fresh look at all our ideas in relation to future European union. Thus paragraph 11 declares—and this is an old claim on behalf of Parliament, not supported by my group, but adopted by the majority, I admit—: "political union should be carried out within the framework of the Community institutions rather than in parallel intergovernmental institutions". Very well; but does this phrase "within the framework of the Community institutions" mean anything any more? Won't everything be eventually combined in the new—integrated—institutions? Will it really be necessary for policy leaders from ministries to become Community officials before being made responsible for European union? Such a view contradicts what follows in the next paragraph. Since I do not wish to cross swords, especially today—as honourable Members will understand—with our friends of different views, I have proposed a text which places this paragraph in the context of European union and which suggest that the institutions within which political cooperation is organized will, some time in the future, be merged with the institutions of the Community in the future European union. This is a fact, because European union will embrace "all relations between Member States". What Parliament can ask is that this long-term process should be prepared for by bringing the various organizations closer. At present we have two organizations which are divorced from each other. Instead of letting one be absorbed into the other,

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let us prepare their fusion into a third institution by bringing them closer together. This is the point of my amendment.

If I tell the rapporteur that, except for our reservations about the form—that is about the order of paragraphs 13 to 17, which my amendment is intended to alter, my group is prepared to give our full support to his text, then I hope that he will be able to give my amendment his approval, so that the general report which he has prepared with such skill and hard work may, as we wish, be unanimously adopted.

I ask him not to oppose my suggestion that this idea of political union (which we know very well) be placed in the context of future European union.

President. — What is the general rapporteur's opinion?

Mr Seefeld, general rapporteur. — (D) Mr President, it has never been my intention to oppose a Member of this House and least of all you, Mr Habib-Deloncle, because you are, as it were, spending your last few hours with us. I would, however, ask you with all due respect to realize that what you are suggesting as paragraph 11 actually differs from my opinion. My contention is that the Community institutions, as I have said, should be involved more deeply. I feel that there are enough Community institutions and new ones need not be established for us to be able to achieve everything we expect of a political union. If I understand you correctly, you think that there should be cooperation between the Community bodies and other institutions—which I would call inter-governmental for the time being. This, in my opinion, is the point on which our opinions differ. I am in favour of the Community institutions being strengthened in these fields and have tried to express this in paragraph 11. I would much appreciate it if you could reconsider your view to see whether you cannot share the opinion that I have tried to describe in my speech, that we should make use of the existing institutions, provide them with sufficient authority and thus allow the continued development of our Community. We must do everything in our power to prevent a situation in which national governments leave the Community bodies standing, so to speak; and that, I find, is the crux of your suggestion in contrast to the suggestion I have made. I propose, if you will forgive me, that we leave it at my suggestion.

(Applause)

President. — What is Mr Habib-Deloncle's opinion?

Mr Habib-Deloncle. — (F) Mr President, I accept that the rapporteur's text is carefully worded, but I would suggest to him that his wording presumes foreknowledge of the future. In fact, I do not know if—I quote—"as the institutions evolve", the Political Affairs Committee will be brought within the Community framework, because I cannot look into the future, and nor can the rapporteur.

We do not know what form European union will take, but we do know that it will include all forms of cooperation. Is it absolutely necessary for us to work through the Community framework, or not?

If I may remind our colleague, there was a plan for political union back in 1962, and it was because of Members' insistence on working through the Community institutions that it came to naught. So another body was created for the work of political cooperation which works less well than some had hoped, but also better than others had predicted.

And this body still exists.

Is Parliament going to go on for ever demanding that European union must be brought about within the Community framework, without considering the true nature of that union?

To put it bluntly, if Parliament wants to go on beating the air, let it. But if it wants to be realistic, it must see the situation—and use its considerable influence to make others see it—from the angle of European union, where everything will be in the melting-pot, and therefore it must ask for preparations for this union to be started now. For European union will not be achieved overnight, at the drop of a hat; it will occur when organs which now exist outside the Community framework, and those at present inside the Community framework converge.

I think that my amendment in asking for a "converging" of the bodies concerned with political cooperation—I have used the words "bringing closer together", but I could have said "converging" (but I thought "bringing together" was more precise, while "converging" gives the overall idea)—with the Community institutions, would lead naturally to European union; and I hope, personally, that the Ministers will submit a proposal for positive action along these lines in June 1973. But to distort political cooperation by insisting that it should be placed in the Community framework, when we cannot tell whether European union will take the same form as the Community, is, I submit, a mistake which comes from our continuing to peddle a few old ideas without adopting a fresh standpoint relevant to the future, that of a form of

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European union in which all the relations between Member States will be transformed. Of course, I must add, this transformation must involve a synthesis of existing structures. This is why, with apologies to the rapporteur, I uphold my amendment, for it seems to me more forward-looking than his own text.

(Applause from the EDU benches)

President. — I have three more speakers listed on this amendment. The list of speakers on Amendment No 2 is closed.

I would ask all speakers to be as brief as possible.

I call Mr Fellermaier on behalf of the Socialist Group.

Mr Fellermaier. — *(D)* Mr President, ladies and gentlemen, in his second speech, Mr Habib-Deloncle said that political union cannot be created with a magic wand. We will undoubtedly all emphatically agree with this remark. But there is a fundamental difference between the text of the amendment submitted by you, Mr Habib-Deloncle, and the one compiled by the rapporteur. The rapporteur says in fact in a very simply worded sentence, but it expresses the political opinion of Parliament, that political union should be developed within the framework of the Community institutions.

If we recall yesterday's debate on questions connected with the harmonization of foreign policy, which was attended by the President of the Council, the Belgian Minister for Foreign Affairs, we heard the stereotype formula that the Foreign Ministers were not of course meeting as a Council but as a body outside the Council. Since we feel that progress towards political union should be a matter for the Community institutions, the Socialist Group is not able to agree to the motion for an amendment as tabled by the European Democratic Union Group. We are in favour of Paragraph 11 being left in the form to which the Political Affairs Committee agreed in Brussels last week.

President. — I call Mr Bertrand, on behalf of the Christian-Democratic Group.

Mr Bertrand. — *(N)* I can reassure you immediately, Mr President. The Christian-Democratic Group, too, is for accepting paragraph eleven and does so on the basis of the reasons already put forward by Mr Fellermaier.

I only wish to remark further that we have slowly got used to Mr Habib-Deloncle's tactics which come down to always submitting amend-

ments after we have already spoken. If amendments are submitted before we come to speak we can deal with them directly. I feel that the debate is now being extended a bit and this I deplore. I would have preferred the amendments to have been submitted during the general deliberations.

President. — I call Lord Gladwyn.

Lord Gladwyn. — Mr President, I have a certain sympathy with Mr Habib-Deloncle's proposal, though I voted for paragraph 11, and I think it is valid as far as it goes.

In the Mommersteeg report, so far as I remember, we suggested that the Ministers should set up a separate secretariat, though it is true we also suggested it should be situated in Brussels and associated with the Secretariat of the Council of Ministers. However, that suggestion, I suppose, might be designated as one, temporary at any rate, for a kind of separate institution for considering foreign policy and also, of course, defence.

If we are at all realistic I think we must say to ourselves that, whatever we think will or should happen, in practice we shall be very lucky if the Ministers even go as far as setting up a separate secretariat in close liaison—I should hope very close liaison—with the existing machinery of the Commission in Brussels.

In practice, therefore, I should have thought Mr Habib-Deloncle's proposal was quite a sensible one. As I have said, I voted for the existing paragraph 11 in Committee and I do not mind if it goes through. It all really depends on what is meant by "within the framework". That phrase might conceivably indicate a separate organization with close liaison with the present machinery, in the hope that in a few years' time, as Mr Habib-Deloncle himself admits, the two will be combined, certainly by 1980. Anyhow, in order to get a move on, I am prepared to accept Mr Habib-Deloncle's rephrasing of the paragraph.

President. — I put Amendment No 2 to the vote.

The result of the show of hands is not clear. A fresh vote will accordingly be taken by sitting and standing.

Amendment No 2 is not agreed to.

I put paragraph 11 to the vote.

Paragraph 11 is adopted.

On paragraph 12, I have no amendments or speakers listed.

President

Does anyone wish to speak?

I put paragraph 12 to the vote.

Paragraph 12 is adopted.

On paragraphs 13 to 17, I have Amendment No 3, tabled by Mr Habib-Deloncle on behalf of the EDU Group and worded as follows:

Replace these paragraphs by the following text:

"13. Regrets that no practical decisions were taken at the Summit concerning increased powers for the European Parliament and progress towards the election of its Members by universal suffrage despite Treaty obligations and the fact that these subjects have long been questions on the European agenda, and notes in this respect certain positions adopted by national parliaments whereby they are only prepared to agree to further transfers of powers to the Community if effective parliamentary participation in the Community decision-making process is ensured;

14. Welcomes the decision to replace relations between the Member States of the Community by a European Union by the end of the present decade at the latest, while regretting that the Summit did not define this idea more precisely;

15. Considers that a joint procedure is called for if the report of the Community institutions on 'European Union' is to be drafted before the end of 1975; invites its President to represent it at the negotiations held with the presidents of the other Community institutions with a view to drafting proposals for submission by the Community institutions, within this time-limit, at a Conference of Heads of State or Government; invites the Political Affairs Committee to propose a joint procedure for drawing up the report of the Community institutions and to examine the various ways and means of achieving European union and what this entails and to report to Parliament in the near future;

16. Stresses vigorously that European union can only be achieved if the calendar laid down in the Paris Communiqué for implementing the various Community policies is strictly adhered to, and affirms its resolve, vis-à-vis the other institutions, to act as a watchdog to ensure that the deadlines are met;

B. Political Union and the possibility of Defence Cooperation

17. Considers that European Union, as foreseen in paragraph 16 of the Paris Communiqué, covering the whole complex of the relations of Member States necessarily entails political cooperation and cannot leave out of account measures of defence cooperation, and looks forward with interest to proposals for strengthening cooperation in this sphere and,

in particular, the report which the Foreign Ministers are to prepare by 30 June 1973."

Still on paragraph 17, I have Amendment No 1, tabled by Mr Petersen and worded as follows:

Delete the following words:

"and cannot leave out of account measures of defence cooperation."

These two amendments can be debated jointly.

I call Mr Habib-Deloncle to move his amendment.

Mr Habib-Deloncle. — (*F*) Mr President, Mr Bertrand's reproach surprised me considerably. But he should not worry: he will not be hearing much more of my tactics. All the same, I would remind him that pressing reasons prevented me from being present when the opinion was discussed in detail partly at his instigation; on the other hand, at the meeting of the Political Affairs Committee, which approved most of the general report, I reserved for myself the right to submit some amendments on various points which did not seem to me to have been expressed satisfactorily.

The amendment which I have put forward for paragraph 11 is by far the most significant one, politically. The one I am suggesting now concerns the arrangement of the paragraphs which is, one might say, a hobby-horse of mine. I offer the general rapporteur my apologies in advance. When, for example, in paragraph 13 he writes that Parliament "considers that a joint procedure is required to permit the establishment of the report of the Community institutions concerning 'European union' by the end of 1975 and requests the Political Committee of the Parliament to propose such a procedure", I am entirely in agreement; but when I read in paragraph 15 that Parliament "requests its President to represent it in negotiations with the heads of the other Community institutions so as to formulate the proposals to be presented by the Community institutions before the end of 1975 to a meeting of Heads of State or of Government", I maintain that these two paragraphs overlap and the wording should be more concise.

Again, where, in paragraph 15 it says Parliament "welcomes the aim of transforming relations between the Member States of the Communities into a 'European Union' at the latest by the end of the present decade", I am in agreement; but when, in paragraph 16, the general rapporteur writes that Parliament "regrets that the Summit Meeting took no decision to define the substance of a 'European Union', a phrase which could be interpreted in many different ways", while regretting this too, I feel that the

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question of principles should have been dealt with in one section and the question of procedure in a different, separate, section.

Finally, I think paragraph 14, which speaks of the election of Members by universal suffrage, should come before the four paragraphs dealing with European union.

For all these reasons, my amendment is intended to alter the order. Presumably this point at least can be agreed on. Paragraph 14 in Mr Seefeld's text ought, anyway, to become paragraph 13, that is, election to Parliament should be mentioned before the paragraphs dealing with European union.

It is true that paragraph 14 could be re-worded slightly. I must say I was a bit surprised to see the Dutch parliament receiving a special mention; maybe some other national parliament would hold a different view. Therefore it seems preferable to speak in general terms and write—what I am convinced is true—that “the national parliaments are only prepared to agree to further transfer of powers to the Community if effective parliamentary participation in the Community's decision-making process is ensured”. This makes it much broader and actually much more precise than citing the case of a single national parliament. So much for the original fourteenth paragraph, which in my text will become paragraph 13.

Next I propose that the ideas contained in paragraphs 13, 15 and 16 should be re-arranged. A first paragraph, which would be a new paragraph 14, would deal with principles. We would say we welcome the decision taken at the Summit Meeting but regret that the concept of “European union” had not been more clearly defined.

Paragraph 15 would deal with procedure. A joint procedure is required, as the rapporteur says, if the report of the Community institutions on “European union” is to be drafted by the end of 1975. We shall decide what we wish this procedure to be and we invite our President to represent Parliament—as the general rapporteur says—and the Political Affairs Committee to do its work.

The third paragraph would state a new idea which I think goes with these last two. We should state emphatically that “European union can only be achieved if the calendar laid down in the Paris Communiqué for implementing the various Community policies is strictly adhered to”, and Parliament declares itself willing to guarantee that this deadline is met.

These three paragraphs, then, deal with European union as such. As for paragraph 17, the

version suggested by the general rapporteur seems to me rather feeble. There is no need to say here that European union “cannot be restricted solely to the economic and social fields”, since it already says that union must involve all relations between Member States. Therefore, instead of this let us put something much stronger: “covering the whole complex of relations of Member States necessarily entails political cooperation”; and, since, as we all know, we need to choose our words carefully in dealing with questions of defence, I would use the rapporteur's phrase and say that union “cannot leave out of account measures of defence cooperation”. After this I express the idea that we look forward with interest to the proposals, and I think we should specify, to the report which the Foreign Ministers are to prepare by 30 June 1973. Mr President, I see that you are telling me that my time is up, but I should like to point out that I could have submitted five amendments, one for each paragraph, which would have given me twenty-five minutes' speaking time—but I have not.

As for procedure, I suggest, Mr President, with your permission, that what I have proposed for paragraph 13, that is the new version of paragraphs 13 and 14, can be debated first, separately, so that the passages dealing with Parliament should come before those on European union, for there is a gap here in the general report; the three paragraphs concerning European union itself should come next, where I have done no more than re-arrange the original text, which was excellent, and added a new idea; finally we should examine paragraph 17 which is also the subject of Mr Petersen's amendment, where I do not depart at all from the general rapporteur's suggestions, but simply suggest a version which seems rather more complete.

President. — I call Mr Seefeld.

Mr Seefeld, general rapporteur. — (D) Mr President, ladies and gentlemen, in this debate I can now make the—I believe—gratifying statement that there really are no major differences between what Mr Habib-Deloncle wants and what I said in the report. May I point out again that for all the points we are concerned with here I attempted to set out a series of different steps which would become necessary in the near future in the context of this whole complex of issues. In this resolution I also tried to ensure that our Parliament would play an appropriate part in this whole development.

Everyone, from Mr Habib-Deloncle to myself, assumes that the texts one proposes oneself cannot be so bad. That is probably quite natural.

Seefeld

As a rule I have found, and on the whole this has been confirmed, that it is quite possible to work with the documents before one. That has been stressed here.

I agree that for a start paragraph 14 has to become paragraph 13 and paragraph 13 paragraph 14. I have nothing against this at all. Chronologically that sequence is right and there is no reason to dispute it. I would have no hesitation in making this change. For the rest, however, I do think that in view of the fact—which I admit—that it is not very easy at this moment to compare the two documents and to determine exactly where the tiny differences of nuance lie, we should follow the document that has been before us longest and with which we have become familiar. Mr Habib-Deloncle, in your speech you said several times that you agree with the wording of the text as a whole and only want certain changes of sequence. I would be grateful if you would follow my text apart from changing paragraph 13 to paragraph 14 and 14 to 13. As for what you said in connection with paragraph 17, I do not see why you think I am being too cautious. For a start that is not usually my nature and secondly I have the impression that points are being raised here which, in my opinion, imply that we want to go considerably beyond the present state of the Community. You see, what I am saying is that we should maintain a sense of European identity and not simply restrict ourselves to the economic and social field. I say that measures of political cooperation must be taken. Mr Habib-Deloncle, all I am doing is stating what the position has been to date and saying that more must come of it.

My colleague Mr Petersen has not yet spoken, but I shall give my views on his objection now, since his proposed amendment is available. I must point out that I inserted the phrase about foreign policy not being able to leave aside the question of defence at the express wish of our Parliament's Political Affairs Committee. Perhaps it would be a good idea for the committee's rapporteur to repeat this emphatically, to make it clear why I inserted the phrase. Since I do not know all the details of the committee discussion, I would welcome it if this point were clarified again.

Mr President, you will gather from my words that I agree to the changes but apart from that request that the text remain as it stands.

President. — If I understand the general rapporteur correctly, he agrees to reverse the order of paragraphs 13 and 14.

Is that so, Mr Seefeld?

Mr Seefeld, general rapporteur. — (D) You understand me correctly, Mr President.

President. — What is Mr Habib-Deloncle's opinion?

Mr Habib-Deloncle. — (F) Mr President, since the rapporteur accepts the transposition of paragraphs 14 and 13, I think I can single out the first paragraph of my amendment in which, I say this clearly and honestly, there is in fact a certain difference in meaning in the substance.

I say there that the Parliament regrets that the Summit Conference has not taken any practical decision about progress towards the election of Parliament by universal suffrage and not about the election itself, and, on the other hand, I replace the reference to the Parliament of the Netherlands by a general phrase referring to all the national parliaments.

There is therefore a new paragraph 13. Its wording will be that of the general rapporteur or mine, as Parliament shall decide.

As regards the new paragraphs 14, 15 and 16, I have been something of a perfectionist. I still think that my wording is more logical than that of the general rapporteur, where there is a repetition between paragraph 14 and paragraph 15 and there is no indication, which I think is essential, that the Parliament must act as a watch-dog to ensure that the time-table laid down in Paris is observed. But I shall not insist on this if the general rapporteur does not agree with me.

Once again, I had advised him, in the political affairs committee, that on this point his wording did not seem to me to be very clear and that I would be submitting a clearer version. My paragraph 14 is the substance; my paragraph 15 is the procedure; my paragraph 16 is the new idea of Parliament as the watch-dog to ensure the time-table is observed. However, if the general rapporteur does not accept my amendment, because he adheres to his text, I shall willingly agree to withdraw this part.

Finally, in paragraph 17, I say very clearly to the general rapporteur that, in French, the phrase "*a true 'European Union' should extend to measures for political cooperation*" is infinitely more timid than the phrase "*necessarily comprises political cooperation*". The first expression suggests that there could be a European union without political cooperation. In the end this is the only substantial difference between my amendment and his. I say that political union necessarily comprises, whereas the rapporteur states that it should comprise, as if it were possible to be otherwise. That never crossed my

Habib-Deloncle

mind! If one creates a European union to transform all the relations between the Member States, political cooperation must be included!

On paragraph 17, I therefore ask the general rapporteur to accept my wording. I shall withdraw the new paragraphs 14, 15 and 16; Parliament will decide on paragraph 13.

President. — We shall therefore vote on Mr Habib-Deloncle's amendment item by item.

I put to the vote the proposal to reverse the order of paragraphs 13 and 14.

This proposal is agreed to.

In view of this vote, and for the sake of clarity, I would ask Mr Habib-Deloncle which new paragraphs he is maintaining and which he is withdrawing.

Mr Habib-Deloncle. — (*F*) Mr President, I shall maintain paragraph 13, I withdraw paragraphs 14 and 15, and I shall ask the rapporteur whether he will accept paragraph 16 as an addition, in the form of a paragraph 16A, because it contains a new idea.

Finally, I maintain paragraph 17, saying to the rapporteur that the wording of this paragraph is stronger than that which he proposed, since I say that European union "necessarily comprises political cooperation" whereas he simply says in the French text that it "should comprise political cooperation."

President. — Is the general rapporteur able to oblige Mr Habib-Deloncle by accepting that the new paragraph 16 should become paragraph 16A and that paragraphs 14 and 15 as proposed in Amendment No 3 should be withdrawn?

Mr Seefeld, general rapporteur. — (*D*) Mr President, ladies and gentlemen, I am, as you will no doubt understand, eager for this resolution to obtain the largest possible majority in the House because I consider it important for our resolutions to represent public feelings as far as possible.

My views on the text before us are as follows, and I would be happy if this showed my colleague Mr Habib-Deloncle that I am quite prepared to discuss a number of his ideas.

I think there is no quarrel about his first wish, namely to make old paragraph 14 into paragraph 13.

Second point, I also agree that my former paragraph 13 should stand as I proposed and become 14.

Next I assume that paragraph 15 can stand as it is because Mr Habib-Deloncle withdrew his proposal.

Next, I would have no hesitation about adding Mr Habib-Deloncle's text after paragraph 16 as it stands. I do not feel it would necessarily lead to any controversy. This would mean either making it paragraph 16A or, since I have not used 'A' paragraphs at all, simply adding what Mr Habib-Deloncle proposes to paragraph 16 as a second paragraph.

I then come to paragraph 17, Mr President. Here I always thought I was being emphatic enough. In the German text at least, I never stated that one "should" but have always said "shall". My wording is "shall" not "should".

Yet, comparing the two texts, I may say that for the sake of friendly cooperation I would be prepared to replace my paragraph 17 by Mr Habib-Deloncle's text. I hope this will remove all that I could almost call clarity...

(*Laughter*)

...and that we can proceed to the vote, Mr President. I am assuming that a majority should now be obtainable.

President. — I put to the vote paragraph 13, as proposed by Mr Habib-Deloncle in Amendment No 3.

This text is not agreed to.

I put to the vote paragraph 13, as submitted by the general rapporteur.

Paragraph 13 is adopted.

I put to the vote paragraph 14, as proposed by the general rapporteur.

Paragraph 14 is adopted.

I call Mr Seefeld.

Mr Seefeld, general rapporteur. — (*D*) For the sake of order I must point out that I had suggested reversing the two paragraphs, so that what we have accepted under paragraph 13 in fact comes under paragraph 14 and what we decided under paragraph 14 appears under paragraph 13.

President. — Of course, the two paragraphs are adopted in the original order.

I put to the vote paragraph 15, as proposed by the general rapporteur.

Paragraph 15 is adopted.

We shall now consider paragraph 16 and the addition to that paragraph.

President

I call Mr Bertrand.

Mr Bertrand. — (N) Mr President, if I have correctly understood the rapporteur, he goes along with the wording of paragraph 16 “regrets that the Summit Meeting took no decision to define the substance of a ‘European Union’, ...” remaining the start of paragraph sixteen and that the wording is added to this in the form put forward by Mr Habib-Deloncle. We must now take a vote on this therefore, on a proposal by the rapporteur.

President. — The general rapporteur and Mr Habib-Deloncle are in agreement.

I therefore put to the vote paragraph 16, including the addition submitted by Mr Habib-Deloncle in Amendment No 3, this text forming a second subparagraph to paragraph 16.

Paragraph 16 so amended is adopted.

I call the general rapporteur to speak on paragraph 17.

Mr Seefeld, general rapporteur — (D) Mr President, may I stress once again that a few minutes ago I declared that I was prepared to adopt Mr Habib-Deloncle’s wording.

Mr President, I think the situation is very clear. I myself am convinced that there are no major differences and that we should agree to Mr Habib-Deloncle’s proposal. So I am again suggesting we adopt his wording; I withdraw mine.

President. — We shall now vote on the new version of paragraph 17.

I call Mr Bertrand.

Mr Bertrand. — (NL) But first of all, Mr President, we should vote on the version submitted by Mr Habib-Deloncle in Amendment No 3. If this version is adopted, the version submitted by the general rapporteur automatically lapses.

President. — What is the opinion of the general rapporteur?

Mr Seefeld, general rapporteur. — (D) Mr President, I repeat that I accept Mr Habib-Deloncle’s version.

President. — Since the general rapporteur accepts Mr Habib-Deloncle’s version, this is what we must vote on.

On this text I have Amendment No 1 by Mr Petersen, which I have already read out.

I call Mr Petersen.

Mr Petersen. — (DK) Mr President, I will make this very short. On the occasions when questions of military policy have been raised here in Parliament I have warned against our having a debate on this problem and I have in particular pointed out the many problems of security policy which seem important to me, with which the world is faced.

I would add that I do not think—as the proposal suggests—that it is necessary to have cooperation in this sphere, even if we have far-reaching cooperation in other spheres. I do think that the demand contained in the proposal—even if it is indirectly expressed—will give cause for discussion. In any case there would be an extremely extensive debate in Denmark, as far as I can judge, and I think it would be unfortunate to bring up this debate. I am therefore unable to support the demand enshrined in point 17 and that is why I have put my motion to delete the phrase “and cannot leave out of account measures of defence cooperation”. The phrase is in lines 5 and 6 of point 17.

President. — I call Mr Bertrand on behalf of the Christian-Democratic Group.

Mr Bertrand. — (NL) Mr President, I rise to speak at the request of Mr Seefeld. We are in fact concerned here with an amendment to the same wording that the Political Affairs Committee, of which I was the rapporteur, has accepted.

The original wording that the Political Committee had, was: “the Community’s foreign policy may not close its eyes to the field of defence, which flows directly from this policy”.

This paragraph gave rise to an extensive debate in the Political Affairs Committee, partly in consequence to the amendments that Mr Dalsager had submitted on it. The Political Affairs Committee amended the wording and adopted the drafted form of the present paragraph 17 of Mr Seefeld’s report, which paragraph has been adopted in Mr Habib-Deloncle’s proposal. This wording is on all fours with the wording of the resolution, proposed in the Mommersteeg report.

In the wording that lies before us the following clause occurs: “...and cannot leave out of account measures of defence cooperation”.

The European Parliament has already approved this clause when dealing with the resolution in the Mommersteeg report. The rapporteur has adopted this wording in the draft resolution on his report to remain on all fours with what has

Bertrand

already previously been approved. For this reason I ask Mr Petersen to withdraw his amendment because he proposes to scrap what the European Parliament has already accepted at its last sitting in Luxemburg, when the Mommersteeg report resolution was accepted.

President. — Mr Petersen, are you prepared to follow Mr Bertrand and withdraw your amendment?

Mr Petersen. — (DK) Mr President, I cannot withdraw my amendment, not even as a result of the argument we have heard here. I cannot see that the fact that there was a vote on a point in the Mommersteeg Report—which I voted against—can prevent me from upholding my standpoint in Parliament on this occasion.

President. — I call Sir John Peel to speak to Mr Petersen's amendment.

Sir John Peel. — With due respect to Mr Petersen, I am surprised at his amendment because the summit conference made it very clear — and it was unanimously agreed by that conference — that we must aim at European union by 1980. There were no exceptions since European union included not merely economic and monetary union but union right across the board—which automatically involves political union and questions of foreign affairs, which again ultimately must bring in defence. If we are serious about the unity of our Community, we must be prepared to defend it. I believe that our Irish colleagues believe that they should defend their unity and their own communities. They are not members of the Brussels Treaty or of the North Atlantic Treaty, but I believe that when the time comes they will maintain that they will have to defend the Community of which they are members. Therefore, in today's circumstances the North Atlantic Treaty and the Alliance are vital to our defence and safety.

What worries our American allies is whether we are determined to defend ourselves and to make a proper contribution to our defence in Europe. It also worries me that Mr Petersen's amendment may increase the fears of the Americans that we are not prepared to play our part in defending our institutions. Therefore, I hope that my colleagues will vote against Mr Petersen's amendment.

(Applause from the centre)

President. — I call Mr Krall once more, and would ask him to be brief. We shall then vote on Amendment No 1.

Mr Krall. — (D) Mr President, I am happy to comply with your wishes. Honourable Members, I am very sorry I cannot follow my colleague Mr Petersen and support this proposal. I consider defence policy a major part of foreign policy, an important pillar of the policy which all of us in this House want to pursue as members of the Atlantic Community and which, as my colleague from the United Kingdom said earlier, I hope our Irish Members will also join. *(Applause)*

President. — I put Amendment No 1 to the vote. Amendment No 1 is not agreed to.

I put to the vote paragraph 17, as submitted by Mr Habib-Deloncle and accepted by the general rapporteur.

Paragraph 17 is adopted.

On paragraphs 18 to 94, I have no amendments or speakers listed.

Does anyone wish to speak?

I call Mr Gerlach.

Mr Gerlach. — (D) Mr President, a small point. Paragraph 57 of the German text gives the wrong impression. It reads "Sicherung der Arbeitsplätze". In the context of public health I believe it should read "Sicherheit". The French word is also "sécurité".

President. — I call the general rapporteur.

Mr Seefeld, general rapporteur. — (D) It will not have escaped the honourable Member that a few small errors have in fact crept in. A corrigendum has therefore been prepared. His objection is already in it. Here is the paper. No doubt that clears up the point. *(Applause)*

President. — I put paragraphs 18 to 94 to the vote.

Paragraphs 18 to 94 are adopted.

Before I put the motion as a whole to the vote, I shall call the speakers listed to explain their voting intentions.

I call Mr Romualdi.

Mr Romualdi. — (I) Mr President, ladies and gentlemen, on behalf of the political party which I have the honour of representing, I had decided not to take part in the vote on the Commission's general report on the Community's activities. However, I believe that I must honour the

Romualdi

responsibilities incumbent upon a Member of this Parliament and take part in the voting.

My reason for not wanting to participate was that I wished to make a respectful but firm protest against the presidency which has still not solved the problem of non-attached members, which still places us in a minority position in every debate in this Parliament in which we should, on the contrary, be entitled to be on an equivalent footing with the others and in a position to express our opinions and participate in its work like all the others.

But—I repeat—I shall shoulder my share of responsibility by participating in the vote, even if I abstain. I cannot, in fact, be in favour of a report which mainly discusses what should have been done, not what was actually done. Of the major problems debated in 1972, the Commission has had no part in the solution of the main issues, such as the entry of three new members in the Community and the Summit Meeting, the most important events in European policy. Nor, however, can I vote against the report. I cannot vote against it because this vote would express our lack of confidence in the present Commission, the current presidency of the Commission, which has in fact given proof of its fresh determination in this Parliament, its desire to tackle the various problems for which we are jointly responsible, in far greater agreement with us.

It has been said that 1973 is the year of Europe. Europe must face very grave problems, it must tackle very tough confrontations at a particularly difficult time, at a time when the situation is fairly disastrous, when there does not seem to be any desire on the part of our nine governments to work together or to take on these major tasks as a united whole. For this reason, we wish to express our confidence in the new Commission by not voting against it and by expressing the hope that it can really do sterling work in defending these measures, in defending the aspiration towards unity and development of our Continent shared by all the European peoples.

President. — I call Mr Habib-Deloncle.

Mr Habib Deloncle. — (F) Mr President, I shall be very brief. The reservations which we expressed in our amendments to paragraph 11 and the new paragraph 13 are serious reservations on points which we find hard to accept. I should like the vote which we are about to cast, my friends and I, in favour of the general report not to be interpreted as an acceptance of these points. We have indicated our disagreements in amendments. We have voted our amendments. We abstained on these paragraphs. I should like it to be said clearly here that the

vote in favour of the whole report, which is a favourable judgment on the activity of the Community in 1972 and a tribute to the work done by the general rapporteur, is not to be understood as acceptance of ideas which are not ours, even though this debate shows that our differences are becoming smaller and that perhaps, if texts had been presented in committee, we might have been able to find forms of wording which, this time, would have passed the test of the open session.

I feel optimistic about the future of Europe and I want the future of Europe to be built in a climate of very wide agreement, shown not by confrontations of majorities and minorities, but by unanimous votes by all those who represent different countries and trends.

(Applause)

President. — I put to the vote the motion as a whole incorporating the various amendments that have been adopted.

The motion, so amended, is adopted.¹

I should like to join with all those who have thanked the general rapporteur for his important work. I congratulate him on his success.

8. Order of business

President. — I call Mr Kirk on a point of order.

Mr Kirk. — Could you, Mr President, give us some indication of your intentions for the programme of business today? We still have four important items on the agenda, each of which may take a considerable amount of time. Some of us have meetings of our groups or of other bodies within the next half an hour or so and I know that you, Sir, have engagements. Do you intend to sit late tonight or to try to include some of these items in the business for tomorrow?

President. — The debate on Mr Bousch's report requires Mr Haferkamp's presence. However, he must leave before eight o'clock. I therefore propose that we should discuss Mr Bousch's report without suspending the sitting.

I shall then call the reports by Mr Gerlach and Mr Aigner and the oral question by Mr Jahn.

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I am sure we can solve your difficulties: the German members of all the groups are flying back tomorrow at 12.30 by special plane, which means

Fellermaier

that Mr Jahn's oral question could perhaps still be discussed tomorrow morning once you have dealt with other points requiring the presence of the EEC Commission this evening.

President. — If I understand correctly, many of our German colleagues will be returning to Germany tomorrow.

Mr Bertrand. — (NL) Lunchtime tomorrow, Mr President.

President. — Can we therefore continue until we have completed the agenda, without losing any more time?

I call Mr Fellermaier.

Mr Fellermaier. — (D) In that case, let us deal with Mr Gerlach's report first!

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, you said that Mr Haferkamp must leave at eight o'clock this evening. If you want to suspend the sitting at eight o'clock, you must deal with Mr Bousch's report first.

President. — Even so, we need not suspend the sitting. I think that the Assembly would agree to work on without any interruption.

Are there any objections?

That is agreed.

9. Problems connected with the Audit Board's performance of its duties

President. — The next item is a debate on the report drawn up by Mr Gerlach on behalf of the Committee for Finance and Budgets on problems connected with the practical arrangements for the Audit Board's performance of its duties. (Doc. 321/72).

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

Mr Gerlach, rapporteur. — (D) Mr President, ladies and gentlemen, I can tell you very briefly that in a comparison of the texts between my colleague Seefeld and I, he accepted the objection to the text of the present report and that he has therefore adopted my amendment.

Mr President, ladies and gentlemen, we are now dealing with the problems of the actual terms of the audit function by the Audit Board.

The Committee on Budgets has been intensively concerned for many years with these problems, which arise from the activity of the Audit Board of the Community, the external audit body of the Community finances. I would ask you, however, not to view this report as a final report, as we have an *ad hoc* working party with representatives of the national audit offices, which will be dealing specifically with an alteration to the existing legal situation in regard to the powers of the Audit Board. The terms of the Treaty of Rome in regard to the Audit Board are very broad. They place no limits on control by the Audit Board, in contrast to the views of the Commission. On the basis of records and audits on the spot the Audit Board can undertake any examinations required by the finances of the Communities. We, your committee, and, I believe, the whole of Parliament share this view.

Point 2: The control of sound budgetary management consists in examining whether the decisions by the bodies concerned with financial administration are the most appropriate, when compared with the aims laid down by the budgetary authority, and whether the means used have been applied expediently and efficiently.

In accordance with present Community Law, the Audit Board has no legal power or direct right of intervention in the budgetary management of the departments being audited. It cannot force these departments to take measures for improved budgetary management or prevent an irregularity being repeated. It cannot demand that amounts wrongly paid out should be recovered again, or impose sanctions for the deficiencies which it has found. The role of the Audit Board at present consists in obtaining the fullest possible information concerning the budgetary management which is being audited, and to report to the competent budgetary authorities, i.e. Parliament and the Council of Ministers. Only these authorities can take further action on the findings of the Audit Board. The budgetary authorities express an opinion at the time of the discharge procedure, or when passing the budget and regulations.

The report of the Audit Board is of fundamental importance for the discharge given by Parliament and Council. In addition, the Audit Board must be able to provide the budgetary authorities with any assistance which the latter consider necessary to clarify certain problems. This conclusion which we have reached does not conform with the view of the Commission, and we are therefore asking that the Audit Board should have extensive powers to obtain information and must have direct access both as regards

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records and as regards examinations on the spot. The Audit Board must have the same opportunities for information as the services of the Commission itself. Documents arising in the budgetary management must be accessible to the Audit Board without restriction and without any special intermediate bodies. Why?

Mr President, ladies and gentlemen, the Community budget has reached a figure of about 5 000 million u.a. It is therefore larger than the budget of the Member State of Luxembourg and is more than half the Central Belgian Budget. Above all the accelerated growth of the European budget in the past few years shows how necessary it is to have an external audit body which has full power to operate and is universally accepted. The parliamentarians of the Member States are supported in their discharge function by the national audit offices, some of which have a tradition extending back for centuries. The Audit Board of the Communities is at present a long distance away from playing a comparable part at the Community level.

Even though Article 206 of the EEC Treaty, which defines the powers of the Audit body, seems to be worded rather generously, practice has nevertheless shown that the day-to-day financial control of the Communities and its problems cannot be covered in four paragraphs. The statute issued by the Council in 1959 hardly goes beyond the stipulations of Article 206. The Commission of the European Communities has in the past given very remarkable interpretations of Article 206. These resulted in a restriction of the activity of the Audit Board. We have to thank the Committee on Budgets of this Parliament under its chairman, Mr Spénale, for the change in the attitude of the Commission, as I once said, from one of reluctance to one of acceptance. Today the Commission no longer wants to know about all the difficulties which it placed in the way of the Audit Board. Whether in regard to the necessary checks on the spot—the Commission takes a very remarkable view of this provision which conflicts with those in the statute—and the difficulties arising when none of the senior auditors themselves was present, whether in regard to the submission of documents for the auditing of the agricultural fund, whether in regard to the interplay of the Audit Board with the budgetary authorities—there has been and is no question of agreement between the audit and the auditors. The Commission, which sees itself as the guardian of the Treaty, should not interpret the conditions of the Treaty of Rome restrictively but as broadly as possible, when it is a question of guaranteeing the necessary clarity in its financial transactions. Otherwise the impression could develop that it wished to conceal certain

facts. These facts are not the subject of this report, but will be left to the report by Mr Aigner in the next item on the agenda about the audit and discharge for the 1970 budget. It is therefore necessary to lay down more precise directives for the work of the Audit Board. The statute issued by the Council in 1959 should be revised.

I may remind Parliament, with what interest the chairmen of the national audit offices, in a hearing of the Committee on Finance and Budgets in September last year, accepted the proposal that the Audit Board should be extended into a European Audit Office by analogy with the national audit offices. In the new budget regulations, insofar as they are concerned with auditing regulations, some progress has certainly been made. I may mention, as an example, the fact that the recipients in the Member States can only receive subsidies from the Community budget if they agree to an examination of the use of the funds concerned by the Audit Board of the Community. You can see, ladies and gentlemen, that the taboo of supranationality has therefore been overcome at least once.

I should like to make some remarks about one of the most important controversies in the activity of the Audit Board. The Commission draws the conclusion from the stipulation in Article 206 of the Treaty, under which the examination is to take place on the basis of records, that it is exclusively a retrospective audit of the budget and finances of the Communities which is involved. This is only one of the restrictive interpretations by the Commission. On the pretext of this principle the Commission wishes to deny the European Parliament the power to demand information or reports by the Audit Board for the examination of certain facts during the course of the budgetary year.

In an article in the "Süddeutsche Zeitung" with the title "The Guardians Of Democracy" I found the following passage about the audit offices, which I should like to bring to the notice of the Commission. It reads:

"The essential object and purpose of the existence of the audit offices lies undoubtedly in the preventive effect of the audit. This effect is based above all on the fact that the audit office can examine public authorities' budgetary arrangements, in their many ramifications, at any time and without prior notice."

This view, which we and the audit offices of the other Member States hold, and has been put forward to us by the representatives of the national audit offices, should also be accepted by the Commission.

Gerlach

Ladies and gentlemen, apart from the fact that an accounting procedure can be concluded by 1 January of the budgetary year, the interpretation which the Commission has given contradicts everything we take for granted in our parliamentary democracy.

This House will not hesitate to grant the Audit Board all the powers which it needs for the exercise of its function. I should mention here in passing that the Committee on Budgets has set up a subcommittee which will place the financial transactions of the Community under the microscope in the course of the year. This question has also been included in a motion for an amendment in the following report by Mr Aigner. The motion for the amendment is in itself unnecessary because we have already set up the subcommittee. In his report, Mr Aigner will certainly show, in answer to some specific questions, what the outcome is when bureaucracy is left to itself and is not subject to adequate control.

The Commission is always boasting about its internal financial control. There is no doubt that this fulfils an important function and there is justification for it. It is no replacement, however, for adequate external control. Allow me to present a few further ideas. If we are requesting the creation of a European Audit Office, this is not in order to add another institution to the many already in existence, but to give the right dimension to public financial control at the Community level. It is absurd—to put it mildly—for the finances of Europe to be audited on a part-time basis. The auditors of the Community carry out their work only on a part-time basis, even though they are supported by a competent, very competent body of officials. Sound economic management, an objective which forms the basis of the audit by the Audit Board, is not a feature of the excessive generosity with European taxes, whether they are called own resources, financial contributions, price-adjustment levies, or duty or whatever. Many years of effort were required in order to persuade the previous responsible member of the Commission, Mr Coppé, to hand over to the Committee on Budgets a chart of his organization. The examination of this organization chart by the Audit Board from economic points of view is meeting with the unjustified resistance of the Commission.

The butter affair also offers a much discussed example; I mean the transaction with Russia. The corresponding amount charged to the budget amounts to 20% of an annual budget of the Community. I ask ourselves: where are the budgetary powers which were solemnly promised to the Parliament in 1970? What part

has Parliament played in this affair? To be brief, no part at all. The Commission, of course, has a ready answer, as it does so often. According to Article 205 of the EEC Treaty it implements the budget on its own responsibility and within the limits of the appropriations, even though in this special case it can put forward the Council of Ministers as an alibi. It is however precisely these questions which will have to be examined by a future European Audit Office as part of an up to date audit, and not primarily the question of whether this or that voucher conforms to the bookkeeping regulations. I should like once again, to quote from the article in the *Süd-deutsche Zeitung* about the work of the Federal Audit Office, which I have already quoted: "The institution"—this means in this case the audit office, and I mean in a transferred sense the Audit Board—"which is first and legitimately called upon to stop red tape, negligence and corruption in the handling of our taxes are the Federal and Land audit offices. Whether it is a question of senseless expenditure in connection with the purchase of Starfighters, i.e. on a Government level, or whether it is a question of land sold at a loss from State ownership in Bavaria to prominent persons, the audit offices fortunately will courageously grasp this nettle." "Attempts made here and there"—it goes on—"to restrict the powers of the audit offices, in particular their right to information, illustrate how much trouble our audit offices go to, in spite of very limited facilities, for the benefit of the taxpayer and the integrity of our community. The mere existence of the audit offices is a blessing. It goes on: "As the guardians of democracy, the audit offices fulfil an enormously important function."

It is therefore not merely a question, Mr President, ladies and gentlemen, of establishing more precisely in the future, by cooperation between all the institutions, the actual conditions for the exercise of the control function by the Audit Board, but also giving the latter the correct size along with its powers. I congratulate Mr Vredeling, the present Dutch Minister of Defence, our colleague for many years, on the motion for a resolution from the Dutch offices and which he submitted—at the time he had not yet been made the Minister of Defence—in which the view is expressed that control of the revenue and expenditure of the European Communities must be the responsibility of a European Audit Office, and colleagues in the other Member States are asked to do the same, as I myself have already done.

If we adopt the expression "guardian" for the Audit Board, we and the Council of Ministers have a duty and a responsibility to equip the Audit Board with the necessary powers, to place

Gerlach

it in a position to carry out its tasks in accordance with our ideas.

Finally, Mr President, ladies and gentlemen, we bear the responsibility, for sensible and economic use of the money flowing to Europe. There must be no European lotus land!

(Applause)

IN THE CHAIR: MR DALSAGER

Vice-President

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

Mr Aigner. — *(D)* Mr President, ladies and gentlemen, I should like to begin by expressing my regret that this important debate is being held so late. As you know, meetings of the political groups are being held at this time, so that we are having to debate this matter before a practically empty House. Nevertheless, Mr President, this circumstance should not be allowed to conceal the fact that the political groups and this House are in full agreement as to the importance of this subject. However, I must record my considerable surprise at the fact that the Commission is so poorly represented. Perhaps the Commissioners, too, have to attend meetings of the political groups, and are for this reason prevented from attending this debate.

Mr President, I can only endorse very emphatically what has been said by the rapporteur and thank him most sincerely for drawing up this report. I believe that the public has become very sensitive concerning the application of the Community's financial resources. In particular, agricultural policy and the frauds connected with it are setting up a recurring ripple of, unfortunately, very disturbing waves. I would call attention to the fact that improvement of the practical procedures whereby the Audit Board exercises its supervisory functions represents one of the most important problems. I believe also that a consensus is slowly forming in this chamber favouring the setting up of a European Audit Office.

Ladies and gentlemen, it is important that the Audit Board and Audit Office should have the necessary powers, but it is even more important that their activities should be determined by an overall concept of a European control system. We know, of course, that this entire set of problems is beset by the vexed question of supranationality. The Member States and their administrations, which are beneficiaries of Community funds or which collect monies on behalf

of the Community, must first gradually become accustomed to the idea that a European control body, whether it is derived from the Commission's internal audit organization or is composed of representatives of the Audit Board, will perform checks on the spot in the Member States. It gets us nowhere, Mr President, if the Community assumes a kind of redistribution role, receiving its own resources from customs duties and price-adjustment levies which it then hands out to the Member States, acting as a clearing house, in connection with either the Agricultural Fund or the Social Fund, and perhaps in the future also the Development Fund, without that same Community being able to assert its right, and indeed its duty, to exercise permanent control over the application of the monies placed at its disposal. It is something of an anachronism reeking of legal humbug when a Member State creates difficulties to prevent its national administration, which is responsible for collecting the Communities' own resources from being investigated by Community officials.

I should like to return now to the starting point of my case:

The aim is to work out an overall concept through the cooperation of all the organizations concerned. I strongly urge the Council to embark on this policy of cooperation so as to ensure that the exercise of the Audit Board's control function is given a proper sense of direction. The responsibilities assumed by the Community when it is granted financial autonomy in 1975 can only be discharged by a combination of a strong internal control of the Commission, on the one hand, and a reinforced external control body and a Parliament that firmly insists on the exercise of its control rights—or, rather, its control obligations.

The rapporteur is right. There can be no doubt that the text of Article 206 of the EEC Treaty envisages a fully effective audit system. I therefore agree with the rapporteur entirely when he says that this Article should not be interpreted in the restrictive sense in which the Commission chooses to apply it in practice. I am grateful to the rapporteur for his acceptance of practically all the arguments put forward in this respect by the Committee on Budgets after several years of careful consideration. In practice, Mr President, it may well be difficult, when it comes to the control or sound financial management, and above all budgeting, to reconcile the Commission's responsibilities with these control functions without generating some friction. But is it not precisely this that determines the workability of a control exercised by an Audit Office as a real force in being?

Aigner

Is it not precisely this tension between the controlled and controlling bodies which makes a structure based on partnership essential? At any rate, the Audit Board has to control the budgeting effects of, for example, the staffing and equipment situation of an administrative office. I know that it is precisely this task which leads to the greatest tension between the controlled and controlling bodies.

Mr President, although the Commission's view that it is necessary to distinguish between the functions of the external control and the internal audit is undoubtedly correct, neither can be performed effectively without close cooperation between the two. For example, it would be of the greatest service to the external control body if any instance of refusal of endorsement on the part of an internal auditor were notified as a matter of routine to the external control body. Such a procedure would eliminate a great deal of duplicated effort.

I should like, speaking also on behalf of my group, to mention three essential conditions on which our Parliament must insist, regardless of the future shape of a European audit system.

In the first place, the Audit Board or a European Audit Office must be totally independent in deciding on the organization of its work and the performance of its work. It would be most improper if the Commission, as the controlled body, were in a position to lay down how, when, where and by whom checks were to be carried out, although, as we know only too well, attempts have been made in the past to exercise such authority.

Secondly, the controlling body should act exclusively according to the principle of collegiality. It is right that this should be so. Only in this way is it possible to ensure that an independent control body can perform its work in the spirit of cooperation which we all wish to see.

Thirdly, the Audit Board and its officials must remain an administrative entity.

Mr President, I am sure that I betray no secret when I say that the Committee on Budgets considers it essential that a European Audit Office be created in the near future. One of the most encouraging results of the hearings conducted by this Parliament and your committee with the presidents of the national audit offices is undoubtedly the agreement among all the latter as to the need for setting up this European Audit Office as soon as possible. Your committee will appoint a sub-committee to act as a working party with instructions to work out a suitable scheme in consultation with the representatives of the national audit offices.

Mr President, this subject will give rise to a large number of open questions. At this point I propose to mention only a few problems, so that this discussion, which was opened by our rapporteur in the context of the principles outlined in his report, should embrace at least some of the most fundamental questions.

The first question will be whether this European Audit Office should be an independent body, standing side by side with Parliament, the Council and the Commission, or whether it should be organizationally and politically dependent on the Council or Parliament. I am inclined to prefer the former alternative, although I believe that Parliament and the Council must be able to call upon the Audit Office to act on their behalf in specific cases. Particularly important in my view is the question of the President's position and its effect on the functioning of the Audit Office. Is the President a member of the Audit Office, *primus inter pares*? How far does his judicial independence extend? Does the President have a free choice as regards staff or is he bound by the vote of his colleagues? How is he appointed? How is this new Audit Office to be organized?

In raising this point I am by no means contemplating an amendment to the Treaty. The wording of Article 206 is such as to allow a substantial extension of the Audit Board in the direction of a European Audit Office. We then have to consider how the work is to be organized and divided among administrative officials, committees, official hearings and so on, and this is a subject which we shall have to discuss at great length and in great depth with the audit offices. One of the main problems in these discussions will be how to arrive at an institutional division of responsibilities between national audit offices and such a European Audit Office, starting from federative principles. How are we to distinguish in institutional terms between "internal control" and "external control"? To what extent is it possible to organize and implement division of work between European and national audit functions?

You know, Mr President, we have in the Community a classical model that has hitherto worked almost ideally: I refer to the collaboration in my own country between the Federal Audit Office and the Audit Offices of the *Länder*, which also work independently, but which have adopted a policy of federative collaboration making for a smooth division of work.

Another important question relates to the staffing of the European Audit Office and the qualifications to be demanded from its members. As you know, your committee, and also the Bureau, have called for a report on the work of your Finance Committee. This report will be com-

Aigner

pleted in the near future and will be useful to this working party as a basis for discussion.

On the basis of the results produced by this working party in this area we hope soon to be able to put forward practical proposals to the Council and to the national parliaments.

Mr President, in conclusion I should like to remark that, in my view, the European idea would suffer a serious setback if even the slightest doubt arose in the minds of the general public as to the determination of the European Communities to establish a sound system of financial management, which is simply unfeasible without effective controls. On behalf of my group, I therefore wish to thank the rapporteur for his outstanding work.

(Applause)

President. — I call Mr Spénale on behalf of the Socialist Group.

Mr Spénale. — *(F)* Mr President, I did not intend to speak in this debate, since what the rapporteur has said meets with the full agreement of the Socialist Group.

I would simply like to recall that following the agreement in April 1970, the Parliament received new powers and responsibilities in budgetary matters; and that these powers, on the one hand, and these auditing responsibilities, on the other, add up to something which can only be properly undertaken, in regard to the audit, if the body which is responsible for it today, perhaps tomorrow's institution, has enough means available in personnel, in powers, in credits, to enable it to exercise effective control at the proper time.

Mr Cheysson, who at present represents the Commission in this problem, must have been somewhat disappointed by the criticisms which he heard from the two previous speakers on the matters in which he is just about to take up his responsibilities. I should like to modify this impression of bitterness which he may feel by saying that we were aware of the fact that, for its part, the Commission has endeavoured in the last few years, and more particularly in the last six months, to create greater internal control, which would enable it to be better informed about the revenue and expenditure of the Community. Such auditing is difficult in itself, since in many cases, it is the financial or customs departments of the Member States who look after both the revenue and the expenditure with which the Community budget is involved. We know that this is a problem which, by its nature, is not as simple to resolve as it might be in our centralized and unified states.

However, the means which must be given to the Audit Board must meet two requirements. The first is obviously not to affect the operation and executive responsibilities of the Community and Commission in particular. On the other hand, it must be possible to intervene at the proper time and, in particular, in any burning problems.

The problem posed in the Resolution which has been excellently prepared by our colleague Mr Gerlach, apparently presents a contradiction. The right which we have by virtue of the Treaty does not perhaps give necessary and sufficient means to the Commission, since as a rule they only allow retrospective auditing. We think that immediate control of the action is necessary.

Everything obviously depends on the view one takes of the aims of the audit. For our part, the audit must not be of an essentially jurisdictional nature and only allow more or less moral judgments to be made on financial years which are in the more or less distant past. The real objective of the audit is to ensure that sound management is the rule; today and tomorrow, now and in the future, the audit must produce tangible results.

If the means do not exist at present, we ask that they be created, modifying the Treaties if necessary, by instituting an Audit Office. In this respect, when we had the colloquium of which our colleagues have spoken, we found, in fact, that in the majority of Member countries, although there are variations, an external audit can be carried out on the operations in progress, on sound management in the day-to-day implementation, and it can also be carried out on the request of the budgetary authority, i.e., on the request of the national parliaments. We must also have all this.

If the texts do not allow us this possibility, it is up to us to create it. We have already done this in other areas, in particular in the budgetary procedure with the Council: insofar as we had agreement on the substance, we were able to agree that the institutional procedures between the Council and the Parliament should follow one or another route, even if the Treaties did not provide it.

This is why I venture to ask the Commission if, while waiting through the long process of modification of the Treaties, it will endeavour right away, in a dialogue which we shall have with it and with the Audit Board, to find means so that, while respecting the authority and political responsibility of the Commission in the implementation of the budget, the Audit Board will have facilities for carrying out its task as actively and as quickly as possible. For example, it is necessary to define a number of cases now in

Spénale

which the Commission should first inform the Audit Board of certain problems.

I am thinking, for example, of the case where there is a decision to refuse authentication on the part of the internal audit. If the internal audit refuses authentication and if the Commission wishes to overrule it, a problem arises. It is desirable for the budgetary authorities to be informed of this problem; it is up to the Commission itself to supply this information immediately.

The same applies in respect of all the files relating to these fraudulent practices about which the press is so concerned and about which we, the representatives of the peoples of the Community, are being asked questions and criticized. We are not in a position to obtain indisputable information. Certainly the executive Committee will give us information, but, without being suspicious of it in any way, we must say that, when it is a question of assessing its responsibilities, it can make its own decisions about the way in which it presents it to us. Therefore, if we had this type of information from another, impartial source, we would be happier about replying to the questions put to us.

I am again thinking of the files on certain fiscal disputes which are causing a fuss.

In all these questions, one obviously cannot wait two years to see retrospectively what, in fact, is taking place under our eyes and about which public opinion is becoming agitated.

We cannot say to the latter: we shall give you an answer in two years, because then we shall be informed. We must find right away, by a gentleman's agreement, a means of intervening at the present time, at the time when the problems are arising. Agreements between us must allow the Audit Board to carry out its activities right away.

I know that there are many other problems facing the Audit Board in regard to recruitment, permanent staff, and its establishment, but I should like us to find together the means of making it work better and, therefore, enabling us ourselves, as well as the Commission, to assume our responsibilities.

If we wish to do this work together, we can then and in the medium term tackle more easily the revision of the Treaties, and the institution of a European Audit Office. We shall then have accomplished together a useful piece of work for Europe.

(Applause)

President. — I call Mr Pounder on behalf of the European Conservative Group.

Mr Pounder. — Speaking on behalf of the European Conservative Group, and following, it seems to me, the three outstanding auditing and budgetary experts in this Parliament, is to me a rather daunting prospect, but I am comforted by the fact that my Conservative colleagues and I are in absolute agreement with the words, spirit and content of Mr Gerlach's report. Anything I wish to say is designed to be entirely helpful, and to join in the spirit of the very proper request—"requirement" would perhaps be a better word—which Mr Gerlach is seeking with regard to the powers of the audit board.

As you know, Mr President, one of the things which as a relative newcomer to Parliament, with only four months experience behind me, I find a little hard to get used to, is that we have important and very wide-ranging debates covering perhaps our thinking for the next five, ten or twenty years, or whatever it may be. Yet where Parliament really can be effective is in seeking to get the housekeeping of the Communities and its agencies into proper perspective. Perhaps because I am a qualified accountant I tend to look at these things purely from a practical point of view of what Parliament can do and what it cannot do. What it can do is in the budgetary and auditing field. Let us do that and then at a later stage widen our horizon when our powers and influence can grow.

It is a very good indication of the speed with which the Communities' budget is expanding that according to Mr Aigner's report the figures of more than three years ago have been more than doubled. We are now talking of a budget for the Communities of something in excess of four billion units of account.

Although I acknowledge that there will be the delicate problem of national rights in the way that each Member State conducts its affairs, surely if Member States are prepared to accept Community funds they must be prepared to accept Community audit. This is so elementary that it should overcome the problems which may arise through people feeling that their national traditions have in some way been impinged upon.

Paragraph 4 of Mr Gerlach's report dealing with the concept of a European audit office has been more than adequately covered and I certainly do not wish to occupy the time of Parliament by duplicating the arguments that have been advanced. I as a newcomer regard it as incredible that in this document we ask for the Audit Board to be given powers which are absolutely elementary if it is to fulfil its functions. We are not asking for powers the necessity for which is arguable. The demands outlined in paragraph 7 are so totally fundamental that I should have

Pounder

thought that nobody could argue against the correctness of that which is being advanced.

I find it rather difficult to understand why there is so little external auditory control of the Communities' affairs. Indeed, there appears to be criticism also of the internal auditing structure, but that is a different question. Surely it is not unreasonable to expect it to be agreed that the days are gone when an auditor can reasonably be considered to have fulfilled his functions merely by adding up the books and seeing that they balance and that there is no arithmetical error at the end of the day. Nowadays an auditor is almost in the position of being a management financial adviser.

Historical accounting functions just are not sufficient or adequate for us to obtain the type of control we seek. We must have the principle enunciated in paragraph 7 of examining as may be necessary serious cases before the completion of the financial year. This is only reasonable and sensible.

I do not think that I am alone in Parliament in being apprehensive about adding further to the Communities' bureaucracy. However, if we are to have a proper European audit office, as I believe we must, we must be prepared to operate it on such a scale and to give it sufficient staff that it is fully effective and functional.

Likewise, the concept of spot checking is absolutely essential.

I hope that we can all agree about that, even though we may not agree about the exact form which an audit office may take. We must not look as a Committee on Budgets or as a Parliament on this proposed new function as something which we cannot comprehend or as something of which we should be afraid. There is no difference between the standards which we should apply in any public company in which we may be interested and those which should be applied here. Nor should we apply standards which are different from those which would pertain to our domestic expenditure. The fact that the figures are larger does not alter the basic principle which must be in the forefront of our minds.

We as parliamentarians are custodians of the taxpayers' money. How often do we hear the old slogan—"no taxation without representation"? We parliamentarians have an absolutely inalienable duty to protect the taxpayers' money, whether we are talking as national parliamentarians or in the European context. We cannot fulfil that function, even remotely, unless within the machinery of the European Communities there is an absolutely independent audit board similar to that which operates in

our national Parliaments and given the same powers and functions. Then and only then will we be fulfilling the financial trust which has been charged upon us as parliamentarians and, indeed, on the Community as a whole.

(Applause)

President. — I call Miss Flesch on behalf of the Liberal and Allies Group.

Miss Flesch. — *(F)* Mr President, on behalf of the Liberal and Allies Group I should like first of all to thank Mr Gerlach for the report which he has presented with his characteristic conscientiousness and exactitude and in which he has brought out the unvarying principles informing the attitude of the Committee on Budgets.

I wish, however, to remind members that the report we have heard today stems from a mandate dating back to 18 June 1971 and that the resolution before us was adopted in February 1973. During the quite considerable period of time which elapsed between these two dates a number of developments have occurred, notably the quite recent adoption of the new financial regulation. While this might have changed somewhat one or other of the guidelines, it certainly has not modified in any way the spirit of the resolution.

We know today that the Communities' budget has swollen to a point where it contains figures I would call little short of astronomical. We are also concerned that the budget seems to resort occasionally to questionable methods, also current in Member States; I am thinking, for example, of the practice of debudgeting.

In the circumstances it is not surprising that Parliament wishes to strengthen external checks on the Community's accounts.

The Liberal and Allies Group has instructed me to support Mr Gerlach's conclusions as presented in his report and in the resolution tabled on behalf of the Committee on Budgets, on the understanding that these represent general rules of conduct and outlines of policies to which we subscribe.

The major proposal in the resolution is that which concerns the formation of a European Audit Office. I would think that this Office—like the audit boards and offices which exist in a majority of Member States—should also be an organ of Parliament. Parliament should have a say in the appointment of the Office's members and should be in a position to define, jointly with the Council, the broad terms of reference of this body.

Flesch

Secondly, and I consider this to be extremely important, the Audit Board should function on a permanent basis—which is not the case at present—in the sense that it should consist of full-time members devoting themselves exclusively to this task.

Further, the status of the Audit Board should be such as to permit it to examine the lawfulness and regularity of operations, as well as the quality of financial management. Mr Gerlach's comments in paragraphs 8 and 9 of the resolution, on the concept of financial management, can certainly be accepted by our group.

I note that many of these principles are already embodied to a large extent in the resolution on the financial regulation which we adopted a few weeks ago.

Equally, I attach a great importance to the concept of sanctions which should follow the audit, or as Mr Spénale was just saying, the tangible results of the audit. Such sanctions should be capable of swift execution and not follow several years after the event. And the auditing, in my view, should be public so as to sensitize public opinion if necessary. On this point it seems to me that debates in the Parliament are better calculated to ensure such publicity than the Council's deliberations which, let us admit, always have an element of secrecy about them.

Finally, I wish to stress the importance of a well organized and efficient system of internal checks, essential if detailed external auditing is to be possible.

I would refer to the observations made by Mr Aigner in his report on the 1970 accounts and particularly those of the EDF. It seems that in this area especially an effort should be made in respect of internal auditing and, to some extent, of what I would call the hiatus of competences between authorizing officers and controllers. If we want to establish a European Audit Office we know that the Treaties will have to be modified. We are well aware how difficult a task that is, but we believe that it must be undertaken.

For myself I interpret paragraph 6 of the resolution tabled by Mr Gerlach as a personal appeal for the revision of the Treaties. I do not quite see how exceptions can be made compatible with the legal system in force which we must observe even if it no longer answers our purposes. It would be preferable, in my view, to face boldly the problem of revising the Treaties.

I agree, however, with what Mr Spénale has just said: Parliament and Commission can find common ground on the matter of the Audit Board's functions. All the statements made by

the Commission to the Committee on Budgets show that the Commission's views are not so very different from ours and a basis of agreement can be found.

Summing up then, Mr President, I wish to signify my group's agreement to the motion tabled, because I believe that it embodies the line we should follow in our efforts concerned with the exercise of a supervisory function by the Audit Board and to the aim of revising the Treaty.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, I am fortunate in having to reply on behalf of the Commission to two successive reports on very closely linked subjects: the report on the Audit Board just presented by Mr Gerlach and the report, shortly to be presented, on the giving of a discharge to the Commission in respect of the 1970 accounts.

I am fortunate, since this opportunity allows me at the same time to be reminded of the principles of auditing and to analyse this problem in some depth, while in reading the report on the problems arising from the discharge for 1970 I have become aware of the weaknesses which have existed and which still persist, some of which, as Mr Pounder said, cannot fail to surprise the newcomer in so far as they have a bearing on elementary requirements in matters of financial control.

May I first, Mr President, deal with the subject of the report: problems relating to practical methods of exercising the control function by the Audit Board. The report contains concrete proposals and I should like to assure the rapporteur that the Commission is very anxious that progress in this matter should be made. It seems to me, and Mr Spénale has recognized the fact, that the adoption, just a few days ago, of the new financial regulation on which the Assembly gave its opinion in February last and which was adopted by the Council on 25 April and so will very shortly come into force, already represents an important improvement in this area.

The new provisions contained in the regulation substantially increase the powers of the Audit Board while to the Commission they give a guarantee that control will be exercised at an appropriate level of responsibility on both sides.

I do not propose to compare in detail the old and the new regulations in respect of the Audit

Cheysson

Board's powers and the means of exercising them, since you know that when the new financial regulation comes into force the Board will have direct access to all documents and all persons able to give information on aspects of the regulations and on the financial management of Community revenues and expenditures.

I should like to reassure Mr Gerlach on this point. This seems to me to be altogether essential. The Audit Board will also be able to perform spot checks both in Community institutions and in bodies external to the Community which benefit from Community subsidies. This is a most important factor, as many speakers have emphasized. You know as well as I that it has not been easy to obtain this facility, particularly as far as the Council is concerned—I am addressing now Mr Pounder who referred to this point.

At its own request the Audit Board will be able to perform spot-check visits provided for by the decision of 21 April 1970. It can also, at the request of the Assembly or the Council or on its own initiative, prepare reports or analyses on any specific question relating to an earlier financial year.

These are by no means inconsiderable improvements. The new financial regulation gives the Audit Board new possibilities of action. It's up to the Board to make the most of them! I can assure you that on my part, and within the limits of my responsibilities in the Commission, I shall give the problem my personal attention and all the necessary instructions will be issued.

It seems to me therefore that the majority of observations and proposals contained in the Committee's report, and in particular in paragraphs 8 and 13, have been satisfied. If they have not been satisfied, they should be so easily. We must put an end to a certain number of shortcomings which have existed in the past and on which, Mr President, I shall expound at greater length in a moment when the motion for discharge for the 1970 accounts is examined.

But many of the points mentioned by the speakers have now been covered by the new provisions of the financial regulation; for example all refusals of authorization shall be communicated to the Audit Board.

So much for the practicalities. If we turn now to principles, which seem to me to be more important and which are the subject of the present debate, I should like to say at once that the Commission fully endorses the principles contained in paragraphs 1 to 5 of Mr Gerlach's report. These principles, if I may summarise them in the order in which they have been

presented by the Committee for Finance and Budget are: to give the Audit Board the necessary legal and practical powers, to improve the practical means of exercising the control function by the Audit Board, to revise the statute of the Audit Board in the light of the adoption of the new financial regulation and of the transition to the system of own resources, to study the possibilities of an ultimate transformation of the Audit Board into a European Audit Office and consequently to recognize the interim nature of the provisions of the present financial regulation as they pertain to the Audit Board.

I would add here, in agreement with what has been said by Mr Aigner, that financial control should be exercised without involving with this problem that of supranationality, which to me appears to be of an entirely different nature.

On the subject of the Audit Office numerous suggestions have been made and numerous questions put in the course of the present debate: independence of the Office, appropriate staffing, sharing of responsibility with national audit offices, the permanent nature of the Office, terms of appointment of its members, public debate, or at least publication of its conclusions, as Miss Flesch has emphasized. I believe a meeting has already been held with national audit offices. I would consider this a particularly useful development and the Commission hopes, of course, that other meetings and discussions will take place. The Commission would wish to be associated with each such discussion in order to be able to draw from it suggestions for concrete proposals. Thus we arrive at financial control in all its aspects: checking of regularity but also checking of sound management and of proper implementation of policy.

The report suggests by implication—Mr Gerlach has spoken more explicitly on this subject and President Spénale endorsed his opinion—that in fact the present debate entails a larger and more important debate concerning the role of the Parliament in respect of the budget and notably "Parliament's controlling function in the budgetary area", as paragraph 6 of the proposal for the resolution puts it. This is indeed linked to Parliament's function in the budgetary area.

Mr President, the members of this Parliament have on many occasions laid stress on this problem, which is fundamental for the future and will be so especially after 1975, since it will be in 1975 that the Communities will for the first time have a real budget, that is to say a budget in which the entire revenue will derive from their own resources.

Cheysson

I would point out also that auditing of accounts and control of operations will take on a new character and that after this date these checks will become much more necessary because the whole of the revenue will come from the Commission's own resources.

It seems to me therefore that the principles of financial control and above all discussions on the control function of Parliament in the budgetary area cannot be separated from Parliament's control powers and from Parliament's powers in the budgetary area in the more general sense. President Ortoli has just indicated that the Commission intends to keep its undertaking to present soon, very soon, proposals on this subject.

Once the Commission's proposals have been forwarded to the Council I shall of course ask to be given the honour of presenting them to the Assembly and I believe that we shall then open a series of discussions on the different aspects of these budgetary powers, and particularly on those aspects which relate to control, for I find it difficult to make a distinction between them.

On this matter of control both Mr Spénale and Miss Flesch have given expression to the anxiety that the executive organ that is this Committee cannot but feel in respect of the exercise of its responsibilities in implementing the budget

I believe that the Commission's responsibility ought to be total, that the Commission should not be able to hide behind excuses in the execution of tasks with which it has been entrusted and particularly in the implementation of the budget

We are, as you know, faced with a certain doubt—and it has been mentioned many times—as to the employment of the existing Audit Board for the checking of current budgetary operations.

I have deliberately said "the existing Audit Board" and I would like here to present to you my personal view.

I believe it would be useful to examine in more detail to what extent the control of management, even the control of opportunity, is not often of a different order from the control of regularity.

I have been struck by what has been said in the House today about the desire of Parliament to intervene directly in the control of operations, that is to say, the control of the Commission's policy and there is not the slightest doubt that it is part of a parliament's powers.

This problem seems somewhat different from that of the control of regularity and I think that in the foreseeable development of the nature of the Audit Board and of its terms of reference it should be possible to find formulae which not only will be compatible with the Treaty or which will make it possible to recommend modification of the Treaty, but which besides will not diminish the Commission's responsibilities in the proper exercise of its functions.

May I, Mr President, on behalf of the Committee refer to this point again when we shall be presenting to you all those proposals which we shall submit to the Council concerning the budgetary powers of the Parliament, retrospectively insofar as the preparation and the adoption of the budget are concerned, and prospectively in the control of its implementation and thereafter in the audit of accounts.

I should like therefore to reserve the remaining observations of the Commission on this subject for the much more fundamental and comprehensive debate which will soon be taking place.

In concluding now I should like to thank again the speakers for all they have said. It has furnished us in the Commission, with considerable food for thought in the preparation of the draft to which we are now very much committed.

(Applause)

President. — Thank you, Mr Cheysson.

I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) Mr President, ladies and gentlemen, I should just very briefly like to express my thanks to the various speakers for their comments. I am very glad that this report has found such general acceptance.

I should particularly like to thank Mr Cheysson for his statement that the Commission, too, takes a positive view of most aspects of my report. In this connection, I would now like to ask him to withdraw the internal administrative memorandum of 22 March 1971 containing instructions to the Commission's services.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

¹ OJ. Series C, from 4 June.

10. *Change in agenda*

President. — For technical reasons I propose that business continue as follows:

- Presentation of Mr Aigner's report on the giving of a discharge to the Commission;
- Presentation of and debate on Mr Bousch's report on the economic situation;
- Debate on Mr Aigner's report on the giving of a discharge to the Commission.

Are there any objections?

That is agreed.

11. *Giving of a discharge to the Commission in respect of the implementation of the budget for 1970, and report by the Audit Board*

President. — The next item is a debate on the report drawn up by Mr Aigner on behalf of the Committee on Budgets on the giving of a discharge to the Commission in respect of the implementation of the European Communities' budget for the financial year 1970 and on the report of the Audit Board (Doc. 38/73).

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

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, this report marks the first occasion when Parliament votes not on a motion for a resolution but on a proposed decision. This follows the Luxembourg Treaty of 22 April 1970, which resulted in an amendment of Article 206 of the EEC Treaty, whereby the Commission is discharged in respect of the implementation of the administrative budget for a financial year only upon decision of the Council and Parliament, acting after examination of the report of the Audit Board of the Communities, the last word being vested in Parliament. The fact that discharge is given by the Council and Parliament is reflected by the inclusion in full in the report before you of the relevant Council decision. Problems would obviously arise, Mr President, if Council and Parliament were not in agreement, i.e. if one wished to grant discharge and the other did not. An exhaustive discussion of the consequences of such a situation is of course impossible today. One thing should, however, be made quite clear now—and we have already done this in the Committee on Budgets—: for us discharge is not just a book-keeping and accounting exercise, it is and remains a political matter. We do not share the opinion expressed by Mr Deniau when he was in office, to the effect that this was a

pure formality, a matter of deciding whether expenditure had been kept within the limits of the appropriations and whether there were any discrepancies. This is merely one aspect of the problem.

On the contrary, Mr President, in my view the discharge affords Parliament the opportunity to examine critically the entire management of the Community's finances as reflected in this European budget, and in this way to create a basis for conscientious utilization of European tax revenue.

Mr President, may I also recall that, in accordance with a gentleman's agreement with the Council, the accounts for the budgeting year 1970 were the first to be audited in accordance with the April 1970 Treaty provisions. A legal question will still have to be resolved in the future: what happens if both Parliament and Council refuse to give the Commission a discharge?

This takes us right to the root of the matter, for this is no mere hypothetical question but virtually harsh reality. The accounts for the financial year 1970 and the relevant report of the Audit Board, upon which the Committee on Budgets has based its work, again make drastically plain the great deficiencies which continue to affect the financial management. This conclusion is shared by my co-rapporteurs, namely Miss Flesch for the EDF, Mr Beylot for the EAGGF and Mr Wohlfart for the ESF, to whom I am extremely grateful for their excellent work. It may be said that progress has been made only in small areas, but that, taken overall, the external control of Community finances is inadequate.

I will cite just one of the Audit Board's comments, and I would ask every member of this Chamber to give it their most careful consideration: With the present method of operating the Agricultural Fund, for example, the expenditure of the "Guarantee" section is not subject to adequate external control in the usual sense of the word. The Audit Board is therefore unable to give the official bodies binding information on the financial management of the Fund.

Mr President, ladies and gentlemen, I should very much like to read out this same sentence to a national parliament of a Member State, to see whether it would pass on to the next item of the agenda or immediately tighten up budgeting procedure by passing an appropriate finance bill.

The situation is similar as regards the Social Fund. Here again I understand that Mr Wohlfart experienced the greatest difficulty in decid-

Aigner

ing whether to propose that the Commission be given a discharge.

In the matter of the European Development Fund, Mr President, the year 1970 embraces the OTRACO Affair, which has already been discussed on previous occasions. I would ask the Commission to draw at least one conclusion from this affair, namely to remedy the failure to ensure strict separation of the power of authorization from accounting. It is unacceptable that both of these functions should be exercised by authorized auditors of the Community. I feel that we should ask the Commission to submit at an early date a report to the Parliament's two committees responsible in this matter, the Committee on Development and Cooperation and the Committee on Budgets, on the action it has taken as a result of this affair.

Mr President, it is with regret that I have to place on record that not only the various Funds but also the Administrative Budget and the Research and Investment Budget show that substantial progress is necessary if the financial management of the Community is to be placed on a sounder footing. The Committee on Budgets felt compelled to propose the setting up of a special investigating committee within the framework of the Committee on Budgets to investigate the Luxembourg computer centre. The running of that centre is contrary to the principles of sound financial management, in addition to which other problems, for example the question of support for the European computer industry, demand attention. The shortcomings of this centre have led a number of Directorates-General to give their work to outside contractors. These contracts, which cover both programme writing and data processing, are partially paid out of the budget of the computer centre.

Ladies and gentlemen, I should like at this point to cite what I regard as a particularly crass example: in my Directorate-General, the input data are sent by satellite to America, where the results are processed on an American computer and are then sent, again by satellite, to Brussels.

I think I can say that the staff also suffers under the uncertain situation at this computer centre. On the one hand, one never knows how long certain applications can be allowed to run, on the other hand a great deal of time was given to programming. This is of course very boring work. The resulting shortage of time and personnel means that new development work has to be given to outside firms. In my view, and at this moment I can do no more than touch on the fringe of the problem, the Commission must draw up proposals for a solution. A clear

distinction must be made between production and development work. Production, which accounts for more than 90 per cent of the total volume, calls for a computer that gives absolutely reliable service. I consider that one is doing nothing to assist the European computer industry by renting an unreliable computer which is, oddly enough, manufactured for the most part under American licences and which involves the use of some American peripheral equipment.

The only sensible way of supporting the European computer industry is direct award of development contracts, the essential requirement being a genuine European computer policy which would avoid unnecessary expenditure through parallel development work.

Mr President, I should like to make a few observations on points of detail relating to the decisions on the giving of a discharge. In the first place I have to point out an error on p. 5 of my report, where 2 520 583 313.24 u.a. should be replaced by 2 521 250 009.61 u.a. This correction is required because in the administrative expenditure, calculated according to the formula $a + b = c$, it is necessary to allow for the amounts brought or carried forward from the preceding or succeeding financial year, which means that the administrative expenditure should now read 117 466 553.89 u.a. instead of 116 million. I would ask you to excuse this error, which is the sort of thing that is liable to happen when one tries to get the text ready for the printer in some haste.

With respect to the remarks on the accounting procedures on p. 7 of my report, I would ask you, Mr President, to vote by groups, i.e. on the EAGGF and on the European Social Fund, so as to accelerate the voting procedure tomorrow. By way of exception, the rapporteur on the Social Fund has asked that an individual vote be taken on paragraph 13, so as to enable Parliament to place on record the particular importance of this paragraph.

Mr President, in order to arrive at a continuous auditing procedure, it seems to me that the various accounts should be submitted to the Audit Board immediately upon completion of the individual procedures, and I should like to add a few remarks on this point. Parliament, too, is opposed to the Commission's view that the budget accounts should not be drawn up until all revenue and all facts associated with the business procedures during the financial year are known. This would in practice involve overlaps from one financial year to another, where, for example, the expenditure of the "Guarantee" section of the EAGGF often covers a term of five years.

Aigner

The procedure itself seems to me to be a point that deserves further consideration: it must be made continuous and more flexible. The European Parliament is also of the opinion that all bodies should reply to questions within a specified time limit. In no event should a body, and in particular the Commission, be allowed to impede control by the intercalation of intermediate agencies. Difficulties have occurred especially in the auditing of the Commission's administrative expenditure. The considerable delays in meeting due dates for the closure of accounts, e.g. in the case of the EAGGF, are particularly deplorable. Such delays have meant that the audit of the Fund's expenditure was not performed until five years had elapsed from the institution of a given measure. This is quite simply irreconcilable with real and proper control.

The cases of fraud, which have already been referred to today, call for coordinated investigations by the Commission itself. This is the responsibility of the internal control, and in this area the Commission must itself devise new instruments. We are still waiting for the Commission's report on the frauds. As I learned yesterday, this report has in the meantime been completed. I believe that we in Parliament should give our solemn undertaking that we shall study this report with particular care.

In my view, Mr President, it is also absolutely essential that both internal and external controls should gradually develop a better system of checking. Above all, it is necessary to perform point by point checks embracing all payment and settlement procedures. An improved control system can be developed only after one has thoroughly studied the entire procedure. I must warn the Commission that if it does not make efforts in this area and does not support and organize better collaboration with the Audit Board, it is likely that this Parliament will once again review the instruments available to it, and very probably the decision on that occasion will be different. I should like at this point to extend my good wishes to the new Commissioner whose statements I have noted with considerable satisfaction, for they provide evidence that the will is there to attack the problems in order of importance, in collaboration with Parliament.

In connection with the European Social Fund, it is, as explained by Mr Wohlfart, astonishing that the average costs of retraining programmes vary between the different Member States in a ratio of 1 to 9. Whatever differences there may be in individual circumstances, the disparity appears to me to be quite intolerable, and we must look into the reasons for it.

The Committee on Budgets is more than astonished by the Audit Board's comment that controls by the latter have been seriously impeded by Commission procedures. It would be superfluous for me to go into the whole matter again at this point. Discharge will in future undoubtedly be withheld unless independence of control is ensured and the Audit Board is allowed to organize its work with no outside interference.

With regard to the administrative budget of the institutions, I especially wish to refer to the dangerous tendency for excessively frequent entries of funds in accounts outside the budget, which in many cases make external controls impossible. The Audit Board has commented that as a result of such entries it was quite impossible to audit budget transactions. I do not propose to refer to individual points which have already been discussed. Stricter application of the principle of separation of the power of authorization from accounting must be ensured in future and some reorganization is necessary to achieve this aim.

It is also in my opinion quite incomprehensible, Mr President, how the Commission can refuse to submit to the Audit Board the results of investigations and surveys, and of reports on the uses to which they can be put, to allow an examination of the soundness of financial management. We know of reports costing substantial sums of money lying forgotten in someone's desk drawer without anyone noticing or even being able to say how the results of such studies should be evaluated or indeed whether they can be evaluated at all.

As I have already stated in connection with the Gerlach report, the provisions of Article 206 are so clear, especially in the amended text, that such an attitude, seeking to exclude sound financial management from the control, is totally incomprehensible. May I remind you, ladies and gentlemen, that in paragraph 17 we propose setting up our own investigating committee to study the computer centre. We must work out a constructive solution to this problem in consultation with the Commission.

I have only one comment to make on the research and investment budget. External control, whose function in this instance is to examine proper budgeting and above all sound management of the available funds, is especially difficult in this sector. In my view this makes it more essential to have a closer and more frequent dialogue between the controlled and controlling bodies, in other words the Commission and the Audit Board. Where the Commission refuses such a dialogue, negative audit findings must automatically have an adverse

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effect on research work, even if there is no ill will on either side. Above all, I would plead, in connection with the introduction of the operational budget, for understandable and complete documentation on the management of the various funds.

I have only one point to make concerning the European Development Fund, in the absence of the rapporteur for this Fund: It appears to me wrong that the Treaty of 22 April 1970 does not also give the European Parliament the right to give discharges in respect of the budgetary measures of the European Development Fund. As you know, we have authority over budgeting and hence also over the giving of discharges only in the case of the administrative budget and not for the operational section of the Development Fund. We therefore call upon the Council to remedy this situation at an early date.

A more precise definition of the terms of reference and division of responsibilities of the various auditors, authorizing officers, accounting officers, bookkeepers and officials empowered to authorize advances is especially called for in the case of the European Development Fund. The lessons of the OTRACO affairs should not be swept under the carpet.

I have no further comments on the motion for a resolution on the accounts of the European Parliament—as you know, Mr President, this must be a separate motion for a resolution. I accordingly request adoption of the decision and motion for a resolution submitted by your Committee on Budgets.

(Applause)

IN THE CHAIR: MR DEWULF

Vice-President

President. — In accordance with the decision just taken, we shall now interrupt the debate on Mr Aigner's report, which will be resumed after the debate on Mr Bousch's report.

12. Economic situation in the Community

President. — The next item is a debate on the report drawn up by Mr Bousch on behalf of the Committee on Economic and Monetary Affairs on the economic situation in the Community (Doc. 47/73.)

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

Mr Bousch, rapporteur. — (F) Mr President, on 20 March the Commission sent the Council a communication regarding the adaptation of economic policy guidelines for 1973. The Council has already had a preliminary discussion on this document, and will be reviewing the conjunctural policy again in June. Our committee was therefore required to deliver an opinion on the document before that date. I must say that in its essential details it coincides with the European Commission's analysis of the economic situation, which is relatively favourable; all the Community states are undergoing a period of appreciable growth, and the employment situation has improved generally, except in certain countries, notably the United Kingdom and Italy, which still have a high rate of unemployment (mainly structural), and in a few areas of regional unemployment. Unfortunately, prices and costs have risen to levels unprecedented in the Community. Currency has been undergoing a period of instability, reaching a peak in March, and it cannot be said that this period is over; there could still be further disturbances in the months to come.

With regard to conjunctural policy, the Commission's communication does not contain any recommendations which did not already appear in the earlier documents with which you are familiar; the annual report of 31 October 1972, the Council's resolution of 5 December 1972 on measures to combat inflation. The directives issued at the end of last year are still too recent for their overall effectiveness to be judged.

This is excusable; but what is perhaps less satisfactory is that the Commission has been forced to admit that it is already proving impossible to curb rising prices, only a few months after the Council's resolution that inflation should not exceed 4% between December 1972 and December 1973.

We thought therefore that the Commission should have proposed changing the limit on price inflation, and possibly should have issued amended guidelines on conjunctural economic policy. However, the European Commission considered that such amendments would be impossible at this stage, since not all the necessary data were available, and these data are in any case liable to change.

The Community's action would have gained in credibility if it had proposed to adapt the limits and guidelines, but eventually we concurred with the Commission's view, hoping that we would be able to debate the matter in June, if not in public session then at least in committee.

Measures to combat inflation are among the primary aims of conjunctural policy, particularly

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as frequent price increases prevent public investments from growing at a steady rate, and thus exacerbate social injustices, encourage the movement of capital towards less directly productive investments, and help to accelerate the rate of inflation with which we are all too familiar.

In 1972, as I mentioned, prices rose exceptionally rapidly. The prospects for 1973 are not much better. This may seem surprising, especially as Member States seem on the whole to have followed the Commission's recommendations on conjunctural policy. Does this then imply that the Community's policy is defective? I do not think it is, because Member State's conjunctural policies have only recently been effectively harmonized. Before the annual report of 31 October 1972 and the Council resolution of December 1972, the figures needed for effective measures to be taken against inflation were not available.

It seems as though these measures cannot fail to be successful. It is even likely that we would already be feeling their effects were it not for the recent sharp increase in the prices of raw materials and foodstuffs. Although in the long term there are bound to be further increases in the prices of raw materials, in the short term the situation can be expected to improve to some extent.

When price movements for certain categories of products force consumer prices up too much, it might perhaps be advisable to consider taking special action.

In the coming months it will be all the more important to pursue a careful budgetary policy and a strict monetary and credit policy, especially in those countries—and I think that includes the majority of our Member States—in which the demand for goods and services exceeds supply. The rate of expansion laid down by the Council for money in circulation must therefore be strictly observed.

There will also be an increasing need to co-ordinate our measures against inflation. At present we rely basically on measures by individual Member States, so that the approach varies from country to country.

In any case, we would urge the Community not to delay in submitting its promised proposal for a directive on stability and economic growth, maintenance of a high level of employment and external economic balance. We believe that this instrument will be of great importance in coordinating Member States' economic policies.

We consider that the possibilities of budgetary policy as an instrument of conjunctural policy have been almost exhausted. Although public expenditure has increased enormously in almost all Member States, the ratio of public investment to gross national product has continued to fall. Traditional requirements in the area of public amenities have still to be satisfied, while at the same time new requirements are emerging, in particular anti-pollution measures and the protection of natural resources. An increasing amount is having to be deducted from actual resources to cover these investments.

A rigorous anticyclic budget does not therefore seem feasible. On the other hand, care must be taken not to break the upward movement of the economic cycle by pursuing budgetary, monetary and credit policies which are not sufficiently restrictive.

For all these reasons, and also because rising costs are a basic cause of price increases, a way must be found to regulate prices and incomes. This will mean keeping them under surveillance or observation so that their movements can be regularly analyzed. Thus it should be possible to take steps when necessary to curb inflation in the immediate future, until a full regional structure policy can be put into operation to promote economic expansion in the underdeveloped areas, and an appropriate employment policy to prevent regional unemployment.

A structural employment policy can also play an important part in combating inflation, as can certain specific measures in connection with vocational training, adapting the available labour force to the needs of the economy.

At a regional level, as the Commission points out, we need better distribution of technical production capacity and housing. Contributions from the Social Fund should be used to supplement these policies. In the opinion of the Committee on Economic and Monetary Affairs, any intervention in the form of income restraint should be accompanied by the general democratization of economic and social conditions, and an improved mechanism for building up assets.

Certainly this course is advisable, although participation does not put a stop to wage claims and co-management is no substitute for a rise in income. The basic problem is still income distribution. It would therefore be a good idea to make contact and try and initiate discussions with all the parties concerned, in particular employers and labour, so that inflationary attitudes do not take root in the Community and go on developing even when the balance could be restored.

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Such a situation would hamper the development of satisfactory conditions for the expansion of world trade, and conflict with the essential requirements for balanced growth within the Community.

It would also impede progress towards economic and monetary union. If excessive inflationary pressures continue, they are liable to create new tensions within the Community, which could prejudice the maintenance of fixed monetary parities.

These are essentially the remarks I wished to make on the communication to the Council of Ministers from the Commission of the Communities on 20 March, regarding the guidelines for economic policy in 1973.

After long deliberation, the Committee on Economic and Monetary Affairs of the Parliament, at its meeting of 3 May, unanimously adopted the motion for a resolution contained in my report. However, it was unfortunately not possible to distribute the report until 8 May, because of difficulties in drafting the resolution and delays in translating. I must ask Parliament to excuse this delay, caused by the circumstances under which we had to work, and the short time available to prepare this document. I should like here to commend the departments concerned for their excellent work. On behalf of the Committee on Economic and Monetary Affairs, I request Parliament to adopt the draft resolution which appears in the document submitted to you. *(Applause)*

President. — I would ask all speakers to take account of the lateness of the hour.

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

Mr Schwörer. — *(D)* Mr President, ladies and gentlemen, the Christian-Democratic Group welcomes this opportunity to express its views on the economic situation of the Community. The report before us states with regard to the "attempt to adapt the guidelines to the present economic situation" with disarming frankness:

The objective of limiting the rise in prices to 4% in 1973 cannot be achieved.

This report by the Commission really ought to have said that very considerable effort will be required to prevent prices increasing by double that rate, namely 8%. I believe it can be said without offending the Commission that this does not compliment the Commission on its ability to diagnose the conjunctural situation. When these guidelines were established, other figures were

doubtlessly named. At that time the lowest rate of inflation was 5.2% in Luxembourg and the highest 8.2% in Ireland. We know what the trend has been in the meantime, there already being talk of 8.4% in the Federal Republic. We understand the Commission saying in the circumstances that the prospects where the development of costs and prices is concerned are alarming. The President of the Bundesbank stated categorically a few days ago: "It can't go on like this."

Ladies and gentlemen, where does this sinister acceleration in the rate of inflation have its source? In the last few months, the blame has been placed on currency movements. Now that these movements have stopped, other reasons have to be sought. Currency movements have undoubtedly helped to increase money supply in some of the Member States. But it is my opinion that these currency movements were and are in the final analysis affected to a decisive degree by the inflationary trend. Cause and effect are frequently confused in this context. The head of a large Swiss banking company once said: "Perfect though the technical facilities we create to combat these currency movements may be, they will only work if price stability can be restored at the same time."

I believe that this inflation is primarily caused by the present lack of will for stability in the Member States. Inflation is not taken seriously enough. There is after all some profit left over at the end, they say, concealing the fact that in one or two years' time at the most this profit will have changed into a material loss for all sections of our society. Only the state can gain with excessive tax revenue, which will not, however, be sufficient to finance the state investment that is required.

Ladies and gentlemen, inflation is a kind of tax on incomes, which in fact are not incomes at all. It even takes the form of a progressive tax on the individual's income, and it also taxes incomes in industry. Profits are taxed in this connection although they are no longer large enough in the end to finance the investments in new and replacement equipment required in technically important sectors of industry.

We all know what inflation means for the saver and the holder of an insurance policy who is trying to put something extra aside for his old age. These people are forced to look on while their savings rapidly lose in value.

Ladies and gentlemen, it is not surprising that there has been a dramatic falling-off in saving activity in the last few weeks and months. I believe that the failure to meet so important a requirement as the accumulation of capital for

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economically necessary investments is a very bad omen for the future prospects of our Community, which needs so much capital for its Community tasks, for water, air, the environment, transport, housing, education, urban re-development and recreation. For all this we need savings capital.

If this capital is no longer available to the Community, the only way of making up the deficit will one day be higher taxes. Higher taxes are no way out of this situation because they will push up prices even higher, spark off further wage demands because the working population will want to maintain its standard of living. Thus an increasing loss of stability will pull us deeper and deeper into inflation. In the long term, I believe that this will also endanger employment, which can only be maintained at a high level if the urgently needed investments in new equipment and rationalization can be financed. I can well believe the Commission's report when it says that the social consequences of inflation will be disastrous where both the distribution of incomes and wealth and meeting collective requirements are concerned. We know what the social consequences will be for large families, pensioners and medium-sized farms where income rises slowly.

But we also know what the effect will be on the worker whose earned income grows relatively quickly: in the end he will have nothing left at the end of the week and will even have to put up with material losses.

Mr President, ladies and gentlemen, the steps that should be taken to combat inflation are these: firstly, there must be determination to act and the will to restore stability. Although the measures taken in the various countries may differ, as the report states, the decisive thing for all of them is the determination to combat inflation. I feel obliged to say that I find it doubtful whether this will really exist when one of the Vice-Presidents of the Commission, Mr Haferkamp, says during an interview on the Paris Summit Conference, when asked whether stability had been the most important topic, that inflation was not the only key to the situation, there being several of these: European union, social policy. No doubt these are important subjects, but a social policy, a new component of European politics, will not be possible unless the value of money can be permanently stabilized.

The second point I should like to make here is that the time has come to stop passing the buck, that the Member States can no longer place the blame on the EEC for dwindling stability without themselves taking the steps needed to

restore stability. There should be an end to the constant reliance on Europe to provide an alibi. European stability is as good or bad as the stability of the individual Member States.

Mr President, ladies and gentlemen, having, as states, the greatest economic potential also means that we have the greatest responsibility. The long-term measures proposed by the Commission, that is the creation of a European stability law and progress in the distribution of incomes, have my full support. In this context, I can give examples from my own country, where we are attempting not only to pay the worker cash but also give him a share in profits. I am aware, however, that it will be some considerable time before this objective is achieved. But I feel that we should seriously make this attempt to reduce the difference in incomes in the European countries so as to improve the possibilities of agreement on concerted action, which has also been proposed by the Commission as a means of controlling incomes. We should also make this attempt because we must avoid giving the impression that stability is being restored at the expense of the weakest. I am in favour of the formation of property in the form of worker participation in income from production. The company employee will thus become a partner in the company.

Other points are structural policy and regional policy. Here again I am in favour. I know that in many weak areas there are opportunities for the future improvement of the economic situation of the country concerned.

And now to the immediate measures: concerted action can only be recommended because it represents an attempt to reach agreement with the two sides of industry on the reduction of growth in incomes from labour and capital and on a restriction of money supply by the central banks. Here again very little has been done. France and the Federal Republic have already resorted to Government loans to keep money out of circulation. This too is undoubtedly a good way of skimming off purchasing power.

Another important point is the implementation of the budget. It should at least be made clear that the rate of budgetary growth cannot go on being corrected upwards. People are already saying growth in terms of real value plus 4% inflation. I remember Vice-President Barré once saying growth in terms of real value plus 1.5% inflation. That should be remembered in this context. Keeping money out of circulation is extended to a long period. Surpluses should be kept out of circulation by reducing borrowings by public authorities and increasing tax burdens with the sole objective of keeping funds received in this way out of circulation.

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Honourable Members, we can also support trade policy and competition measures and price agreements which do not have an immediate effect but produce results in the future. I do not support the statement in the report which tries to point the way to a wage and price freeze. In my opinion, the state, industry and the trade unions should try to come to an agreement on stability with the objective of averting economic and social dangers. In this the state has a leading role to play; it has the opportunity to work towards this reasonable way of shaping the distribution process by enlightening the public.

Finally, Mr President, I should like to say that the Christian-Democratic Group is in favour of the underlying motive of Mr Bousch's report. It encourages the Commission not to flag in its efforts to restore stability. It also calls on the Member States to combat inflation with great vigour.

In this House, we should not only discuss these matters for days on end but bear in mind that the credibility of the European institutions—including that of this House—very much depends on whether we succeed in winning the battle for stability.

Economic and monetary union has been highly acclaimed in advance. In the view of my group, the basis of this economic and monetary union should be the creation of a stable community. The transition to the second stage, scheduled for the end of this year, will be a positive event for our peoples only if inflation has been substantially curbed by that time. The Christian-Democratic Group approves Mr Bousch's report.

(Applause)

President. — I call Mr Lange on behalf of the Socialist Group

Mr Lange. — *(D)* Mr President, honourable Members, ladies and gentlemen, on behalf of the Socialist Group I should first like to say that we will be approving the motion for a resolution tabled by Mr Bousch for the Committee on Economic and Monetary Affairs. I shall be limiting what I have to say to a few key subjects.

Firstly, I should like to point out that the imbalance between supply and demand, caused by external events and by internal events and unduly emphasized on both sides, has resulted in price-raising tendencies which are threatening to get out of hand. Added to this are the millions of individual decisions which are reached at various levels by all consumers and are not subject to any kind of state control. The committee does of course call upon those responsible for the policy to discuss these things conscientiously

with those making such individual decisions, where they are organized. This is what this resolution also says; what is being demanded in fact is a dialogue between the industrial associations, trade unions, local authorities, provincial authorities and, if you like, the national governments of the Member States. But knowing that the imbalance between supply and demand, with the scales very much weighted in favour of demand, produces such price-raising and therefore inflationary tendencies, the question then arises as to the extent to which those responsible, including undertakings and those owning them, are in a position to restore a balance by increasing production capacity serving the domestic market in order to transform a seller's market into a buyer's market. For then the picture is quite different with regard to price trends.

And then, honourable Members, another remark would perhaps not be out of place. There are enough people—and this is also a subject of discussion at management level in industry—who rigorously take, or to put it better abuse, any chance they can in the market and thus threaten to jeopardize the whole principle of market economy. They are fuel to the fire of those who possibly do not regard market economy as absolutely vital and might prefer to see a move towards a centrally administered economy. The danger of this ruthless exploitation of the market or of changes in the market without social responsibility seems to me far greater than much of the radical twaddle which is not necessarily backed by political power. We should not forget this, we should bear this in mind and we should adjust ourselves accordingly.

If we now intend—and this is to be welcomed in this communication from the Commission, a fact to which Mr Bousch has already referred—to place the short-term economic policy, that is to say the conjunctural policy, within the framework of a medium-term economic policy, it will naturally be necessary for both the Community and its constituent parts to coordinate, harmonize or however we like to call it its activities.

And then where short-term requirements are concerned, I am convinced of the absolute necessity to pursue a rigorous monetary and credit policy that quickly skims off the surplus purchasing power which has so adverse an effect. We know that some of the countries in the Community are trying to meet this requirement. But this cannot be limited to just a few countries, honourable Members. All the countries of the Community, the Community as a whole, must meet this requirement.

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Nobody then is trying—and I also have the impression that the Member States have given up the attempt—to place the blame, as it were, on the Commission or on the European Communities on the one hand and on the Member States and those responsible in the Member States on the other. My impression now is that everyone has realized that joint action is the only solution. Isolated effort by one Member State is bound to fail. The political will that Mr Schwörer entreated the Community to develop must therefore extend into the Member States and vice versa from the Member States into the Community. That is the only chance. This rigorous policy of skimming off purchasing power must be introduced quickly. Basically, this is also what this resolution is saying. I think that that is one of the most important points.

I do not want to go into the other requirements which also arise within the framework of the medium-term and long-term economic policy, including structural policy. It seems to me that the key short-term requirements mentioned in this Commission memorandum should be dealt with accordingly. I can but point out again that being prepared to apply the political will for joint action, and this includes short-term joint action as part of the monetary and credit policy, must naturally mean the use of similar instruments in the individual countries if similar results are to be achieved. And then we have our old demand, which has been on the table for two and a half to almost three years, for a European law to promote stability, growth, employment and equilibrium in external trade.

Honourable Members, I believe that there is a great deal more to say on general conjunctural policy, general structural policy, general economic policy. I have just said I should like to limit myself to saying that we in the European Parliament should take every opportunity to support national parliaments and the Commission in their efforts to put a brake on price-raising tendencies. This is why I have just placed such great emphasis on a rigorous monetary and credit policy and the skimming-off of purchasing power.

I think, Mr President, that is all I need say. Thank you for your patience. We approve—I repeat—the motion tabled by Mr Bousch on behalf of the Committee on Economic and Monetary Affairs.

(Applause)

President. — I call Mr Fabbrini.

Mr Fabbrini. — *(I)* Mr President, honourable Members, from the analysis made by the Com-

mission in the document which has been circulated, and the resolution which we are debating, it appears that in this first part of 1973 all Member states in the Community are going through a phase of economic expansion. This is of course a very favourable development, because, as we all know, economic expansion is an indispensable prerequisite of any policy for social progress. So that we note this development with great satisfaction.

But this expansionist phase, as it is presented in the document, nevertheless has its serious and alarming aspects, and casts some rather dark shadows, which the recommendations contained in the Commission's paper ought to manage to rectify, to the extent that, if they cannot be eliminated altogether, at least their effect can be reduced. I am referring to the uncertain and unstable monetary situation following the serious crisis which we have gone through in the last few months and which is not yet resolved, and in particular to the persistent and worrying inflationary situation which my colleagues in the other Political Groups have spoken about before me, a situation which is to be found in all countries in the Community, though with varying degrees of seriousness, considerable in some cases, between one country and another. These two developments are nothing new, and have both been the subject of wide debates in our Assembly and been dealt with on many occasions by the same Commission in office in papers like the one under circulation, with suggestions and recommendations to the Governments of Community States.

Now, in the face of repeated suggestions in previous communications, and in communications which go back even to before last October, as was mentioned by Mr Bousch, we have to ask ourselves how it is that these communications, all these suggestions and recommendations, should not have had to any material extent the effect which was expected. I do not think that anyone will accuse me of exaggerating if I declare that the effect of the suggestions and recommendations in these communications has been virtually nil. Indeed, not only has there been failure to make any progress towards monetary stabilization, but on the contrary the position has worsened, both because the rate with the dollar has not been dealt with and so is still floating—which is at the heart of the monetary crisis—and above all because within the Community, for reasons which I do not want to go into but anyhow are the result of very wide structural and conjunctural differences, there has arisen the split which we all know about, a split which is certainly not irreparable but which is in any case serious and worrying; and furthermore there has been failure to con-

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tain, despite the efforts of the Commission, the Council of Ministers itself and the Governments of individual States, the rise in prices, which has now reached (as has been mentioned here and as has been shown in particular in the report) its highest peak since the formation of the European Common Market, with the lowest price increase, 5.7%, in Luxembourg and the highest (8.2%) in Holland.

We are faced with a very serious and dangerous discrepancy between the forecasts of the medium-term programme (which envisaged confirmation of the need for an increase but proposed to limit it to around 4%) and the actual rise in prices which occurred in 1971-1972, so that one could almost say, to use an expression which was used about the economic programme in Italy and the fate of the paper setting it out, that the medium-term programme could also be described as a kind of "book of dreams", when one looks at the goals which were intended to be achieved and which have not been achieved.

So that Mr Leonardi was perfectly right when, in dealing with this subject last October, he asserted that the forecasts, even if very well done professionally, were of little use if they were contradicted by the facts. And they are contradicted by the facts, he went on to say, because there is a gap between the forecasters and the real economic forces prevailing in the EEC, and it is these which affect options and act in a way which is completely independent of the indications of events which are given by the institutions of the Community.

The results, then, of the recommendations which have been repeatedly made to the Governments of the different Community States have, in my judgement, been almost nil.

I am not a member of the European Parliament's Committee on Economic and Monetary Affairs, yet I was not surprised—as someone was, on the other hand, who is a member of this committee—by the statement made by the representative of the Commission in office at the committee meeting of 5 April last in which he referred to paragraph 6 of the explanatory statement accompanying the resolution. This paragraph says that the representative of the European Commission "on the one hand had to state that the Member States had followed the conjunctural policy recommendations while on the other hand forecasting that inflation would continue undiminished".

I am not surprised by a statement of that kind, as I was saying, whereas I am surprised by what followed after it. It goes on to say that it would be incorrect—I think this concept was repeated shortly before by the rapporteur—to draw the

conclusion that the Community was pursuing a mistaken conjunctural policy.

Honourable members, it seems to me that there is a certain dilemma here which it is not easy to escape. Have Member States followed and are they following the conjunctural policy recommendations conveyed by the Commission? If they are, as was granted by the representative of the Commission at the meeting on 5 April, what is the truth of the situation we are facing? There are two possibilities: either the recommendations—which, as the Commission has recognized, have been followed—are wrong, and so lead to very different results from those intended, or they are inadequate, because they are in fact cut off from reality, and take no account of the actual movement of economic forces operating in the Community; and while these forces are, in our judgement, controllable, they are not at present under any control, but are allowed to act independently on the economy in accordance with the laws inherent in the pursuit of maximum profits. All current trends, all the options freely exercised by certain groups are dictated by the desire to achieve the goal in question.

So far as I am concerned, I am less inclined to accept the theory of a completely mistaken conjunctural policy than to favour the second explanation. This leads me to the natural conclusion that unless the separate States, and so the Community, manage to bring about fairly rapid changes in the power structure, in the sense that the political influence of the workers and the working class should be strengthened and there should be a wide choice of economic and social policies, the recommendations made in the communication under reference, and any such which may be addressed subsequently, will be seen once again to be completely removed from the real movement of economic forces, with laughably inconclusive results.

I believe that unless there is a change in the power structure which will allow workers and the working class to carry more weight in political life in the separate States, it may happen again in the future that the representative of the Commission in office may come before the Committee for Economic Affairs or before our Assembly and say that, although States are on the whole following the recommendations of the Commission in office, inflation is still continuing, and what is more at the high level of 8%, as many are now forecasting for 1973. I know that I have already taken up enough time, but I hope the President will allow me a few more minutes to raise another important question which is dealt with in the communication, especially in the report, and which has

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also been taken up here by one or two members who spoke before me. I refer to the constant es to a need for control over prices and

Now I should like to say that price control in the conditions at present prevailing in the Community is, in fact, impossible, just as there can be no control over incomes except with workers' wages. It is possible to control wages either through a consensus with labour organizations, or by compulsion. But as soon as it is a question of this, we have to ask ourselves what the workers ought to agree to accept in exchange for control over their wages, the only form of income which can really be controlled. I am thinking of the economic and social position in my country. I know—as everyone knows—that the workers and their organizations have never been against overall discussions on the economic and social situation; they have never refused to take part in such discussions, nor are they refusing now. But the real subject for discussion—and it is only in this conjunction that there can be agreement to consider an incomes policy and its pertinency—is the implementation of a well-founded and democratically based economic programme. The workers are demanding this, and they want it to be based on the introduction of reforms which are essential to economic and social progress in our country, and to the rights of her citizens.

President. — Mr Fabbrini, would you please conclude.

Mr Fabbrini. — (I) I conclude, Mr President, with the observation that the conditions for an incomes policy, for control over incomes, together with control over prices, will not be acceptable unless they include a degree of compensation which the workers, particularly in my country (though it is not a matter for my country alone), are entitled to demand as their right.

Mr President, I am sorry to have been longer than I thought, and not to have been able to cover all the ground in my speech. But I thank you for the courtesy you have shown me, and conclude by announcing that we shall vote against, in view of the marked discrepancy between what we believe and judge to be right and what, on the other hand, is indicated in the motion for a resolution.

President. — I give Mr Van der Gun the floor for one minute only.

Mr Van der Gun. — (NL) Mr President, although in my opinion one of the serious problems that

we are up against in the Community is under discussion, I should like to limit my contribution to putting one question, particularly in order not to put Mr Haferkamp into a yet more impossible position with regard to the time available to him.

I should in fact like to learn whether it is not possible to conduct a rather more well prepared debate on so serious a matter as is now before us. In my opinion we have devoted significantly more time in this Parliament to less important matters than to this matter. I should particularly appreciate it if we could have a chance of holding a well prepared debate on this matter. This matter is worth it. This debate should then be attended not only by those who have a co-ordinating task in this connection, the Commission as it happens, but I should appreciate it particularly if the Council, too, could then be represented in force.

(Applause)

President. — I call Mr Haferkamp to state the Commission's position.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, ladies and gentlemen, I am sorry to say that I will have to keep this extremely brief because I have to leave Strasbourg in half an hour. As you know, preparations are being made in one of our Member States for important decisions closely related to the subjects now under discussion. We can but welcome the fact that the Community institutions are involved.

I should very much like to express my support for the suggestions that have just been made. I am sure that we will have an opportunity in the next few weeks, for example during the June part-session, to make a very systematic study of the subject and of the necessity to make definite and more rapid progress in the fight against inflation.

Permit me to express my sincere thanks to the rapporteur and also the Committee and its Chairman, Mr Lange, with whom we are in fact carrying on a permanent dialogue on this question.

The resolution and the report submitted here on a Commission document of March of this year should not be considered as concerning this document alone. Baselines have been given which are of particular importance to the present situation and future developments. On behalf of the Commission, I can but state with regard to what the rapporteur has said and what is set out in the resolution that we welcome the suggestions, that we regard them

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as encouragement to pursue the course which we have adopted since the Council's solution last October.

As regards the items in the resolution suggesting Commission activities such as analyses, reports etc., I can only say that I fully accept them.

I should just like to repeat a basic idea that has been mentioned by practically every speaker and to give our view on it. The inflationary trend which we now face is not dangerous, it is unsocial, and we must do everything to combat it.

On the other hand, as Mr Lange has said, the answer is not isolated action. The only solution is Community action. We can say that in the last few months there has been a considerable increase in the willingness of all the Member States to participate in such Community action. In the next few weeks in particular we will have to work very hard to ensure that the measures, some of which will be and will have to be quite rigorous, are accepted by everyone.

(Applause)

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

13. *Giving of a discharge to the Commission in respect of the implementation of the 1970 budget, and report by the Audit Board (cont.)*

President. — The next item is continuation of the debate on the report drawn up by Mr Aigner on behalf of the Committee on Budgets (Doc. 38/73).

I call Mr Wohlfahrt on behalf of the Socialist Group.

Mr Wohlfahrt. — (F) Mr President, may I be allowed to make a few observations on Mr Aigner's report, on behalf of the Committee on Budgets, concerning the implementation of the Community budget for the financial year 1970, and on the report by the Audit Board. First I must compliment the rapporteur on the clarity and competence with which he presented his report. I shall confine myself to a few comments and suggestions regarding the Social Fund.

At first sight, it seems to be a sign of slackness that we are only discussing 1970's accounts in 1973. But this has been unavoidable. As you know, the new Article 206 in the Treaty establishing the European Economic Community

provides that the Council must deliver an opinion to Parliament. In fact, no opinion was given on 1970's accounts until February 1973.

In the case of the Social Fund, the impression of delay is made even worse by the fact that these accounts relate to operations which took place some years ago. Consequently the remarks which I made to the Committee on Budgets, and which I shall now repeat for the benefit of Parliament, may seem rather out-of-date. This impression is justified, especially as the Social Fund has been reorganized in the meantime, and even became operational about a year ago.

If, having said this, I draw your attention to problems which are rather old, it is because budgetary and financial control is one of the most essential prerogatives of Parliament, and it seems to me impossible to relinquish it at this stage.

Mr President, gentlemen, following my examination of the Social Fund's accounts I made several observations to the Committee on Budgets, which you will find outlined in paragraphs 10 to 14 of the motion for a decision.

They refer to the following points: the low rate of utilization of credits and the consequent tying-up of capital; the reduced staff of the Social Fund; the slowness in dealing with applications for aid; the excessive time allowed for submitting applications; the difficulty of auditing expenditure which is calculated as the basis of contracts; the unusual relationship between client and supplier, which sometimes exists between the recipient organization and the sub-contractors; the average cost of retraining, varying from 1 to 9 in the different Member States, as Mr Aigner pointed out.

But there is another point which I must stress, and which is still of current interest.

In answering a list of questions I drew up as authorized representative of the Committee on Budgets, the Audit Board wrote: "Spot checks are practically the only method available to the Community departments to ensure that the expenditure undertaken by the Social Fund is justified, as applications for repayment are not supported by any documentary proof.

Up to 1970, the Audit Board was able to participate in the spot checks organized by the Commission of the Communities, but the Commission's new regulations of May 1971 created obstacles to this practice, and since then the Audit Board has not been able to satisfactorily discharge its responsibilities with regard to the expenditure of the European Social Fund."

The nature of the problem must be made quite clear; obviously the Commission does not oppose

¹ OJ. Series C, from 4 June.

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the Audit Board's participation in spot checks. But it is seeking to impose certain prior conditions which substantially reduce the importance of this participation. In my opinion, these conditions are unacceptable, particularly as they are imposed by the organization which is being audited.

After this statement, I wondered if I was justified in asking Parliament to give a discharge on the Social Fund's accounts for 1970.

The Committee on Budgets discussed this matter and frankly speaking, decided that the discharge should be accompanied by a very serious warning, as stated in paragraph 13 of the proposal for a decision.

The European Parliament... therefore considers that any decision giving a discharge on the operations of the Social Fund for future financial years should be suspended if the problems of auditing are not resolved, and if attention is not paid to the remarks by the budget authorities.

Like Mr Aigner, I believe that this passage is crucial. To underline its importance, I propose, Mr President, that a special vote should be taken on paragraph 13 of the proposal for a decision.

I shall conclude, Mr President, by expressing the hope that the new financial regulations which the Council has just adopted will prevent the recurrence of such a situation.

President. — I have three more speakers listed: Mr Pounder, Mr Beylot and Mr Gerlach. May I take it that the list of speakers is closed?

That is agreed.

I call Mr Pounder on behalf of the European Conservative Group.

Mr Pounder. — I have the honour to speak for the European Conservative Group in this debate and at the outset I should like to express my warm appreciation to Mr Aigner for his excellent report on a most important subject to which he has given deep study over a considerable period of time. I hope that due regard will be paid to his critical observations.

When Mr Aigner introduced his report an hour or so ago he said that the passing of accounts is no formality. How right he is. When we consider the points raised in his report we would do well, although this is a late hour, to give due thought and consideration to his remarks.

While Mr Aigner makes important comments on the subjects of the European Development Fund, the European Social Fund and the research and

investment budget, it is in respect of two other sections of his report to which I wish to pay particular attention, namely, the administrative budget of the Institutions and the EAGGF.

The comments of the Audit Board regarding the administrative budget make alarming reading to someone like myself who is an accountant by profession. I find it almost inconceivable that an accounting system is so deficient that strictures regarding the availability of realistic revenue accounts can be made and that it should be necessary to refer to "the over-frequent entries of funds in accounts outside the budget" and also "the annually recurring over-spending and transfer of funds under certain budget headings which falsify the appropriations authorized by the budget authorities".

These are not my words. They are direct quotations from Mr Aigner's report. Can anybody here fail to imagine the furore which would be raised—and rightly raised—in our national parliaments if such strictures were made in relation to items of public expenditure in our own countries? Equally, we can imagine the effect on shareholders if observations of that kind were to be made by the company's auditors about the affairs of a public company. The mind baulks at the reactions which would be generated. Yet why should the administrative budget of the Institutions of the Community be in a different category? The cold truth is that there is every indication that there is an urgent need for a massive shake up, and it is the Commission's duty to see that this shake up occurs. It will be deplorable if in 1971 and in subsequent years similar strictures can be made bearing in mind the fact that the Audit Board has brought these matters to public attention.

It is however when one studies Mr Aigner's observations on the EAGGF that one is left with a mixed sense of shock and incredulity that the grave observations which he makes should be necessary.

In introducing his report Mr Aigner said that the Audit Board had stated that the guarantee section of the EAGGF was no longer subject to clear-cut control or clear-cut auditing. That by any standards is an appalling indictment. The fact that the EAGGF accounts for nearly 90% of Community expenditure makes it a matter of paramount importance that the most complete system of comprehensive records, internal and external scrutiny and full public accountability be instituted and rigorously implemented.

It is an appalling indictment that for nearly 90% of the expenditure of the European Communities' budget there is not adequate external auditing control. But not only is there an inade-

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quacy of external control, there is apparently also a lack of local supervision by EAGGF services.

I realize that when the expenditure concerned relates to vast sums of money, as is the case with the EAGGF where one is talking of 2 367 million units of account (about £1 100 million), it is very difficult to introduce and implement an absolutely fraud-proof accounting system. Nevertheless, the necessary effort must be made and it would appear that certainly in 1970 this was not the case. We must wait and see if the position was improved in 1971 and 1972.

Regrettably it is not a good advertisement for the new Europe which the Community is seeking to build that its financial housekeeping is manifestly inadequate. Of course any new venture of the vast dimensions of the Community is bound to have teething troubles, and equally it is known that the Commission is deeply concerned about the irregularities which have occurred in the guarantee section of the EAGGF. However, that concern must be translated into the most positive and immediate action.

I realize that there is a procedure laid down for the notification of irregularities but I must ask how vigorously this procedure has been implemented. I ask this not in any sense of hostility but in a genuine quest for knowledge.

Some colourful illustrations of frauds have from time to time come to light—one of the frauds which attracted considerable publicity at the time of its detection concerned the case of the person who called at several ports before finally being caught, claiming that he had imported butter from non-Community countries and was seeking the compensatory payment due to him. In due course it was discovered that his alleged cargo of butter also contained some 18 tons of railway sleepers. This miscreant was caught, but how many have escaped, bearing in mind that bogus imports being inadequately checked at the ports is thought to be one of the main areas of fraud? It could fairly be described as a case of "have boat, will fiddle".

As long as there is a lack of supervision of expenditure so long will there be an incentive for frauds to occur.

One of the most disturbing features of Mr Aigner's report is the fact that no one seems to know exactly how much EAGGF money was misappropriated in 1970. I have been advised that the figure could be in the region of 130 million units of account, but this appears only to be an estimate. I have even heard it said that the sums involved in the frauds could be even larger.

In all conscience it is grave that frauds should exist, but it is surely a matter of the profoundest concern that the actual amounts misappropriated should not be known.

One of the most disquieting observations in Mr Aigner's report is his contention that frequent instances of fraud still occur in the agricultural sector. In view of the fact that he raised the matter of agricultural frauds in this Parliament two years ago, it is a matter of importance that the Commission should inform this House what action has been taken in the light of his observations two years ago.

May I endorse his requirement that the Commission should present an immediate report on these cases of fraud which occur—a report which details the number of frauds, the sums involved and the manner of the frauds?

It would appear that there are four courses of action which can be taken, and I would submit must be taken, as a matter of the utmost urgency. There must be an increase in the number of Community inspectors at Community ports so that fraudulent imports can immediately be detected, bearing in mind that it is fraudulent claims on imports which appear to account for a substantial portion of the known frauds.

There must also be a much improved system of internal auditing checks, and an improvement in spot checking on a random sampling basis.

Clearly there is also an urgent need for a much more effective external audit control.

Finally, I look forward to the early creation of a system of expenditure scrutiny comparable to the control exercised by the public accounts committees in our national parliaments. Where taxpayers' money is involved it is of paramount importance that elected representatives should be able to examine thoroughly the accounts, and to question in depth those responsible for their compilation. Just as there is nothing which dissipates public confidence faster than bad financial management, whether at parliamentary level or at company level, likewise there is nothing which enhances public confidence more than good financial management. I submit that we have an absolute duty to fill that gap as soon as we can.

On behalf of the European Conservative Group may I commend Mr Aigner's report to this House.

President. — I call Mr Beylot on behalf of the EDU Group.

Mr Beylot. — Mr President, ladies and gentlemen, may I first thank Mr Aigner for his

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excellent and lucid report, and also, in my capacity as special rapporteur for the EAGGF, express our gratitude to him for summarizing our conclusions and proposals in his report.

I shall be brief, and confine myself to discussing the EAGGF, making a few comments and suggestions which I hope will be acted upon, perhaps even during this debate.

Like Mr Aigner and the rest of our colleagues, I was struck by that little phrase in the Audit Board's report, stating that the Board is unable to exercise effective external audit control over the "Guarantee" Section of the EAGGF.

In fact, there are many reasons for this, but two basic factors are involved.

Firstly, delays in closing the accounting periods, so that they are not closed until three to five years after the financial year concerned. Clearly after five years auditing must be very unreliable, not to say misleading. But, objectively, I must admit that the Commission has made an effort to improve the situation and make up the delays.

I realise that there have been problems, and this must be admitted. The Commission was faced with some overwhelming tasks, first the integration, then the adoption of new regulations. But I stress that progress has been made. However that progress needs to be stepped up. There are, I believe, a number of departments in the Commission which are overstaffed, while the EAGGF is suffering from staff shortage and imbalance.

I would remind you that at the present time the EAGGF represents 85% of Community expenditure, while the "guarantee" section alone represents 60%.

In any case I am sure that you will be able to give us satisfactory assurances, and above all take action on this matter.

This debate has given the impression that everything is black and white, but I am sure that the truth lies somewhere between the two, and that both the executive Commission and—I am quite ready to admit it—the EAGGF have been at fault to some extent.

In this connection, the Audit Board complains—and I think we should stress this—that some receipts have not been submitted to it at the proper time, and some not at all.

We support the Audit Board's request that applications by Member States (which are required in triplicate) should be submitted to the Audit Board immediately as documentary proof. This is in any case stipulated by the financial provisions. This should be simple

enough, and can be done immediately, and I hope that at the end of this debate, Mr Commissioner, you will give us a positive answer on this point. Why not submit these documents to the Audit Board immediately, as proof of expenditure?

A short time ago, Commissioner Cheysson, you agreed to Mr Spénale's request that all refusals to provide verification be notified automatically to the Audit Board, and for this we are grateful. I would ask also that all applications for aid by Member States be immediately notified to the Audit Board.

That is all I want to say on this subject, ladies and gentlemen. I join with Mr Aigner in expressing the hope that in future auditing will be more efficient and spot checks can be carried out, and also that there will be more random sampling. I was surprised to learn that there were no spot checks at all in 1970.

I merely wanted to stress these two points, ladies and gentlemen. In view of the above considerations, our group will vote in favour of Mr Aigner's report.

(Applause)

President. — I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) Mr President, I wish to comment on the report of the Audit Board—and make a complaint. (It is not Mr Aigner's report I am speaking about.)

In 1969, the Audit Board recommended that the administration of the Publications Office be refused a discharge because the poor administration of that office had made it impossible to recommend giving a discharge. I took this up in the report for the year 1969 by stating that the discharge which we were recommending to the Council carried the proviso that all reservations expressed by the Audit Board with regard to the discharge must be clarified in 1970 by the Audit Board. In its 1970 report, however, the Board omitted to supply this additional information.

I challenge the Audit Board to supervise its own work better and I hope that in its report for 1971 any reservations with regard to discharges expressed in the reports for the previous years will be clarified. I should appreciate it, Mr President, if we, as the body responsible for the budget, could convey our concern about this most urgently to the Audit Board, pointing out that we expect it, too, to carry out its work meticulously.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, this is the first time that the European Parliament has occasion to make use of the right to give a discharge which it has, jointly with the Council, under the new Article 203.

As the general rapporteur, Mr Aigner, has stressed, this represents noteworthy progress towards the democratization of the Community and the Commission welcomes this.

The right to give a discharge in respect of the accounts is very important because it is not possible to adopt them, it is not possible for the Commission to be given a discharge with regard to its financial management without Parliament's formal agreement.

Due to the importance that the Commission attaches to today's debate I trust that you will allow me, Mr President, to comment at some length and in detail on a report which contains observations, criticisms and recommendations which are of very great interest to us.

Permit me at first to point out that the budget for the financial year 1970 on which today's discussion centres was radically different from present budgets. This is one of the great disadvantages of the long period that elapses between the close of a financial year and its consideration using procedures which you rightly denounce.

The 1970 budget was the last Community budget to be wholly financed by contributions from the Member States. The EAGGF system then applied differed considerably from the system that has been in use since 1971. In 1970, the Member States provided advance finance for the common agricultural policy. The procedure involved clearing and payments on account, whereas today the Community provides the paying agencies with credits, in the form of advances, which they need to meet the financial requirements of the common market organizations. This difference should be noted if it is certain that the Commission can be held responsible for deficiencies or errors in the implementation of the budget. Parliament will admit that the duality of the system of sanctioning expenditure, with responsibility held by both the Member States and the Commission in 1970 for agricultural expenditure and the Social Fund, made it more difficult for responsibilities to be met, and in addition the financial burden was borne by the Member States and not by the Community's own resources.

Generally speaking, I should also like to point out very briefly, since I have already dealt with the subject, that at various points in Mr Aigner's report reference is made to the

difficulties encountered by the Audit Board in fulfilling its assignment, particularly where the audit of the operations of the EAGGF and the Social Fund are concerned. It is true that the Audit Board has not always had as immediate and easy access to the Commission's files as it might have wished. It is also true that it has not always found it possible to carry out audits on the spot.

This is a regrettable situation. Changes are called for. Many have already been made, but let us not forget that the circumstances at the time were very different. Due to the lack of appropriate provisions such as those now included in Regulation No 72/70 and that of 2 January 1971, on-the-spot audits were almost impossible. The financial regulation lent itself to varying interpretations of the powers of the Audit Board and the methods it should adopt in its work.

Today, these disadvantages have been largely eliminated by new regulations. The precise role to be played by the Audit Board is defined with sufficient accuracy to prevent the differences of opinion with regard to interpretation which have too long complicated relations between the Community executive and external control.

I should now like to comment in detail on the numerous and extremely interesting observations made by Mr Aigner and the other rapporteurs and, taking the sequence chosen in the report, I shall begin with the EAGGF, the most complex and most sensitive field.

I would first emphasize the difficulties faced by the Audit Board. In the case quoted by Mr Aigner, the guarantee section of the EAGGF, there is not the least doubt about the terms of reference of the Audit Board and they can be normally accepted.

I have great pleasure in assuring Mr Beylot that documentary evidence of requests for aid by Member States will be forwarded as and when we receive them in such a way as to facilitate the work of the Audit Board.

Like the rapporteur, we are forced to admit that on-the-spot audits have been inadequate. We are now trying to develop them by combining as far as possible the auditing of refunds and own resources. A study is now being made to establish the degree to which national auditing and Community auditing, auditing by authorizing officers and that done by authorities specifically assigned to audit, auditing at national level by audit offices and fiscal inspectors and, at Community level, financial auditing by the Commission and the Audit Board

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overlap or complement each other. The results of this study will be forwarded to Parliament, for example, during a meeting which the Commission would appreciate to discuss all the auditing problems that I have just mentioned. With the aid of the conclusions drawn in this study, it will be possible to strengthen the Community auditing system.

The Commission must also agree that it is well behindhand in closing accounting periods. It has already made a long statement on this subject in the explanatory statement of its proposal of June 1972 concerning the timetables for old periods. By virtue of the system itself, accounts cannot be finally closed until 2 years after payments have been effected, which in itself is a long time. In addition, Mr Beylot has pointed to the lack of personnel available as a result, on the one hand, of the inadequate allocation of positions and, on the other hand, of the necessity to use existing personnel to improve Community financing services as and when new market organizations are introduced. Consequently, it is true that considerable delays have occurred. Some of them are at present the subject of a plan to solve the problem from within, which has already been implemented. This will unfortunately take 2 to 3 years because we have to concentrate our efforts on the closure of both the most recent and the oldest periods.

The general rapporteur and several speakers have mentioned, as does Paragraph 6 of the report, the cases of fraud discovered in the agricultural sector. Let me first say that outside this Assembly much has been written or said about these cases of fraud and their extent which is far from accurate. I feel obliged to take this opportunity to state that some of the figures that have been published are very much figments of the imagination. One major newspaper recently said that 120m u.a. had disappeared. This was extraordinary news indeed; unfortunately for the journalists but fortunately for us, it was entirely incorrect. The audits to which the Member States and the Commission are subjected have never revealed errors or fraud of this magnitude. What is possible, in fact very likely, and very annoying is that speculators have been able in the past, and are still able to a certain extent today, to take advantage of the complex nature of the regulation of the common market organizations to achieve excessive profits.

Speculation of this kind is deplorable but should not be confused with fraud, which in 1971 amounted to 8.5m u.a. according to the evidence, that is to say the official findings, at our disposal. It is possible that this figure is below that actually involved; it would not be honest

of us to say so, but it will have to be admitted that the sum concerned was far from the figure of over 100m u.a. reported.

Mr Aigner, who is an auditing specialist, obviously does not confuse malpractice with benefits not due to the recipient. He recalled that the Commission had been invited to submit a report on the fraud; in accordance with Article 10 of Regulation No 729/70, the Commission is in the process of forwarding to Parliament and the Council its first financial report on the EAGGF, which includes some useful information on this subject.

I should like to add that the Commission approves the suggestion made by the general rapporteur and repeated by several speakers that random checks should be made. This is already being done where the guidance section is concerned and the Commission hopes to extend this auditing method, which allows a limited number of personnel to cover a wide field.

To pass on to the Social Fund, one criticism must immediately be taken up. Mr Wohlfahrt referred to a circular in 1971 which made it difficult for the Audit Board to take part in spot checks. This circular, I have assured Mr Wohlfahrt, will be superseded in the next few days by the adoption of the new financial regulation, which, as you know, has to be published without delay in the Official Journal of the Communities.

Other criticisms are made in the report or have been raised by various speakers. With regard to 1970, they are not all due, believe me, Mr President, to failures by the Commission. Many of the short-comings criticized are the result of the regulation machinery governing the Social Fund. While it cannot be denied that the time elapsing between the receipt of requests for aid and decisions on such requests is too long, the fault lies with the presentation periods stipulated by Council regulations. While the rate at which the Commission considered requests for aid was considered inadequate in 1970, I am happy to say that it is now satisfactory, in spite of the small staff available.

Relations between the Commission and national administrations, which the report claims to be inadequate, are, the Commission stresses, normal and positive. After the report, Mr Wohlfahrt pointed to the low rate of utilization of appropriations and deplored the freezing of the funds accruing from them. There is perhaps, Mr President, some misunderstanding with regard to 1970, for while it is true that the rate of utilization of the appropriations allocated to the Social Fund during that financial year remained low, no Community funds accruing

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from them were frozen. The fund in its old form worked on a clearing basis. The appropriations for the Social Fund were entered in the budget of the Communities as estimated by the Member States. The appropriations concerned were of an indicative nature and they were not made available to the Member States until after the financial year had closed. At no time, therefore, were the appropriations of the Special Fund frozen.

But things have changed since then and the coming into force of the own resources system and the introduction of the new Social Fund have changed the situation. It has thus been possible to utilize all the appropriations allocated to the fund: 55m u.a. in 1970 of a total of 56 million; 54.8 million in 1972 of a total of 55 million.

It cannot be denied that the differences from one Member State to another in average cost of retraining workers are considerable, even if it is remembered that the basic element of these costs, that is the maintenance of income during training, varies to a high degree. The Commission has drawn the Council's attention to this problem. One solution is described in Article 3 (3) of Regulation No 23/96 of 1971.

The report by the Committee on Budgets is more precise on the subject of the operational budget of the institutions. The Commission nevertheless intends devoting the same attention to such observations and I should like to say to Mr Pounder that the principles set out in Paragraph 15 of the report seem to me to be an excellent definition of the serious and unyielding character that our administration must have.

As I pointed out during my last speech, there are elementary principles which must be remembered and always satisfied.

In connection with Paragraph 15 of the report, I would also like to stress that debutgetization does not mean that no checks are made, since the Audit Board has to be granted normal access to accounts not included in the budget. That being the case, as the report indicates, I think that recourse should be taken to transfers to accounts outside the budget in exceptional cases only.

We welcome the proposal, Mr President, that Parliament set up a Parliamentary commission of enquiry into the administration of the computer centre in Luxembourg. This is without a doubt a very interesting method. A thorough study of the file and an on-the-spot enquiry will allow Parliament to gain some idea of the complexity of the problems raised by the use of informatics in the service

of the Commission and the difficulty the Commission has in reconciling the essentials of good financial administration with the political and administrative constraints inherent in the Community system.

The Commission takes note with great interest of the observations regarding the budget on research and investment.

Since 1970 considerable effort has been made to improve the presentation and administration of the operational budget. However, there can be no doubt that the absence of a decision on a multi-year research programme between 1968 and 1972 was a great handicap where budgetary administration was concerned.

In view of the Council's failure, the Commission was forced to take action in respect of administration which it cannot be disputed did not exactly fall within the limits of the existing regulations.

Within the framework of the multi-year programme adopted by the Council on 5 February, the Commission will now be able to improve the budgetary instrument of the Joint Research Centre. The principles laid down in the report, particularly Paragraph 18, will obviously be retained.

Before I finish, Mr President, I would just like to say a few words on the European Development Fund for which your Assembly does not as yet have a right to give a discharge but on whose administration it has made a number of recommendations to the Council.

I note first with satisfaction that the committee of the European Parliament is on the whole satisfied with the administration of the European Development Fund, the basic object of which it sees as being direct participation by the associated States in the allocation of appropriations as co-authorizers of expenditure with the Commission.

This involvement of the countries benefiting from Community aid in the application of this aid was requested by the signatories of the Yaoundé Convention as a means of strengthening the balanced and equalitarian character of the association.

This is the cornerstone of the financial system. The Commission fundamentally believes in a principle of collaboration, which will have to be preserved when the European Development Fund is integrated into the Community budget.

On the subject of this integration, I would also like to point out that it will fortunately and automatically give Parliament the same right

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of discharge in respect of the European Development Fund operations as it has for the rest of the budget.

Safeguarding the specific nature of European Development Fund rules will obviously necessitate procedures and financial structures which differ to a not inconsiderable extent from the Community's normal budgetary rules. The rapporteurs have realized this. An interesting example is the position of the resident supervisor of the European Development Fund which combines in one person the responsibilities of authorizing officer and financial comptroller. This goes against a basic principle of budgetary law but experience shows that the combination is satisfactory and can be retained.

Of course, there are annoying matters like OTRACO. The Commission has made a long statement on this. It has drawn conclusions which will allow it to prevent the recurrence of similar abuse. I will not go into the subject again because it has been debated at length, except to hope that the budgetization of funds, I will come back to this point, soon leads to the normalization of operations of this kind.

With regard to the European Development Fund, I would just like to take up the principles set out in the report at the suggestion of the Audit Board to say that they seem excellent to us. I am thinking in particular of Paragraph 25 of the report, which will obviously serve as a guide for us. I should like to make it clear in this respect that since 1970 the Commission has adopted a number of measures with a view to improving the conditions of competition in the choice of design offices, a subject mentioned in the report. The Commission's efforts in this respect are, however, restricted by the necessity to retain a certain equilibrium in the distribution of contracts by nationality.

Mr President, I hope you will forgive me for commenting so long in this way, but the Commission is convinced—as I said at the beginning of my speech—that Parliament's new responsibilities with regard to discharges are very important and should give rise to a significant debate. As the general rapporteur points out and as Mr Wohlfahrt has recalled, the time elapsing between the closing of accounts and their discussion by your Assembly must also be reduced.

Instructions will be given to our staff to ensure that everything is done on our side to permit Parliament to carry through the discharge procedure for the preceding financial year while adopting the budget for the following year. This is the objective I would like us to set ourselves, if Parliament agrees.

And now the Commission expresses the hope that Parliament will accept its committee's proposal and give us a final discharge in respect of the implementation of the 1970 budget and of the implementation of the operations of the Social Fund during the financial year 1969.

(Applause)

President. — I call Mr Kirk.

Mr Kirk. — Mr President, I had not intended to intervene in the debate as my friend and party colleague, Mr Pounder, had put forward, as I thought, the view of the Conservative Group effectively. It was only after listening to the Commissioner that I felt it necessary to address one or two questions to him in the light of what he said.

I feel rather unkind in so doing and I feel I ought therefore to start by congratulating him on his appointment, welcoming him in our midst and hoping that he will enjoy the work with the European Parliament, and I mean that, because he may not enjoy the questions I am about to ask him; but I hope that in the future he will find rather more pleasant surroundings and rather more pleasant things to discuss.

I accept, too, that he bears no responsibility, any more than his predecessor did, for the accounts we are now discussing, any more indeed, than do many Members of this Parliament also.

Nevertheless, I am afraid I must say to him that the statement he has just made to us, particularly in regard to EAGGF funds, is one I find totally unsatisfactory. He said to us that the rumours, the statements, in the press of the size of the funds which had been defrauded from the EAGGF accounts for 1970 were wildly exaggerated. He then went on to say what the sums for 1971 were.

I have been a Minister myself, I have exercised responsibility and I know perfectly well that this is a very good trick. We are talking about 1970. I wish to ask the Commissioner this: if the stories in the press are exaggerated, what is the true figure for 1970? If the figures of 120 or 170 million units of account reported in the European press are wrong, it is right that Parliament should know what the right figures are.

The Commissioner went on to say that in 1971 a figure of about eight million units of account had been established. He said very frankly, openly and quite rightly that this figure was probably subject to change and that it would undoubtedly be adjusted when the time came for Parliament to consider these figures.

Kirk

My information — and I admit it is not as up to date as his — is that public proceedings taken in Member States already show a figure of more than 100 million units of account missing from the 1971 figures. I think, therefore, that we need a certain amount of explanation on that point.

As I say, the Commissioner is in no way responsible for what has happened and no one can, or could possibly, blame him for what happened in 1970 or in 1971. What we as Members of this Parliament are concerned about is to establish a procedure in alliance with the Commission, we hope, to prevent this sort of thing ever happening again. We will not prevent its happening, quite frankly, unless we have a full exposé of what happened in 1970 and 1971.

My questions to the Commissioner are therefore: is he quite certain that the figures he gave us for 1971 are correct, and what is the true figure for 1970 if what was reported in the press was wrong?

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, it is getting late, so my answer must be brief.

First, I should like to thank the House for the kind words addressed to me as rapporteur, but wish to pass them on to my colleagues, Mr Wohlfahrt, Mr Beylot and Miss Flesch, who carried out an overall survey of the account-keeping for the financial year 1970 entailing countless talks, discussions and enquiries. We cannot treat this problem exhaustively today; it is not the first, nor will it be the last debate on the subject. But I think to discuss it at this time is particularly valuable, Mr President, because, first of all, we have a new Member of the Commission with us, and when a new Member of the Commission has to listen to such uncompromising argument on every count as has happened today, some change is bound to occur, not only in that Member's approach, but in the overall attitude and increased determination to get things changed; no personal abuse is intended of course—as you quite rightly observe, Mr Kirk—but the system must be changed and we must all work together to achieve an efficient system of control. That is the first message of this debate. The second is that Parliament, for the first time, has to make a decision—not a resolution or recommendation to some other body—but, for the first time, a parliamentary decision, assuming full parliamentary responsibility, not only in this House and in relation to the Communities, but also in relation to the public. I must say the public outcry over these

cases of fraud—which has thrust them into the foreground—has meant that Parliament has had no choice but to face this issue anew and perhaps with greater determination than before. That is perfectly natural. With regard to the scale of the frauds—as rapporteur I never, myself, spoke in terms of 100 or 150 million units of account lost, but I did speak of various types of abuse of different kinds:—first, there are the real cases of fraud—and I should like to say here that the total figure for these frauds increases in inverse proportion to the degree of control. When there is no control and discovery is left to chance, the figures will naturally not be the same as when arrest is easier, where one is not treading new ground but a national apparatus already exists. Here we are breaking new ground at all levels and so the total figure is considerably higher than for other types of abuse. That is one point; the other is: the great amount of trouble involved in establishing the facts of the crimes which is due to the inadequacies of the system of control—and this criticism applies not only to external control, but also and especially to internal control. I do not need to describe the difficulties involved in enforcing the regulations. As soon as you get conflicting requirements with regard to evidence, there will also be conflicting interpretations and inevitably room for abuse. Mr Cheysson, I must now turn the tables on you: the figures which have been publicized did not come from this Parliament, but from the men in charge of your own department. And when leading officials give us these figures, they cannot conjure them out of thin air—they must have some evidence to hang them on: Even if this means arriving at higher—or lower—figures, that is immaterial, since the amounts are so appalling, so enormous—whether 100, 150 or 180 millions, it is all as bad—that every taxpayer is saying: For God's sake, what are they playing at in Brussels and Strasbourg, talking of other things when all these millions have been lost. It is my view therefore that proper control could lead to a saving of between 100 and 200 million units of account, whether lost from frauds, loopholes in the law, deliberate misinterpretation of the rules or even from a clash of interests.

Mr Cheysson, just consider the following clash of interests:—where, for example, Member States are responsible for carrying out checks in the case of denatured products. When Member States get less out of the Community funds, they have to pay out more from their own resources. Quite patently, where there is such a clash of interests, the system simply cannot work. Therefore, we have to do more than take note of the situation: we have to look again

Aigner

at the whole system. In my introductory remarks, too, I stressed that this is not only a question of setting up a European Court of Audit getting the accounts in good time, establishing communication between controllers and controlled, but it is a question of integrating all the different systems better. We need a European Court of Audit which can exercise authority independently over the other bodies.

That is only one aspect of the question. If, on the other side, the Community itself wants to carry out its task, it must extend its own internal control. It has an obligation to apply the lessons gained in the operation of control to daily practice. I have already referred once to communicating pipes. The stronger the internal administrative control is, the simpler the apparatus required for external control in both personnel and material, for greater reliance can be put on the findings of the internal controllers. The two types of control should be complementary. For this reason we, in the Parliament, have, as you know Commissioner, during two or three budget debates, agreed to an increase in staff after the Commission told us they needed additional personnel to increase the internal control effectively. We, together with the Council, gave approval for these posts. Then, at the next rendering of the accounts, we were forced to realize that these posts had been used for some totally different purpose. For organization is in the hands of the Commission. And the result is that milliards of units of account have to be administered by two or three people. It is an impossible situation. The pressure on this Institution is simply more than it can handle.

May I add a word about the EDF. Today I addressed a request to the Council asking them to deal with the treaty of 22 April in a way that will invest us with authority to issue the discharge in respect of this Fund, too. We do not know what the position with regard to the financing of the other organizations, such as Euratom, or ELDO or ESSOR, will be tomorrow; they are autonomous. They must be brought into the Community system. We have been talking today of external relations, of defence. But we must achieve a common European financing system covering all areas.

The position with the EDF is this: we agreed in Kinshasa—on a proposal I made which was accepted and then taken up by the Commission—to finance the EDF in future from Community resources, that is, for example, to increase VAT by a certain percentage so that the Fund should be financed not from the Member States, but from the Community resources. Parliament's right to give discharges will then automatically

be extended to these funds. We are therefore on the threshold of a new development, and I should like to ask the Commission to represent us and advocate our view to the Council.

Once again, I wish to thank the House for this interesting debate and once again express my appreciation to the new Member of the Commission for his open-minded approach to this problem, and repeat my request, which was also made by other speakers, that more attention be given to the problem, for it is also becoming a main issue with public opinion in Europe.

President. — Before closing this important debate and proceeding to the vote, I call Mr Cheysson to reply to Mr Kirk's questions.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, first of all, may I tell Mr Kirk that I would not have indulged in such a petty trick as to give figures for 1971 in order to deny others relating to 1970. The figure, given by the Press, of 120 million units of account, which we regard as exaggerated, is not connected with any definite financial year; it is an overall figure, and the one I gave related to the financial year 1971: I merely wanted to show that the figure for one financial year was, according to statements by the countries concerned, of the order of 8.5 million, and that it was therefore impossible to suppose that for a number of financial years one could arrive at a figure of 120 million.

I haven't the precise figure for 1970 here, which Mr Kirk was asking for, but it will be conveyed to the Committee on Budgets when we examine the financial report on the EAGGF; this, I think, will be soon, since this committee is already in possession of the EAGGF financial report for 1971.

As regards the essence of the problem and in particular the question of exercising a "control" of the EAGGF, an idea which covers both the evaluation and the control of fraudulent practices, the rapporteur, Mr Aigner, has given a survey which I find altogether admirable and complete. One very great difficulty associated with this control is evidently due to the fact that, especially at the beginning, the essential functions of control were in the hands of the national administrations and that consequently the only way one could hope to prevent some of these fraudulent practices was to improve the coordination between these administrations.

Moreover, it is clear that this system is inadequate; today, it is not only possible but even necessary to improve it, and the whole

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problem of control, discussed earlier on in today's debates, is well illustrated by what must be done with regard to the EAGGF. In this connection, I fully subscribe to Mr Aigner's statements.

Mr Aigner has recalled the possibility of including the European Development Fund in the budget—that is, entering EDF credits in the budget. I gladly corroborate what I indicated in passing in my previous speech: the Commission is very favourably inclined to this project, which, in the Commission's view, seems to follow the lines desirable which must be pursued not only on the level of policy in general but also with particular reference to the EDF. This, as Mr Aigner has pointed out, should result in a normalization of the EDF's operations and hence in an extension to the EDF of Parliament's right of giving a discharge.

President. — I would draw the attention of the House to the fact that we must now hold a double vote, first on the proposal for a decision and then on the motion for a resolution.

I would also stress that, as the rapporteur has pointed out, some of the amounts shown in the proposal for a decision are incorrect. This, however, has nothing to do with Mr Kirk's question.

In paragraph I of Part I "Decision to give a discharge", the statement of expenditure should be 2 521 275 009.61 u.a. instead of 2 520 583 313.24 u.a.

In the same paragraph, the amount shown for administrative expenditure should be 117 466 533.89 u.a. instead of 116 774 857.52 u.a.

I call the rapporteur.

Mr Aigner. — (D) Mr President, the figure for "administrative expenditure" is the only one which needs changing from 116 to 117, as you say. The other one is only what results from the new figure.

From the interpretation I understood a totally different figure. Let us hope it is only a mistake in the translation. The correct figure is indeed "2 521 275 009.61 u.a.

President. — We shall now consider the proposal for a decision.

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.

We shall now consider Part I "Decision to give a discharge", that is, paragraphs 1 and 2 of the proposal for a decision.

Does anyone wish to speak?

I put Part I to the vote.

Part I is adopted.

We shall now consider Parts II and III, that is, paragraphs 3 to 24 of the proposal for a decision. I would point out that Mr Wohlfahrt has requested a separate vote on paragraph 13.

Mr Wohlfahrt, do you maintain your request?

Mr Wohlfahrt. — (F) Mr President, the Commissioner has convinced me of his good intentions, and we have heard the promises which he has made to this House. Consequently, in view of the late hour, I withdraw my request for a separate vote.

President. — Does anyone else wish to speak?

I put paragraphs 3 to 24 to the vote.

Paragraphs 3 to 24 are adopted.

On paragraph 25, I have Amendment No 1 tabled by Mr Pounder on behalf of the European Conservative Group and worded as follows:

After paragraph 25e), insert a new sub-paragraph worded as follows:

"(f) A Public Accounts Committee of the European Parliament to examine all expenditure undertaken in each financial year by the Commission should be established as soon as possible."

Mr Pounder has already spoken to his amendment in his previous statement, but he may speak again if he has anything further to say.

Mr Pounder. — If I may very briefly, Mr President, because I want there to be absolutely no doubt in anybody's mind about the principle behind, and the purpose of, the amendment. Our object in asking for the creation of a committee of parliamentarians is that it should scrutinize the accounts of the Commission and those of the agencies—EAGGF, the Development Fund, the Regional Fund, the Social Fund, and so on.

In my view such a committee is necessary, for the expenditure of the taxpayers' money must be our concern as parliamentarians.

Assuming that the House tonight accepts in principle the concept of a public accounts committee, obviously one would like it to be consi-

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dered in detail at an early date by the Committee on Budgets, and perhaps later in the year a formal resolution would be presented to the House.

What are the guidelines for the powers and functions of a public accounts committee which the Conservative Group envisages? The committee would be able to call for and must receive any papers and accounts relating to Community expenditure which that committee may seek to obtain. The committee would have the power to call for and to require the attendance of those officers of the Commission and of its agencies who are in charge of expenditure and to question them in detail about the expenditure which has been incurred. The committee would be required to report annually to the House on its work and on its findings.

For the initial period the membership of the committee, were it to be accepted, would, unless Parliament decided otherwise, be drawn from members of the Committee on Budgets.

How far back in time would a public accounts committee be allowed to go to examine the Community's expenditure? I should have thought that the ideal date would be 1 January 1973, that being the date of the enlargement of the Community. That seems to be an appropriate date from which a public accounts committee could examine in detail any matters of expenditure.

I have noticed that in Parliament there has always been a tendency to work to timetables and to set them out. The timetable which the European Conservative Group envisages for the creation of a public accounts committee is to have the committee in operation on 1 January 1974 with the power to examine all expenditure and to call as witnesses those responsible for disbursements from Community funds from 1 January 1973.

I realize that the wording of the amendment may not be ideal. What I seek to establish tonight is the principle that Parliament should establish from its own ranks an examining committee to scrutinize the expenditure of the Commission and of the agencies of the Community.

As time passed the burden of work of such a committee might be such that it would require to be a committee in its own right, but in the meanwhile, and in the interests of establishing quickly the examining structure which we wish to see, obviously it could be done within the framework of the Committee on Budgets; but I would expect in time the workload to be such that a separate committee would be necessary. However, that is something for the future.

Today I seek the acceptance in principle of the idea of a public accounts committee. I have tried to spell out what I mean. The small print and the detail could be worked out later.

President. — What is the rapporteur's opinion?

Mr Aigner. — (D) Mr President, I should like to say first that we agree one hundred percent with this request, and I should like to thank Mr Pounder sincerely for achieving so much in such a short time since he became a member of the Committee. Of course he has had the advantage of coming to the work as an expert, as others have not. I imagine we are all agreed that there must be more scrutiny of the accounts by the Committee. There is no discrepancy either as regards the form.

As far as I understood from one comment and from today's debate, the question is whether to set up a subcommittee of the Committee on Budgets or to let the Committee on Budgets act as a public accounts committee itself. There are other points to be clarified, especially with regard to the future concept of an overall control system. Therefore I should like to suggest that, while agreeing to this request, we should examine this question in the Committee as to the form to be chosen so that we achieve the right relation with the Commission and also with the Audit Board. We cannot discuss this here and now off the cuff. There are two possibilities: for one, we can definitely say that we want this scrutiny of the accounts to be carried out in a particular way. An important point to be borne in mind is that responsibility for control can on no account be separated from responsibility for approving the budget, for the a priori- and a posteriori-control cannot be separated from the budgeting process and therefore with us, in the Bundestag—unlike the British Parliament—the scrutinizing of the accounts takes place exclusively within the budget committee. There are other systems, too, but these are points we cannot go into now. The system of control in the Member States is the main problem we have to consider.

I would suggest, M Pounder, that we refer your amendment back to committee, where we should first discuss the form and then present this proposal for an amendment as a motion for a resolution to Parliament on the way in which we propose to carry out the scrutiny of the accounts. This is what I very much hope might be agreed to, for only in this way can we discuss the matter properly. I do not think we should try to reach a decision here and now.

President. — I think that the rapporteur's suggestion to refer this amendment back to the Committee on Budgets is a wise one. While I appreciate Mr Pounder's suggestions, we must not forget that the Bureau has to take account of the structure of committees. I wonder whether we ought not to follow the rapporteur's proposal. The Committee on Budgets could then discuss the European Conservative Group's amendment and submit a report to the Bureau.

I call Mr Gerlach.

Mr Gerlach. — (D) Mr President, ladies and gentlemen. I should like to point out that the Committee on Budgets already has two sub-committees, one for controlling the administration of the European Parliament and the other for controlling the administrative operations of the Community. Therefore, I should like to proceed on the assumption that this committee already exists and that—as the President suggests—we, in conjunction with the Bureau, must lay down the composition and terms of reference of this committee and jointly present them for the Council's approval.

President. — I call Mr Pounder.

Mr Pounder. — Mr President, I am deeply indebted to Mr Aigner for his comment on the amendment. Perhaps I did not make myself clear the first time. I would like him to say exactly why this is on the order paper.

As I said in my original remarks, assuming this is accepted in principle, our aim would of course be to go to the Committee on Budgets for the working out of the detail. This is not in dispute. All one is seeking to agree is a principle. As I understood the general rapporteur in his intervention, he accepts that principle.

If, on the strength of that, I were to withdraw the amendment, then nothing would be in the record. We must establish a principle. That principle I believe is enshrined in this amendment, but the moment the principle is accepted, the detail — or the small print, as we would say — has to be worked out very carefully by the Committee on Budgets.

As I see it, there is no point of difference between Mr Aigner and me on this whatsoever, but I am sorry, having said that, that I must insist on putting this to the vote simply and solely to establish the acceptance in principle. If you would like me to add some words in manuscript at the end of the amendment "and then it be further examined by the Committee on Budgets" or words to that effect, I would be perfectly willing to insert such words.

President. — I call the rapporteur.

Mr Aigner, rapporteur. — (D) Mr Pounder, from what I have understood you to say and also from the comments of other colleagues this afternoon, it seems you want the membership of this public accounts committee and the membership of the Committee on Budgets to overlap. You want a close personal link between the members of the Committee on Budgets... Don't you? That is what I understood this afternoon. So you are opposed to members of other committees taking on the work of scrutinizing the accounts alone without being acquainted with the budgeting procedure and the other auditing work. Am I right? I am assuming this, Mr President, because they cannot possibly handle this difficult work without being permanently in touch with the problems. This means that approval of the budget and control of the accounts must indeed be the responsibility of one and the same committee. If, however, we now create yet another parliamentary committee in addition to the Committee on Budgets there immediately arises the question of membership. Then you will get two committees—practically at the same time, and the questions of distribution, groups, etc., have to be gone into all over again. All this has to be cleared up; and we cannot do it here. Let me say once again, we are in complete agreement over the main issue. I also agree that we should fully endorse your right to propose this motion, and ask you to present it to this Parliament again in your name on behalf of the European Conservative Group, but after it has been discussed in the committee and with the Bureau. I should not want to alter it in the slightest, either in its purpose or approach. I simply hope to have a proposal which we have all discussed together and I hope we can find the appropriate form for this work so that the committee remains capable of handling its work. I think we are all in complete agreement on the matter. The only question is how to attain our object.

President. — I call Mr Lückner.

Mr Lückner. — (D) Mr President. I am anything but an expert in budgetary affairs. But I have been following this dialogue between Mr Aigner and our colleague Mr Pounder very closely. I have also been looking round the House and got the impression that we should really be taking on too much if we were to try to come to this decision tonight as Mr Pounder has asked. For Parliament is being asked virtually to set up a new committee or to decide on setting one up before we have had the chance to work out the terms and the results.

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But my reason for speaking is this:—a remark made by Mr Pounder—Mr Pounder would perhaps be so good as to listen to me—a remark he made gave me the impression that there has been some misunderstanding because of the interpretation. I do not know if I have understood rightly, but I am assuming so. You seemed to think that you were being asked to withdraw your proposal. This is not so. I should therefore like to say that what we are proposing is that your proposal, which we agree with, must be referred to the Committee on Budgets for examination and that it should be made the subject of a report to be presented at the appropriate time to Parliament. So the proposal is not being rejected, but this procedure has to be followed. Everything which has been said can be found in the verbatim reports and is of political significance in showing Parliament's wish in the matter.

I have been especially conscious of the fact that all the speakers we have heard have been in complete agreement on the subject and the only thing at issue has been the form to give this committee, to ensure our achieving our object. So I feel, Mr Pounder, that the "old hands", Mr Gerlach and Mr Aigner, have very good reasons for insisting on this procedure. I should be glad, Mr Pounder, if you could agree to this procedure so that we do not have to reach too many more political decisions tonight—that is, that you refer your proposal to the Committee on Budgets with the request that the Committee on Budgets, after examining it carefully, will present a report on it to the Parliament. That is my official proposal. I should be glad if Mr Pounder could agree with this.

President. — I call Mr Beylot.

Mr Beylot. — (*F*) Mr President, ladies and gentlemen, I should also like, on behalf of our group, to indicate our agreement in principle with Mr Pounder's amendment. With the creation of a new committee, this amendment may prove unacceptable; but perhaps it would be possible to change the wording and then everyone would be satisfied.

I wish to submit a new wording for your consideration. We could replace the clause beginning "a Public Accounts Committee..." proposed by Mr Pounder with the following version: "The Committee on Budgets should be entrusted as soon as possible with the task of examining all expenditure undertaken in each financial year by the Commission".

President. — I call Mr Kirk.

Mr Kirk. — I think that we are making rather heavy weather of this matter, because we are obviously all agreed on what we want to do. My colleague Mr Pounder is asking that we should accept in principle that a public accounts committee to examine all expenditure should be established as soon as possible. The establishment of that committee and the way in which it will work is, as Mr Lücker has said, a matter for the Committee on Budgets. Whether or not the matter is referred back to the Committee on Budgets—and I would be in favour of that committee taking up the matter straight away—what we as a group are asking is that we should place on record the principle that such a committee should be established. We are not establishing a committee and we have no right to do so. This must be discussed by other people. Everybody appears to accept that there is a need for this type of control. If these words are accepted by Parliament, then they commit us to no more than the principle of parliamentary control over public funds. This is something which already exists in our own national Parliaments. We do not have to say it there because it is accepted as a principle, and in this respect it should apply to the European Parliament from now on.

I believe that we should accept the words as they are and that the Committee on Budgets should make proposals presumably in the first instance to the enlarged Bureau and subsequently to Parliament as to how the matter is to be worked out. We do not need to go into detail as to whether the matter is to be considered by the Committee on Budgets, by a sub-committee of that committee, or by a new committee altogether, because these matters can be worked out later. We want the principle to be established and this will happen if we accept the amendment. I hope that Parliament will now be prepared to do so.

President. — There seems to be wide agreement on the interpretation given by Mr Kirk, following Mr Lücker and Mr Aigner.

I think we could vote on the principle itself and leave the Committee on Budgets to work out the implementing measures and report to the Bureau.

This, I believe, is the thinking behind the acceptance by Mr Pounder and the European Conservative Group of a vote's being held this evening. The other groups and the rapporteur also appear to be in agreement.

I therefore propose that we proceed to vote.

I call Mr Gerlach.

Mr Gerlach. — (D) I would simply like to stress once again that this committee already exists. We simply have to endow it with the necessary substance and principles, as Mr Pounder has suggested.

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, I must admit that I too am not quite sure what the exact purpose of the motion is. I absolutely agree with Mr Kirk that we want such a "public accounts committee" and that we want, for example, to discuss an extension of the legal foundation. But what have we in the way of law? we cannot create our own Community law by setting up a committee. We can only set up a committee for which the legal foundations are already there. But we already have the legal foundation for exercising controls through the agency of the Committee on Budgets and *via* this committee through the agency of Parliament, the auditing function on the basis of the audit report of the Audit Board. I hope I have now understood you correctly. I understand your motion, Mr Kirk, to mean that you wish for more, namely, a control including a dialogue with the Commission. But we must make no mistake about it: for that there is as yet no legal foundation. It depends upon the goodwill of the Commission whether it gives us the right to examine material in a dialogue with it although Parliament has no legal foundation for such an extension of its auditing rights.

We can, of course, say to the Commission: if you do not give us this Parliamentary right on the principle that initiatives are not granted but taken, we will make use of our right to overthrow the Commission. That is the only way. But all these questions—"public accounts committee", its legal foundation and its work in practice—cannot be settled this evening. This, in view of the far-reaching implications, is completely impossible.

When you say we want only to establish the principle and leave a discussion of all details until later, I agree with you. But then we cannot adopt this motion for a resolution now in its present form. I would suggest that we approve this motion in principle, do not include it in my motion for a resolution but refer it to the committee. Then you and Mr Pounder—due credit for the motion's authorship should be given—will be in a position to lay all these unsolved questions before Parliament in a separate report and then, with the necessary authorization, to realize these extended terms of reference in fact. I propose, Mr President, that we vote on this

motion as a matter of principle, that we approve it and that we do not incorporate it in the motion for a resolution but refer it—after it has been approved—for further discussion to the committee with the instruction that a separate report be laid before Parliament. In my opinion this would satisfy everyone.

President. — I thought a few minutes ago that the House agreed to accept this text and the interpretation it had been given.

It must either be left as part of the decision or tabled as a separate motion. The interpretation was given by distinguished Members of the House. It is for the Committee on Budgets to consider the problem as a whole with a view to applying the principle embodied in Mr Pounder's amendment. We should not prejudge the form or even the final result of the committee's deliberations, and we must respect—and I urge the European Conservative Group to comply—our house rules and the Bureau's authority in all matters concerning the structure and terms of reference of committees and any future sub-committees.

I call Mr Schuijt.

Mr Schuijt. — (NL) Mr President, I should like to draw Mr Kirk's attention to the fact that this memorandum here has been submitted by his group on his comments, relating to a closer study and improvement of the procedures of this Parliament. At the moment a committee is busy looking into this matter. Mr Kirk himself takes part in its activities. The committee will have to submit a report to Parliament within three months as to the possibilities of improving this Parliament's procedures.

Would it not now be desirable to take up the principal point in this report and to discuss it in detail here on the basis of this? Would this not be a better way of going about things than to try and guide this amendment in head over heels while another point is being debated and while opinions on it have not yet sufficiently taken shape?

I should like to ask Mr Kirk on the basis of what has been said not to insist at this moment but to agree that the proposal at this point be dealt with in the report that will shortly be issued by the committee bearing his name. We can then come back to this question. I should like to ask his group to withdraw this amendment now.

President. — I call Mr Kirk.

Mr Kirk. — Mr President, I find it very difficult to understand what we are arguing about. We are all agreed what we want to do. We are agreed on the principle. We merely want to establish tonight that this principle should be accepted. Everybody has accepted it. Everybody accepts the interpretation that the matter will have to be worked out, as you yourself rightly said, Mr President, by the Committee on Budgets in connection with the Bureau.

Why, therefore, is there this great argument as to whether we vote or we do not vote? All we are asking is that these words, which as far as I can see are accepted by everybody in the Assembly tonight, should be included in the draft resolution. If then, as Mr Aigner suggests, the draft resolution should be referred back to the Committee on Budgets, I have no objection to that. On the contrary, I would support it fully so that the matter can be placed on record as to where the responsibility lies.

I remind Mr Schuijt that in the discussions we have been having in the working group it has been clearly established that Mr Spénale as chairman of the Committee on Budgets and Mr Aigner as vice-chairman of the Committee on Budgets are the responsible members for this section of working out the proposals that we included in our memorandum last January, so there is no contradiction there either.

All we want to do—and I should have thought we could have done it half an hour ago, I do not know why we are taking so much time to do it—is to establish a simple principle which as far as I can make out seems to be acceptable to every Member of this Parliament.

Mr President, I beg you: let us proceed to vote and establish the principle.

President. — I call Mr Lückner.

Mr Lückner. — (D) Mr President, it's all very difficult. Mr Kirk, there would be no problem at all if your formulations were contained in the motion. Unfortunately, we have a very clear text before us, and I am afraid that if we adopt it we shall create confusion in two respects. The text, at least in the German translation, states quite clearly, there is no doubt about it at all, that a "public accounts committee" of the European Parliament should be set up as soon as possible. What we are debating, however, is what kind of a committee it should be. Should it be a thirteenth committee of this Parliament? Should it be a committee identical, so far as its members are concerned, with the Committee on Budgets? Should it be a sub-committee of the

Committee on Budgets, or something else again? If the German text which I have here stated that we recognize the principle of an improved control—as far as I am concerned, an improved current control—of the implementation of the budget and made provisions for the necessary measures, we could accept it.

This report, Mr Kirk—that's how I understand it, at any rate—is not to be referred in its entirety to the committee, but must, this very evening, give the Commission a discharge. We are faced, that is, with a genuine political decision on Parliament's part.

If we incorporate this text by Mr Pounder in this resolution, we shall be taking upon ourselves the obligation to set up a committee. Parliament has to decide. Now I am well aware, Mr President, that only Mr Pounder is in a position to help us out of this dilemma. I am very glad to find, after the event, support for the proposal of my friend Aigner, who has said exactly the same thing. If, therefore, we decide this evening to give a discharge as proposed by the Committee, we shall only create confusion by incorporating this text in the resolution. For this resolution will not be referred in its entirety back to the committee.

The other possibility, which I do not consider desirable, Mr President, is as follows: in fact we are all in agreement, no matter how we vote on the motion for an amendment. I have the impression that some Members of this House are not in a position to vote for this amendment. I do not know whether a majority or a minority will vote for this text, but those who for certain reasons are obliged to vote against it will then lay themselves open to the political suspicion of being opposed to an improved control over the implementation of the budget. No one wishes to lay himself open to such a suspicion.

My dear Mr Kirk, I must beg you to make an effort to avoid putting anyone in this House in this politically uncomfortable situation. Since we are in fact in agreement, there is really no objection to settling the matter as follows—and this can be moved by Mr Pounder: Parliament approves the text with the qualification that it shall be referred back to the Committee on Budgets in order that the latter may submit a special report on it. If Mr Pounder would table a motion along these lines, we could give it our unanimous approval and we should really be in agreement.

If, however, he insists on having this text incorporated in the motion for a resolution, I am certain that part of this House will not be in a position to give its approval—not because these colleagues do not want the control referred

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to, but because they wish to take their time in considering the best procedure for laying an acceptable proposal before Parliament.

I therefore beg once more that we be given an opportunity to find a common road to a goal which we all of us really want, an opportunity to decide upon the correct procedure here in Parliament.

President. — I would draw the attention of Mr Pounder and his group to the fact that whatever decision the House takes his amendment belongs in the context of the European Development Fund and would have to be placed at the end of the decision, in another place, or removed altogether.

I call Mr Pounder.

Mr Pounder. — I am indebted to you for making that point, Mr President. I was already aware of it.

What I was trying to do was to put this point in somewhere in the report. There were several possible places. I am happy to put it at the end or somewhere where it will be considered to be more suitable. I do not think anyone would object.

We have been round this merry-go-round to such an extent that I rose to propose the amendment with a fairly clear mind on what I thought I wanted to achieve. I thought this was in everyone's mind. My colleague and leader Mr Peter Kirk has already made the point abundantly clear.

In British parliamentary language the phrase "referred back" means, "buried, lost without trace for ever". That is the one thing I am anxious to avoid. Phrases like "refer back" are in British parliamentary language tantamount to rejection. I know that it is not meant in that spirit, but if we are to start having difficulties over what one is trying to express in one language which is then translated into another and it winds back in English as "refer back", everything we have tried to do in the amendment could easily be lost.

Please could we not have a vote on the principle? Of course the matter must go back to the Committee on Budgets. This has been said umpteen times and I hope that it will not have to be said again. All that we are saying is that we should set up a public accounts committee. The matter would then come back to Parliament from that committee in the form of a resolution or whatever is the appropriate method. All we want to do is to get something in writing on which the committee can work.

President. — I call Mr Schuijt.

Mr Schuijt. — (NL) Mr President, now that I hear that you want to proceed with the vote, I must just comment in the direction of Mr Pounder that we are not in the British Parliament but in the European Parliament. It is a good custom in this Parliament that with a vote on a matter as important as this—it is in fact very much a fundamental matter—as many Members as possible should be able to take part.

I therefore propose, as has already been done several times— to adjourn the vote and take it tomorrow morning at 10 a.m. at the commencement of the plenary sitting.

President. — I call Mr Kirk.

Mr Kirk. — You will recall, Mr President, because I think you were here at 5.30 this afternoon, that I then asked the President of this Parliament about his intentions as to the procedure of business. He replied that business should proceed until the Orders of the Day were exhausted. That was the ruling given by the President of this Assembly and I hope that you will not change it. We have been waiting to vote for nearly an hour; to put off that vote now would destroy the intention of the ruling which was given.

(Applause from the European Conservative benches)

14. *Tabling of a motion*

President. — Would Mr Pounder please tell us what he intends to do with his amendment?

Does he wish to maintain it as an amendment to paragraph 25, or to insert it elsewhere, for example in paragraph 28 of the proposal for a decision?

I call Mr Pounder on behalf of the European Conservative Group.

President. — We now have a written amendment with oral modifications. The latest proposal is to leave paragraph 25 of the proposal for a decision in its original form and to embody Mr Pounder's amendment in a motion for a resolution.

Does anyone else wish to speak?

I call Mr Gerlach, whom I would ask to be brief.

Mr Gerlach. — Mr President; I have a point to make in connection with the vote—and I may say that it has never yet been necessary to

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warn me to be brief. I suggest the following procedure: that we accept the proposal for a decision in the form proposed by Mr Aigner and vote separately on Mr Pounder's present text as that of a motion on its own: in that case I could also vote for it.

President. — I call on Mr Pounder to read out the motion he wishes to table on behalf of the European Conservative Group.

Mr Pounder. — Mr President, I shall read this slowly. The terms of the motion are:

"That the responsible committees of Parliament give urgent consideration to the setting up of a public accounts committee to examine all expenditure undertaken in each financial year by the Commission, a proposal which Parliament favours in principle."

President. — I call Mr Gerlach.

Mr Gerlach. — (D) I would suggest replacing "the Commission" by "all the institutions and organs of the Community."

President. — Mr Pounder, do you agree?

Mr Pounder. — Yes, certainly, Mr President.

President. — We shall first continue the vote on the proposal for a decision.

After that vote, I shall put to the vote the motion tabled by Mr Pounder and amended by Mr Gerlach.

Are there any objections?

That is agreed.

15. *Giving of a discharge to the Commission in respect of the implementation of the 1970 budget, and report by the Audit Board (cont.) — Votes on the proposal for a decision and motion for a resolution.*

President. — We shall now continue the vote on the proposal for a decision (Doc. 38/73).

On paragraphs 25 to 27, I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 25 to 27 to the vote.

Paragraphs 25 to 27 are adopted.

Does anyone else wish to speak?

I put the proposal as a whole to the vote.

The decision is adopted.¹

A discharge is accordingly given to the Commission.

I put to the vote the motion tabled by Mr Pounder on behalf of the European Conservative Group and amended by Mr Gerlach.

The resolution is adopted.¹

I put to the vote the motion contained in Mr Aigner's report on the statement of accounts of the European Parliament as of 31 December 1970.

The resolution is adopted.¹

16. *Oral Question No 3/73 with debate on the information policy of the European Communities*

President. — The next item is Oral Question No 3/73, with debate, by Mr Jahn, Mr Aigner, Mr Artzinger, Mr Bertrand, Mr Brugger, Mr Burgbacher, Mr Dewulf, Mr Furler, Mr Klinker, Mr Löhr, Mr Meister, Mr Noè, Mr Richarts, Mr Riedel, Mr Schwörer and Mr Springorum to the Commission of the European Communities:

Subject : Information policy of the European Communities.

The enlargement of the Communities has once again made European unification a focal point of public interest. This could be put to advantage to:

- step up the information of European public opinion on the political, economic and social aspects of the drive towards integration;
- to win the support of the peoples of Europe for a Community policy;
- to bring it home to the younger generation of the world that European unification will make for a new and better way of life and hence, that the younger generation will be directly affected by the success or failure of the drive towards unification.

We therefore ask the Commission of the European Communities:

1. Does the Commission think that the information policy it has pursued so far is the right way of achieving these aims?
2. If the answer is "Yes", what are its grounds for thinking so?
3. What measures has the Commission taken or does it envisage taking to harness information policy to bringing about a change in the indifference and hostility of the younger generation in Europe towards the Communities?

¹ OJ. Series C, from 4 June.

President

4. What measures has the Commission taken or does it envisage to make the public European-minded and sympathetic towards achieving political union?
5. Can the Commission confirm that its information service responsible for the Member States and associated areas is smaller than any comparable national information service?
6. Can the Commission confirm that its information service will immediately be reorganized to make it sensible, flexible and up-to-date and that it is on a scale commensurate with the task facing it?
7. Is the Commission prepared to ensure that in reorganizing its information service it will bear in mind the special nature of information work as a dynamic and unbureaucratic activity?

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 who wish to speak may do so for not more than ten minutes and may speak only once.

Finally, the author may, at his request, briefly comment on the answer given.

I call Mr Jahn to speak to the question.

Mr Jahn. — (D) Mr President, ladies and gentlemen, it is late, but not too late for information and not too late for a discussion on information policy. As the new Commission begins its work, the question which my colleagues and I have submitted, our analysis and criticism, are not directed against the new Commission nor against the member of the Commission responsible for this sector—our former colleague, Mr Scarascia Mugnozza—but against the system, the organization and structure of the Community's information policy as obtaining hitherto. If work in the sphere of information, of public relations, means that good performances, good policies must be well interpreted, that is to say, that not only good things must be done but they must be talked about, then we are obliged to recognize that our work in the Parliament and the Community has poorly interpreted.

The Community has not sold itself well to European public opinion. It is a fact that so long as the European Community has existed, publicity, both in theory and in practice, has been neglected not only by the governments of Member States but also by the Communities themselves. In the individual Member States, it has long been a matter of common knowledge and practice that the realization of any policy requires the support of as large as possible a sector of public opinion; and this has been ignored right up to the present day in the creation of the new and greater reality of

Europe. This Europe will come into being only when the politicians are backed up by a European public opinion that is positive, even insistent, because it is well informed.

Since the information service of the, as they were then, three European communities was founded, its functions and its dimensions have never been finally settled. The governments concerned lacked interest and failed to appreciate that such an information service must be given the dimensions and the resources necessary to enable it to fulfil its tasks effectively.

These tasks were to inform all sectors of European public opinion on the political, economic and social aspects and goals of European efforts at unification; to win the support of the peoples of Europe for the policy of the Communities; and above all to make it clear to the younger generation that the creation of a united Europe is at the same time the creation of a new and better way of life and that the younger generation will therefore be directly effected by the success or failure of this work of unification.

The result has been that after twelve years, despite all efforts, European public opinion is ill-informed and the younger generation largely regards the goals of the European Community with disinterest and disapproval. In the view of my colleagues and myself, the enlargement of the Community is the last opportunity to give European publicity a new dimension and new, decisive points of concentration. This task is of vital importance for the Community if by 1980 it is to be assured of a public opinion that shall be genuinely interested in achieving political union and display a European awareness.

The existing information service is not the fruit of a systematically thought-out, purposeful conception forming part of the Community's policy as a whole. Its organization and resources stand in grotesque contrast to the importance and scale of the task which it should have been fulfilling for years in this Community. If the long years in which European unification has been stagnating and technocracy becoming more persistent have encouraged the spread of indifference *vis-à-vis* the idea of Europe in European public opinion, this is due in no small measure to the fact that no one was prepared—I am not blaming anyone in particular—to court this opinion with appropriate resources and imaginative publicity measures.

In his thoroughgoing analysis, Mr Schuijt points out repeatedly, for several years, inadequacies of staff and material equipment and the absence of any attempt to develop a general awareness of the Communities apart from purely technical

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information. If, Mr President, we compare the scale of national information services with the European, we find, according to the size of the country concerned, a proportion ranging from 6:1 to 20:1 with regard to staff, means and material resources in favour of the national information services, and a proportion of 10:1 with regard to financial resources. This comparison takes no account of the fact that the European information service, in respect not only of geography and languages but also of psychology and research into public opinion, has had, within the Communities alone, to cope with problems that are much more highly differentiated and complex. There has certainly been no lack of goodwill, and attempts have been made to launch far-reaching campaigns. There has been nothing to complain of with regard to the general quality of the officials employed in the information service; they have done their best and have achieved much with meagre resources. This we can say with a knowledge of the situation as a whole. But have we really, particularly in view of the deficiencies with which we are faced, thought out the choice between precise, specific information and widespread mass publicity, between giving information on the work and the development of the Community and the formation of a European awareness? There have been the beginnings of a dialogue with the younger generation, but what has come of them? Why have years gone by without harnessing the imagination, the restlessness, the questings of this younger generation, without persuading them to take a stronger interest in the so difficult, yet so fascinating act of creating yet greater unity in Europe? Why have we not drawn the necessary conclusions from the realization that only mass media, radio and television could hold out prospects of success when working for the mutual understanding and bringing together of the more than 250 million inhabitants of Europe? What has been done, in the way of developing these aspects of publicity, to exhaust these tremendous opportunities? Mr Schuijt stresses in his report that, if we take the films that have been produced as an example, it was not the quality that gave cause for dissatisfaction, but the quantitatively inadequate equipment and the equally inadequate exploitation of what had been produced. On the national level, as many as five or six hundred copies were made of important films in order to inform the public as rapidly as possible on some political subject; in comparable cases, the Community information service, covering from six to ten countries in four or five languages, had between 50 and 70 copies at the most at its disposal. The true cause of the failure to develop a European publicity capable of having an impact on broad

strata of the population lies primarily in the lack of any long-term planning and coordination of all personnel, material, technical and political factors necessary for a dynamic and elastic publicity service.

An unbroken development can only be achieved if the political will is there and also if the proper means are available. And continuity, in addition to quality, is essential for the growth of confidence between the givers and receivers of information, which alone is capable of generating any effect upon set views and habits. The attempt made a few years ago to foist the bureaucratic experiment known as "planning program budgeting system" imported from America, onto the recently established, weak and understaffed Directorate-General for information and Public Relations instead of seizing a politically decisive opportunity such as that following the first Summit Conference to gather all available forces together for the sake of launching an effective policy was surely ill-advised. Personnel and organizational problems of the first importance remained unattended to and all action in the sphere of public relations was confined to endless meetings of an administrative nature. As a result of the unproductive and ever-increasing concentration on administrative problems, too little room was left for the task of winning over public opinion for the political work of the Commission, the Council and the Parliament and backing up the work of European unification by securing for it the mark of democratic approval and the support of the peoples of Europe.

In conclusion, I ask: can things remain like this? Can the new enlarged Community afford, in this sphere to continue living from hand to mouth? Does not the world look to this Community with growing interest in expectation of an answer? Do not the new member countries in particular wish to be better and more completely informed about the Community which they do not yet know, by which they are often greeted with mistrust? Is not Norway a warning example of this demand? A change requires, however, a new target for public relations work and a radical revision of the political scale of this task. It requires an adequate framework of high-quality staff—that is, the setting up of an efficient, modern public relations undertaking. This does not, however, mean—and I want to make this quite clear—that proven experts in public relations should be replaced by outsiders who, to some extent at least, are new to the job (this is what happened recently in Brussels, where a unique chance for reform was missed as a result). The damage, in a human and political sense, that has been done by thoughtless application of the mechanics of enlargement means a regrettable

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weakening for the Community's public relations. The experience gathered by our publicity experts constitutes an investment which must be protected. We are well aware how long it takes to gather experience in this sector, experience which can later be made use of. We must cultivate solidarity with the European idea, we must not allow the work to be destroyed!

The European Community needs a press and information service capable of transforming political initiatives, decisions, developments and events into the language of public relations in all sectors. The information offered must be equally effective in two directions:

- (a) All sectors of society and the economy affected by the policies pursued must be covered by a deliberate system of individual and group information in order to secure their understanding and approval;
- (b) The broad masses of the public must be kept informed about the trends and goals of Community policy, both general and sectoral, in order that they may become the vehicle of European integration and the indispensable process of identification with Europe set in motion.

The mass media are best fitted for this purpose, and their development should be one of our most urgent tasks. Constant observation of public opinion, of its reactions, its criticisms and its wishes make it possible to strengthen the psychological foundations of information policy and to avoid mistakes of information policy. A systematic check upon the results achieved should lead to a quantitative and qualitative improvement of the information offered. This should supersede those forms of administrative pre-control which shackle and in many cases entirely prevent the carrying-out of spontaneous actions. Finally, the internal structure must be determined solely with a view to achieving the best possible working methods.

Hierarchical elements should only make themselves felt when it is a question of observing the needs of political expediency and of keeping the main political lines of information under surveillance and further, of adhering to indispensable administrative principles. Publicity is pursued not by obsequious toadies but by creative teams. For this purpose we need budgetary resources many times more than those resources we now have at our disposal. We must convince this Community, this Parliament, of the need to make these means available, otherwise our colleague Mr Scarascia Mugnozza will in a few years be exposed to the severest criticism. We must all realize our responsibilities. Europe will only become united in a political union

when all Europeans understand that this is the only possibility for the future.

President. — I call Mr Scarascia Mugnozza to answer the question.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. —

(I) Mr President, honourable Members, I should like to express my thanks to Mr Jahn and to all those who introduced the question, and to thank Mr Jahn especially for the way in which he presented it, and for the ideas he expressed. It is late, and I do not want to spend too long on some of the points, but I hope I may be excused if I give a reply which is in keeping with the importance of the subject.

I have already stated to the responsible parliamentary committee that the Commission has not yet had a thorough discussion on the information budget and the related programme, but it has examined the main points, and I am sure that this debate will be of value, particularly as regards the next few years' activities, because I believe that before the end of the year the Commission will be in a position to bring out a complete programme, especially for the next two-year period. I hasten to add that for a working paper—and for background—the Commission made use of the resolution adopted by the European Parliament on 10 February 1972 following the report by Mr Schuijt, who has always shown such interest and diligence over information matters.

The Commission turned its thoughts to two aspects, the situation inside and outside the Community. Inside the Community the basic aim is to create a sense of European identity in its citizens, and to make them aware of the historic events they are living through. Outside the Community the aim is to present a true picture of a Community desiring to make a contribution to world peace and prosperity. In particular, the Commission is anxious to improve information in the United States; a programme is being worked out for establishing contacts in the public information media so as to bring about a better understanding of Community problems, leading up to and during the important negotiations which are due to start shortly. I should add in this connection that the Commission will be asking the Council for an increase of staff in the Washington office, and that Mr Schuijt's proposal for scholarships for the United States is already being studied.

But, both for internal and external policy, the Commission is of the opinion that the main goals are to be attained through following the objectives of social-economic and social-political

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policy for European unification, going on from the European Market to European Union.

There is another objective: a continuing flow of information on the activities, trends, proposals and decisions of Community institutions, and more generalized information which leaves immediate topics and stresses the overall growth of the Community. In this connection the Commission will highlight the main stages and more important developments in the life of the Community, as well as in the life of each Member State, to illustrate the steps being taken towards European unification.

To come to the doubts expressed by Mr Jahn, especially on whether we are sure that what has been done up till now is the right way to achieve the goals on which the Commission and Parliament are agreed. I should like to say that I do not think in fact that there is any one right way, nor that none of the methods employed is capable of improvement, and above all I do not think that there can be an ideal information policy thought up in the abstract, without any account being taken of the general policy which it sets out to publicize. We have all—I think—been struck by the Summit recommendation that information should respond better to what is causing people concern and that Community activities should provide a means of bringing the peoples together, and by the emphasis on the need to give a clearer explanation to our own people and those of the whole world of why and how we hope to build Europe.

Unless we start from these reference points and follow these policy guidelines we cannot carry out an effective European policy. And this is the only way for us to carry out a worthwhile information policy, since only in this way can we give credibility to our intentions and so be able to communicate them in our information and our efforts to win over public opinion. Certainly we must improve all the time, if only to keep in step with developments in institutions through which we can reach the public, and with new Community goals and progress towards European unification.

Our peoples are not hostile towards European unification, they are indifferent to it; only a few minority groups are playing a positive role, though they are much more numerous than the minority groups who are against it, even if these often make the most noise and are given a readier hearing by some of the more sensationalist sections of the Press.

What are the main criticisms levelled against Europe? People say that the European Community is bureaucratic and ruled by technocrats,

it speaks a language which is incomprehensible to the man in the street, it knows nothing about the many problems of the modern world, its aims are largely concerned with trade, it is a capitalist organization, it takes no interest in the consumer, it does not look after the interests of the developing countries, and finally that it accentuates the hostility between the two blocs, and is an obstacle to an agreement between East and West. These are the main points of criticism, which I think it is up to all of us to counter actively, but in concrete terms. In this sense, I believe that the support of the European Parliament can be extremely useful for the Commission.

The second problem raised by Mr Jahn concerns young people. I should say though, that it is not so much a problem of young people as of the younger generations, since young people are not a body separate from the rest of the population.

On the whole young people express, often more fully, the attitudes of the rest of the population: indifference, an active minority of opponents, a minority which is committed—often critical, but sufficiently well-disposed. In this context I should like to mention that recently in one Member country a good hundred youth associations of various trends chose Europe this year as their first study subject. I could quote other examples which might be encouraging for us or in any case are an indication of trends among young people.

To make young people receptive, we must bring out some of the realities which answer the criticisms advanced against us. In particular, we must show that Europe is for the transformation of our society, for the quality of life, for the raising of living standards for its inhabitants; that Europe is for the evolvment of young nations, for peace, for participation by the people in setting out the goals and functions of Community institutions.

I believe that these are the targets we must set ourselves if we want to create the kind of information organ which will demonstrate—as I have already said—our credibility.

The Commission, as Mr Jahn knows, has done all it can, with the slender means at its disposal (particularly in staff) to broaden the scope of information in schools, and outside too, through publications, audio-visual aids and other means. But it is conscious of its own limitations, which certainly exist. In substance I do not quarrel with what Mr Jahn has rightly said, but clearly the Commission cannot be expected to assume on its own the burden of providing an information service extensive enough to change present indifference, if not hostility.

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In my view two conditions are necessary for achieving results. First of all, facts must be made to show that Europe is not, in President Pompidou's words, "a businessman's Europe". That is to say we shall obtain a favourable response as soon as we can show progress in our social policy, regional policy, environment policy, improvements in the quality of life, and progress in our education policy. Member-State Governments, all of them, must also agree to look on their youth and education policies as part of the Community system and purpose, even though there is no provision for these policies under the Treaties. This seems to me to be a fundamental point; otherwise, we shall never have any possibility of reaching young people. If what I have mentioned should not happen, it would be a waste of time to expect anything from young people except scepticism. So long as Member States do not agree, unreservedly, that the policies in question, with all that they imply (meaning free movement for students and teachers in universities, reciprocal recognition of degrees and diplomas, exchanges, adaptation of educational programmes to European realities), should be dealt with under a common policy in which the Commission can exercise its function, no results will be achieved.

At this point I should like to refer to the proposals which have been put forward as first steps in the activation of a common youth policy, and the interest with which the Commission—as I said a few days ago to the responsible parliamentary committee—is awaiting the European Parliament's opinion of them.

What can be done, again asks Mr Jahn, to create a European consciousness and to make public opinion receptive to the concept of achieving European Union? I think that I have already given an indirect answer to this question elsewhere in my speech, when I said that information policy must aim at bringing in everyone; businessmen, unions, consumers, ordinary citizens, and must include all institutions of any importance, whether material, spiritual or cultural.

We ought then to pursue every concrete possibility, but eschew the abstract, and make Europeans realize that each one of them, whatever his race or origins, is a citizen with full rights in a multinational Community still in process of formation. We shall endeavour, then, to be patient in explaining and illustrating the concept of Europe, which is part of reality for every European throughout his life, because we believe that the European entity is a dynamic entity in continuous development. We shall make use of all information media, but clearly everything cannot be done by Brussels alone.

There must accordingly be some decentralization of our activities, with more impetus given to our outside offices, where they exist, and with the creation of new ones where they do not; we must also make use of all the "multiplier" organizations that we know of or which we can set up, such as unions, various associations, agricultural organizations, youth movements and universities, with special efforts in new Member countries. But above all I think that we ought to try to achieve greater diversification in information, in the sense that it should be adapted more for public opinion and requirements in each country, as well as being more suited to meet the needs and requirements for each particular category.

But that will not be enough in itself, because unless there can be some "feed-back" from all the information put out by the European Community, not only as an indication of the effect our information is having but also as a guide and critical pointer for Community activities in general, everything we have said up to now and everything we may have been able to do will have been in vain.

Then, what are the methods we shall employ, asks Mr Jahn. Well, I should like to repeat what I said in committee, that I am not in a position at the moment to give precise indications. As I have stressed, there have been extensive staff changes in the Directorate-general for Information, and there are considerable problems due to the enlargement of the Community and to the new tasks assigned us by the Summit, and above all to the new sense of responsibility which comes from the intention to give the Community a more human face, in accordance with what its peoples may want to share in.

And so, if the Assembly will allow me, I should like to reply, for the moment, that we are working on a complete programme which we shall be in a position to put forward immediately after the summer holidays. For the time being I intend to maintain closer contacts with the responsible parliamentary committee, so that between Parliament and the Commission there is not only an atmosphere of understanding but the opportunity for a mutual exchange of experiences, which will help the Commission to become better and better informed in dealing with what is admittedly a somewhat difficult area. But Mr Jahn will allow me to say that I do not believe the Commission should be isolated in its activities in this field, and should give no attention to what is being done in Member States. Both information systems should work together.

I have already been in touch with ministers and under-secretaries who are concerned with information in Member Governments. I can give an

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assurance that we shall continue to work in close collaboration with government departments, and that before the end of the year we shall have a number of meetings—which I hope will be profitable—to increase mutual collaboration in this field of activity, which ought not to be centered only on the European Community, but should also derive an impetus from activities in the separate States.

That, honourable members, is the answer I have ventured to give. The need for action in this field can be seen from what is happening every day. I hope, as Mr Jahn was good enough to say, that in future years no criticism—I do not of course mean against me personally, but against the Community—will be raised; if there is none, it will mean that we have overcome our difficulties, and won over our citizens.

President. — I call Mr Broeks.

Mr Broeks, *Chairman of the Committee on Cultural Affairs and Youth.* — (NL) Mr President, honourable Members, the questions that have been put by Mr Jahn and members of his group were in fact submitted some time ago, a fact that is also evident in that they are in part supported by a number of members who no longer form part of this Parliament. I do regret it a little that the questions have not been withdrawn in the meantime, as Parliament has after all appointed a new Committee since then, namely the Committee on Cultural Affairs and Youth, which will also concern itself with information policy.

I think it is worth my acquainting my friends in Parliament of the fact that the new Committee has in its first meeting already looked at information policy, which forms a particularly important aspect of its work.

Discussion took place in the presence of Mr Scarascia Mugnozza. We asked ourselves what our verdict should be on the European Commission's information policy. Has this policy failed, and if so, on what points? Do plans exist, or sufficient personnel and financial means? Mr President, all of this will have to be looked at by our Committee.

It goes without saying that in this respect we took the report on information policy as was accepted by this Parliament in 1972 as our point of departure. I have the Schuijt report in mind. We have in the meantime agreed with Mr Scarascia Mugnozza that he will attend our Committee every three months to keep us informed on information policy. However, we are pleased that he will also additionally be

prepared to discuss his interim plan for 1973 with the appropriate Parliamentary Committee before submitting this to the European Commission, with a view to examining what desires we still entertain on the matter. We have also agreed with him regarding the 1973 and 1974 budgets, now that Mr Scarascia Mugnozza intends submitting a two-year plan, to discuss budgeting policy with him beforehand. This, too, has been promised us by Mr Scarascia Mugnozza. I shall not dwell further on the questions that have been put by Mr Jahn, nor on the answer given to these by the Commissioner. From what you have said, Mr President, I understand that a further four members wish to speak on behalf of the various Groups. So the debate will still go on for quite a time. I feel it worthwhile, however, to acquaint you with the activities with which the Committee on Cultural Affairs and Youth is concerning itself.

President. — I call Mr Schuijt on behalf of the Christian-Democratic Group.

Mr Schuijt. — (NL) After hearing the wise words from the chairman of the Committee on Cultural Affairs and Youth I felt inclined to keep quiet. On the other hand, I think it would really be out of place if we were not to respond to the fascinating address given by Mr Scarascia Mugnozza.

It is with pleasure that I recognize in the address by the Vice-President of the Commission a number of ideas and concepts that he duly defended with great enthusiasm in his capacity as chairman of the Political Affairs Committee during discussion of the report that bears his name.

I am pleased by the fact that Mr Scarascia Mugnozza now as Vice-President of the Executive in this respect speaks the same language as he did before, when he was Chairman of the Political Affairs Committee of this Parliament. Things can turn out differently when a member of Parliament transfers to a government job. This is fortunately not the case here.

I should like to make use of this brief but not unimportant debate to bring one sole aspect to the fore to which I attach particularly great value, namely the "feed-back" about which the Commissioner spoke. To my way of thinking not enough attention was paid to this aspect. I got this impression when I read through various reports and the Commission's reports of recent years on the opinion polls carried out. In doing so I made the remarkable discovery that there was a certain correlation in time between the opinion polls that were carried out in 1961 and

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1962 and 1970 and 1971 and the debates that were carried on in those years in this Parliament on information.

We have no longer pushed the matter in the last few years, but is it not of utmost importance that research on the attitude of the European citizen towards European unification and his rejection or acceptance of this aim be carried out more systematically and more periodically?

If the Commission finds it important—and I do not dispute this—to call a meteorological centre for Europe into being within the framework of scientific and technological policy and if the Commission finds it important to sound out the captains of industry every three months on the situation with a view to conducting its market policy, why could not then an investigation be made every three months, or at least systematically and at fixed periods, into the trends of opinion, to the advantage of this important “feed-back” upon which policy must, after all, be built?

This isn't really such a silly idea. After all, not one company will launch a product on to the market if it hasn't first carried out a market analysis to investigate whether there is room on the market for this product. I think that even governments and large political parties are careful about taking decisions unless they have sampled public opinion beforehand.

A constructive policy can only be built up when the information that reaches the Community or the Commission rests on clear and marshalled facts.

I should like to end by saying that I thank Mr Jahn for the fact that with his well-known enthusiasm and expertise he has managed briefly to bring this matter to our attention, even though this is at a time when the Commission is already actively occupied with it.

I hope that we shall once again have the opportunity of going into this matter more thoroughly.

I should finally again like to emphasize the importance of the aspect of systematic and periodical investigation into the reasons underlying the attitudes of the European citizens, as a basis for a policy aimed at creating a European consciousness, as Mr Scarascia Mugnozza called it. This European consciousness ought to be the forcing bed for any information on topical affairs. To neglect this aspect over a period of time would be putting the cart before the horse.

President. — I call Mr Seefeld on behalf of the Socialist Group.

Mr Seefeld. — (D) The Oral Question put by a number of colleagues gives us a good opportunity to speak once more about Europe's information policy. On the last occasion, exactly one-and-one-quarter years ago, namely on 10 February 1972, the situation was reviewed in an exhaustive debate in this Parliament, and wishes, suggestions and instructions were addressed to the Commission. The question put today under Oral Question No 3/73 deals almost exclusively with that debate, with the report by Mr Van der Stoel and with the motion for a resolution which we adopted on that occasion after our discussion in Parliament. As I read the present question, I had the impression that what we wanted was to give the Commission an opportunity of stating here in public what in our debate had been found to be useful and turned into hard fact during the last fifteen months.

Insofar as this is true, my colleagues and I welcome the question. I must add, however, as the Chairman of the appropriate committee has already done, that since this question was tabled an exhaustive exchange of views with the appropriate member of the Commission has taken place in the Committee on Cultural Affairs and Youth and that, to my great satisfaction, Mr Scarascia Mugnozza has put forward a so-called transitional programme for 1973—for he is, of course, new in the job—and in addition has promised that he will work in close cooperation with this committee. Of the sixteen persons who signed the question, only one is in this committee, and that may be the reason why this point has tended to go unnoticed.

Allow me to make a few remarks. It seems to me unnecessary that we should now once more go over the so exhaustive debate of February 1972. I, for one, stick to what I said on that occasion and to the decisions that we reached in common. I cannot conceive that we should all have acquired fresh knowledge making what had been said on that occasion superfluous. If I make a few remarks, I would ask you to understand them as making perhaps a contribution to the work of the Commission for the next few weeks and months. I will begin by observing that when the Communities were due to be enlarged we demanded a revision of the distribution of responsibilities for implementation and coordination. When this perhaps very generally formulated but, in my view, nevertheless critical demand was put forward, certainly no one thought that on the enlargement of the communities changes of personnel would be given precedence over objective considerations. Unfortunately, however, in the very sector concerned with information policy persons who were undoubtedly well qualified had, so to speak, to be sacrificed or removed on account of the new situation.

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This is not intended as a criticism of those who have now taken over these posts or are due to take them over. Against these gentlemen I have nothing to say. I only wish to put on record that highly qualified persons were deprived of the opportunity to exercise their functions—to put it cautiously. And I for one regret it, for we had the hope and indeed the impression that at least something had been set in motion by them along the lines of the intensified information policy which this Parliament had desired.

Even after today's statement by the Commission, the old truth remains unimpaired, that the impact of this Parliament, the Commission and the Council on public opinion is too small. It has admittedly increased a little, so far as Parliament is concerned, since the enlargement of the Community. But the range of problems dealt with here is still far from being properly grasped by far too many citizens of our Community, and for the immediate future this situation will, unfortunately, probably remain unchanged. Parliament has still not learned how to present its important work in the proper light to the citizens of our nine States. The cure for this lies not only in increasing the staff concerned with public relations and not only in the allocation of more funds, but also in the systematic processing of sectors of the population which are of critical importance for the formation of public opinion. In this connection, I attach great importance, for example, to the invitation of journalists from all countries and regions of the Community. If such journalists, who otherwise work far removed from the centre of politics, have an opportunity of forming a picture, here on the spot, of the varied nature of our work, the understanding which they here acquire for European affairs will certainly, as it were, become deposited in the local papers and wherever else they may write.

Our work with the press naturally entails a disadvantage when compared with that of the national parliaments and governments. I need only refer to the problem of languages. Every statement made on the work of our Parliament must first of all be translated into the languages of the Community. Since this naturally takes time, it means, in turn and inevitably, a delay in the presentation of news and information. Journalists know only too well how important speed is for their profession.

When I mentioned public opinion just now, I was thinking in particular how important it is to stress once more that we must have an information policy deliberately aimed at definite groups of our population. I shall not even try to describe, or to repeat, the things that we all have considered so necessary for the consumers, for the

younger generation, and especially for the workers. But it is precisely these groups whom I have just mentioned who often have the impression that we do far too little for them and far too much for agriculture, for industry or the economy, because they have no idea of the detailed work we do here and of the manner in which it is done.

To demand Europe is easy; to achieve Europe is difficult, and to understand Europe is for many of our fellow citizens the most difficult of all. We who bear our responsibility for Europe must all take care to ensure that our work in this institution is more effectively presented to the public.

Before I conclude these brief remarks, allow me to quote one last, quite simple example to show how difficult this is. It should be possible for the work of the Communities to have a greater impact upon radio and television. Admittedly, our national television and radio services attach importance to certain events in and around Europe—agricultural ministers arguing deep into the night are popular figures on the television screen. But when, as yesterday for example, relations between Europe and the United States of America are discussed and debated here in this House and an opinion is formed, then the television viewer learns today practically nothing about what was going on yesterday evening. Instead, he is largely informed of how yet another governmental crisis or *coup d'état* has taken place in some distant land in Asia or somewhere else in the world. I trust you understand what I mean. There must be a better sense of proportion: the citizen of Europe must be better informed of what is vitally important for him here.

I should like to conclude by thanking, on my own behalf and on behalf of my colleagues, all who have so far been concerned with information policy. I appreciate the difficult conditions in which they have had to make do with tools that were woefully inadequate.

I call upon the Commission and also upon the Bureau of our Parliament to persist in their efforts, to do more than they have done so far, for the formation of public opinion embracing millions of people in Europe depends upon the proper presentation of what is being done for the European cause, and this is not exactly unimportant.

(Applause)

President. — I call Mrs Carretoni Romagnoli.

Mrs Carretoni Romagnoli. — (I) Mr President, I think it has been extremely useful that members

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have put a question on the subject under discussion, even though the answers given—it could not be otherwise—are completely provisional. The reply given by Commissioner Scarascia Mugnozza was also provisional, though it had a number of points of interest, as I shall try to point out, and so was to some extent the speech by the chairman of the Committee on Cultural Affairs and Youth, which began to function a short time ago.

So as not to take up too much of the Assembly's time, I shall restrict myself to two comments. Commissioner Scarascia Mugnozza—and this is the first point to which I should like to draw members' attention—I do not think it is just a question of reinforcement or being more efficient. What is probably needed is a series of improvements in the methods employed. It seems to me that it would be very easy to make certain improvements—other members have said so too—by a careful study of the Schuijt report. Let us beware of the assertion (this is not my own observation, but a remark that I welcome) that in every instance we must make information more accessible, because today, throughout the world, there is a great discussion about the difficulties of handling information. We are just in the early stages, and let us try to do all we can not to run this risk, but to avoid it. It seems to me then that the choice of the right working method is the best possible way of avoiding the consequences I have referred to.

The second observation I wanted to make is this. I agree that Mr Schuijt's report is taken as a basis, it is a report which I consider to be a mine of information, suggestions and food for thought.

Both the first point made at the beginning of the question, and a certain shrewdness behind some of Commissioner Scarascia Mugnozza's assertions, lead me to make my second observation. Unless I am mistaken, Commissioner Scarascia Mugnozza stated that the image presented by information will be a good one if the actual policies conveyed are also good. It is useless of course to try to put marvellous information systems into practice if the actual policies are not good ones, and if existing problems are not dealt with. I too associate myself with the praises accorded Commissioner Scarascia Mugnozza for having made a speech more fitting a parliamentarian than a statesman.

So far as I am concerned, I believe that both the image and the reality of the Community are natural limits to the degree in which the peoples, and the young, can be reached. Heaven help us if we were to think that some kinds of truth depended only on lack of information! Certainly it is necessary to have a well-organized information service, but the real reasons for certain

situations are to be found elsewhere. I ask members to forgive me if I repeat things which have already been said, but I wonder what can be the influence on public opinion, and on the young whom we are always talking about, of a Community whose decisions—I am not making any criticisms at the moment, this is not the right place for it—are taken by summit methods, that is to say undertaken by top authorities who give no explanations of any kind, and regularly adopt the most rigid secrecy over the activities of the decision-making body, that is to say the Council of Ministers.

This method cannot make any breach in public opinion, especially in countries with democratic regimes which are used to the utmost freedom of information and discussion. How is it possible—and this is a general problem, not one of information only—to create a positive and favourable public opinion when public opinion, though it may perhaps be sounded out by sample surveys, is not allowed to put forward any concrete demands, by means of which it could make its wishes felt or express its judgement? When the channel—and again I am dependent on Commissioner Scarascia Mugnozza's speech—is in fact one way only?

Another example. We are always saying that the European Parliament has essentially a consultative role. Youth and labour organizations, in this case, have no power to take effective decisions. What, then, when public opinion is called upon to make its views known? When, for instance, a referendum is held? Then, we say regretfully, public opinion is badly informed, it is not fulfilling its job properly. But this is the crux of the problem we have to tackle. There is not only—one last comment—a risk that our well-intentioned efforts, however admirable, may melt away any firm belief in the present or the future, but it is very clear from the news reports that decisions are in practice reached through laborious compromises and adjustments to suit each country's—I will not say egotism—special needs.

I should not of course belong to the country of Machiavelli if I did not hold that compromise is sometimes necessary in politics; but compromise is accepted as being necessary by the public only as a means of getting out of a critical situation, and when it becomes the normal way of doing things (it may be that on occasions this cannot be avoided—perhaps) it certainly cannot be claimed that people are enthusiastic or full of admiration.

I agree with my colleague Mr Jahn when he maintains that the enlargement of the Community may be the opportunity for us to make a new start in all this. But, to my mind, this can only

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be so if we turn our hands to an effective relaunching of our ideals, that is to say of the idea of an independent, democratic Europe, and to relaunching and strengthening—as Commissioner Scarascia has also mentioned—the precepts in which we believe: peace, co-existence, democracy, equality, non-discrimination. Because there is no doubt that the Community today is facing the problem of becoming a major power in the World, not only in terms of economic strength, but also, if it can, and I quote another phrase of Vice-President Scarascia's, a moral example in its thinking and its actions.

This intention, however, involves always taking up a firm position on matters of policy, not being afraid to express one's own views clearly as problems begin to arise, and adopting a politically courageous attitude, even at the cost of some effort; our underlying ideals must be allowed to flourish, and not have to contend as they do today with a coagulation of interests which do not even have much support among the people.

Indeed, and again I quote Commissioner Scarascia, there are so many definitions of Europe: people talk about a monopoly Europe, a technocrats' Europe, a Europe run for *entrepreneurs* or farmers, and all of these exist; but we never hear anyone talk about, for instance, a workers' Europe, or a young people's Europe, except only in terms of propaganda (not even in information). This I believe is one of the things we must bear in mind, and I must say that I was glad to sense in the Commissioner's speech an awareness of the existence of these problems, and the desire to deal with them.

I end, Mr President, with the hope that these problems will indeed be dealt with, and solved, and with the hope that it will be possible not only to pursue a satisfactory information policy, but also to make profound changes in Community policy in a democratic direction, and in a direction which fully reflects the European idea.

President. — I call Mr John Hill.

Mr John Hill. — As a new Member I am grateful to Mr Jahn and his colleagues for enabling this short debate to take place, because it has informed me of some of the anxieties and criticisms that those senior and more experienced Members have borne on this most important subject.

The enlargement of the Community clearly makes it desirable to reconsider information policy, because it has become a somewhat different problem, and perhaps it is doubly opportune that we have the new Commission and the

restructured Committee on Cultural Affairs and Youth. Many of the points raised tonight must naturally be the subject of further discussions within that committee.

I should like to pay one debt and make two suggestions. This is an appropriate opportunity for me to pay a tribute to the excellent work of the Community Information Centre these many years in London. It has been a source of inspiration and help to all those of us who were Europeans at heart and who perhaps needed more detailed information and education to enable us to understand and prosecute this cause.

I have in mind the flow of your documents, the willingness of your speakers to come to even the most remote parts of the British countryside, and the very valuable visits to inform ourselves — Members of Parliament, farmers, journalists and the rest — and the time and patience given to us by your officers, including Commissioners themselves.

The whole of that process was demonstratively effective for those who were actively interested in Europe. The problem we have is one of dealing with those who are not particularly interested or who are even indifferent to the Community in the outside world, whether it be in the United States of America or in the Third World and also in those countries in Europe which are not Members of the Community but which may in future become candidates for membership.

They in particular need to be reached. To reach them we must rely largely on the means of mass communication such as Press, television and radio because they present the basic information about the Community in a palatable form and seek to hold their audience or readers.

One object of information policy must be to keep up a continuous supply of the raw material which can then be handled by professional reporters and opinion-formers most easily. Since January this year the European Parliament has owed much to the Press and television for the interest which has been taken in and aroused by our proceedings. The newsworthy items perhaps are an easy aspect of this matter. I am concerned with the longer term issues which may not lend themselves to immediate publicity but which are extremely important. I hope that they can be presented as relevant in terms of a citizen's future life.

I pay a small tribute to *The Times* newspaper which, much to our delight and gratitude, has encouraged a considerable amount of reporting of the proceedings of this Parliament in the same detailed way in which it reports the proceedings of the British national Parliament. This is a very valuable development.

Hill

Information is a highly professional and technical business. My first suggestion is to ask the Commission whether the representatives of Press, television and radio who are based in Brussels and who frequently come here to Strasbourg have a means by which they can make suggestions, if they have any, as to the way in which the information services of the Community can be improved. It is highly desirable that we should obtain the suggestions put forward by our principal customers. There may be technical shortcomings, difficulties about telecommunications in one way or another and Press representatives may be overwhelmed, as back-benchers often are, by the sheer volume of detail and they might like to give more emphasis to some of the themes which we think are important.

We depend on the representatives of the communications media for the creation and maintenance of public interest and understanding. We must remember that every bit of publicity they give to us is free in terms of our information budget.

As to my next suggestion, a difficulty may have arisen between the Press and the European Parliament in that the Press seem to be informed of major developments before Parliament itself. An example of this occurred recently. It is clear to me that the procedures here are much more open. It is important that the public should have correct information as soon as decisions are known to have been taken. The difficulty arises because of the monthly sessions of the European Parliament. Such announcements must be made because they are eagerly awaited. I therefore suggest that when a major statement is made, in addition to informing the Press, the Commissioner might address a copy of the relevant document to each Member of Parliament through the post. I strongly urge that technical difficulties such as a shortage of copies should not be allowed to stand in the way of this assistance.

In conclusion, the budget must obviously make it possible for us to succeed in our information policy. The tempo has now changed. It will be difficult enough to adhere to the summit timetable. It would be disastrous if the public anywhere or at any stage rejected the progress we hope to make through a failure to keep them informed fully and in good time.

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

Mr Petersen. — (DK) On behalf of the Liberal and Allies Group I would like to add a few

comments to these questions but I regret that the debate is being held so late and with so few participants. The problem we are concerned with is an extraordinarily important one; it is an enormous political problem in itself. If our people in the Member States have no opportunity for obtaining correct and relevant information as to what is happening inside the Community, then there will be no real chance of achieving consent to the decisions which affect conditions in individual Member States and the existence of individual human beings.

Mr President, in the introduction to the question, the questioners have used some very strong words to express their aim. They say that it is a question of "bringing it home to the younger generation of the world that European unification will make for a new and better way of life and hence that the younger generation will be directly affected by the success or failure of the drive towards unification". In this statement of aims there is something in excess of what is generally regarded as the Community's goal. The expression: "a new and better way of life" is in itself a concept which is not particularly well-defined and with which we have not been much concerned in Parliament. We must also admit that we have no conclusive facts to illustrate to the youth of the world that we are on the way to a better way of life thanks to our Community.

So when the questioners raise the practical question as to what measures the Commission has taken or is going to take to change the indifference and even hostility shown by young people towards the Community, by means of our information policy, then I would say that this is not—as others have also emphasized—primarily a question of information but it is fundamentally a question of the Community's will and ability to involve itself in activities and a policy from which a new aspect of the European Community can arise. This is the vital point if we are going to induce youth to respect and take an interest in what is happening in the Community.

So I would just like to make a few comments as a supplement to what has already been said. I will keep it very short.

The Vice-President was speaking of the many efforts which are now being considered, efforts on which he reported in our Committee which is working on the information problem. He mentioned the consideration which must be given to the different levels, the different population groups and the different age groups. I would like to stress that every bit of talent and wisdom which can be deployed in order to discover how

Petersen

to make the best use of the available potential must be deployed. There must be no lack of means for the realization of such a programme.

I would also like to emphasize how important it is that we should make use of radio and television in a different way. It is of course perfectly obvious that if we are to solve the information problem we must have the support of the mass media in a better way than heretofore. There is the daily press, there is radio, there is television. We all know—this applies to the national transmissions as well—that what is of most interest to the mass media is news, something that can be presented dramatically. The unusual, the eccentric. There is less interest in the everyday, the peaceful, uninteresting work. Here it is extremely important that the mass media, and in particular the television people, should understand what the responsibilities in question are. This is a question for those who work in television but also to a great extent for those who direct television. It is a question as to whether they are prepared to give the necessary space to the transmissions which are needed and also to set up these transmissions in a less traditional fashion than they do now—in fact, to interest themselves in many of the problems which do not come to light through the dramatic debates which take place.

Finally I would simply say that there are special problems connected with creating what I will call the living contacts, but from the information work we have done in Denmark concerning these matters it is my experience that where two-way communication can be instituted, where meetings can be arranged between people who know something about these things and those who want information, there is a good chance of solving the problem. Seminar programmes, exchange programmes and exhibition programmes, for instance, can illustrate what is happening in other countries.

It is also true that we must be receptive to criticism and not present things in such a way that we are dangling before the eyes of those who need information things which cannot be performed, I mean that we should not depict everything in rosy colours or arouse false hopes or attempt to conceal the difficulties we are facing.

We must in the first place spread out the work so that people understand that the Community is not only involved in solving our internal problems but has a global task as well. In my opinion there is something absolutely vital here, especially when we are speaking of the attitude of youth to the Community. The criticism we hear again and again is that the Community is

a technocratic, bureaucratic and inward-looking instrument. And what we want is something else. It is a progressive, outward-looking Community, which really uses the great economic power it possesses to work towards the solution of the burning problems with which we are surrounded.

And in conclusion, the point which the Vice-President also brought up: he is very concerned about these things, we got a lively impression of that at the meeting of our Committee; it is extremely necessary that we should include education in this whole picture and examine ways in which we could use it to create greater understanding and greater interest in what is going on. Many of our education programmes are following traditional national lines. We must see that another opening is made so that the problems we are concerned with here are included in our educational and cultural policy, which we are about to start on in the Committee. There are prospects which we simply have not looked into at all. We must tread new paths, we must have the necessary imagination and receptiveness to new solutions. I am convinced that we can achieve this in collaboration between the Committee which has now started work and the Vice-President.

President. — I have not received any motion on this debate.

Does anyone else wish to speak?

The debate is closed.

I agree with the chairman of the Committee on Cultural Affairs and Youth that these problems and their consequences should be discussed by that committee.

17. *Reference back to committee*

Pursuant to Rule 26(2) of the Rules of Procedure, the Committee on Regional Policy and Transport requested that the report by Mr Bousquet on motor vehicles (Doc. 40/73), for which Mr Jarrot had originally been the rapporteur, should be withdrawn from the agenda and referred back to the committee.

As reference back is automatic in these circumstances, it is so ordered.

18. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Thursday, 10 May 1973, with the following agenda:

President

10 a.m. and 3 p.m.

- Vote on the motion for a resolution tabled by Mr Lücker, Mr Vals, Mr Hougardy, Mr Kirk and Mr Triboulet on EEC-USA relations
- Vote on the motion for a resolution contained in the report by Mr Offroy on draft supplementary budget No 1 for 1973
- Report by Mr Bersani on the resolution adopted by the EEC/EAC Parliamentary Committee

- Report by Mr Dewulf on the Agreement between the EEC and Egypt
- Report by Mr Cifarelli on agriculture in mountain areas
- Report by Mr Mursch on Member States' action in the sphere of transport
- Report by Mr Schwabe on the normalization of railway accounts

The sitting is closed.

(The sitting was closed at 11.25 p.m.)

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IN THE CHAIR: MR BERKHOUWER

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. Minutes

President. — As the minutes of yesterday's sitting are not yet available in all the official languages, they will be submitted for Parliament's approval at a later stage in the proceedings.

2. Documents received

President. — I have received the following reports:

- Report drawn up by Miss Astrid Lulling on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of Member States' legislation on fertilizers (Doc. 54/73);
- Report drawn up by Sir Douglas Dodds-Parker 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 on the treatment to be accorded to imports of a specific quantity of raw sugar originating in the Associated African States and Madagascar (Doc. 56/73);
- Report drawn up by Mr Renato Ballardini on behalf of the Legal Affairs Committee on the legal aspects of the European Communities' participation in the work of the various UNO organizations (Doc. 57/73);
- Report drawn up by Mr Georges Spénale on behalf of the Committee on Development and Cooperation on the emergency assistance to be given by the Community to alleviate the consequences of the drought in Africa (Doc. 58/73).

3. Relations between the European Community and the United States of America (cont.)

President. — The next item is the vote on the motion tabled by the chairmen of the political groups on relations between the European Community and the United States of America (Doc. 53/73).

Before we vote, I shall read the joint statement issued at the end of the meeting between mem-

bers of the United States Congress and a European Parliament delegation:

"JOINT STATEMENT"

Members of the United States Congress and a Delegation of the European Parliament today concluded three days of discussions. Working sessions covered trade, agricultural, monetary and East-West questions. This was the third meeting of the delegations and the first since the enlargement of the European Community. Another session will be held in Washington later this year.

We are convinced that the United States and Europe share a profound common interest and destiny underlying our entire relationship. We must remind ourselves that the continuity through the years of these common interests is a most important linkage between the various issues we discussed.

The American participants obtained a renewed sense of the vigour of the European Community. Both sides stress the need for continuing review of our institutional relationship in order to prevent structures becoming outdated. The dynamism resulting from the enlarged Community will force changes in the Atlantic Community.

TRADE

The importance of the forthcoming GATT negotiations in achieving freer trade was emphasized. The results of the negotiations will depend largely on the mandate that will be given on the one side by the Congress to the President of the United States and on the other by the Council to the Commission of the European Community after consultation of the European Parliament. It is necessary that these mandates be given in due time and allow each party adequate freedom of movement.

The forthcoming negotiations should aim to consolidate and continue the liberalization of international trade on the basis of reciprocity and mutual advantage. They should also include the opportunities for the developing countries to participate in the expansion of world trade.

AGRICULTURE

The two delegations recognized that the farmers should share fully in the prosperity of their countries while adequate food supply and fair prices for producers and consumers are maintained. In order to achieve steady growth of agricultural trade in a stable world market, international agreements, in particular, specific agreements for certain commodities are needed to set minimum and maximum price levels taking into account production targets corresponding to a real demand. These agreements should provide for storage of reserved stocks, with the cost sharing to be agreed upon, and the stocks to be made available to countries with severe food shortages. A minority held the view that farm prices should be allowed to move more freely, and incomes of farmers be subsidized by their respective governments.

Recognizing certain differences between the structural problems of European and U.S. agriculture, the American participants expressed understanding of the present social basis for the Common Agricultural Policy of the EEC. Both sides

President

recognized that problems in their respective agricultural policies must be faced in order to help create, by reciprocal adjustments, a better equilibrium of world markets.

MONETARY REFORM

Both sides viewed the present floatation of exchange rates as acceptable under prevailing circumstances. There was agreement on the need for a long-term solution to the problem with special drawing rights in the centre of the new system. Difference of approach arose, however, concerning the urgency of taking early measures. Some called for immediate action, while others expressed confidence that in the short run, controlled floatation will be effective in improving the United States' balance of payments. The European Community goal of economic and monetary union as confirmed by the Paris Summit in October 1972, was welcomed by both delegations as being of the utmost importance in this context.

ENERGY POLICY

Taking note of the expanding international demands for energy and of the balance of payments problems this poses, the two Delegations agreed to urge a new cooperative relationship among the major energy-consuming nations. Objectives of the relationships should include development of new and expanded sources of energy, minimizing damage to environment by the production and consumption of energy acquiring adequate reserves of certain forms of energy, and avoiding waste of energy.

EAST-WEST RELATIONS

While recognizing the limitations imposed by the Treaty of Rome, the delegations discussed East-West relations, and respective defence policies in the light of the forthcoming talks on security and cooperation in Europe and on mutual and balanced force reductions.

There were frank differences expressed concerning United States' troop levels in Europe and on burden sharing within NATO. The European members emphasized the considerable improvements made in their defence efforts in recent years. While recognizing these developments, the Americans explained the political, budgetary, and balance of payments considerations behind that American public opinion which seeks United States' troop reductions in Europe.

Both delegations agreed that adequate American defence forces should be maintained in Europe. The exact size and composition of these forces should be the subject of careful scrutiny by NATO.

Both delegations welcomed the joint approach which the EEC nations have adopted in the preparatory talks in Helsinki, which are facilitating closer cooperation with the United States in these discussions. They stressed the need for parallel progress in the Conference of European Security at the talks on mutual and balanced force reductions in Vienna."

This text will be distributed as soon it is available in all the official languages.

I call Mr Kirk.

Mr Kirk. — I am very grateful to you, Mr President, for reading out the text of the joint statement which was agreed between our delegation and the delegation from the United States Congress yesterday morning. You will be relieved to hear that I do not intend to make a long speech about it. I will only say that I think all those of us who took part on the side of Parliament in three days of extremely frank and sometimes difficult discussion ended our work with a definite feeling that we had achieved very considerable progress, that the establishment of a joint statement with concrete proposals within it was in itself a proof of the genuine strength of our relationships with the United States, and we look forward to further discussions with them later on.

I hope that this document can now be referred to the appropriate committees—I suggest that they are the Political Affairs Committee and the Committee on External Economic Relations—with a view to those committees looking at it and reporting back to Parliament on the ways in which the follow-up can be effectively carried on.

It is for consideration also—I put this to you with due deference, Mr President—whether there is much point now in proceeding with the vote on the earlier resolution which has been completely overtaken by the publication of the joint statement, and whether it might not be worthwhile simply to refer the joint statement to the committees concerned and proceed with the rest of our work.

President. — I shall now call Mr Dewulf. However, I should like to know whether we should follow up Mr Kirk's proposal to refer this joint statement to the committee responsible, and whether we ought not to add the motion for a resolution to it.

I call Mr Dewulf.

Mr Dewulf. — (NL) Mr President, I should merely like to express our gratitude to the chairman of the working party Mr Kirk. I do so on behalf not only of the members of the European Parliament, but also of the members of the United States Congress.

(Applause)

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, following this word of thanks from Mr Dewulf to Mr Kirk for the excellent work which these two delegations have done under his direction, I only need to comment on the proposed procedure. I think

Lücker

this is what Mr Kirk meant and I propose, Mr President, that we refer the resolution by Parliament and the explanation of the two delegations to the appropriate committees; the Political Affairs Committee as the responsible committee and the Committee on External Economic Relations and the Committee on Economic and Monetary Affairs for their opinion. I may recall that in the Bureau—yesterday or the day before—we gave permission for these reports to be drawn up, which the appropriate committees are submitting to Parliament. I consider it very useful for the committees of Parliament to be able to refer to these documents in drawing up the reports.

President. — I am pleased that Mr Lücker has taken up my idea. As President of this Parliament, I should like to underline the proposals made by Mr Dewulf and Mr Lücker. On behalf of us all, I thank all those who have played a part in this work. Their efforts have found expression in the joint statement.

I therefore propose to refer the joint statement and the motion tabled by the chairmen of the political groups to the Political Affairs Committee as the committee responsible and to the Committee on Economic and Monetary Affairs and the Committee on External Economic Relations for their opinions.

Are there any objections?

That is agreed.

4. *Draft Supplementary Budget No 1 of the European Communities for the financial year 1973—Vote*

President. — The next item is the vote on the motion contained in the report drawn up by Mr Offroy on behalf of the Committee on Budgets on Draft Supplementary Budget No 1 of the European Communities for the financial year 1973 (Doc. 44/73).

I would remind the House that the motion was debated last Tuesday.

I put the motion to the vote.

The resolution is adopted.¹

5. *Resolution of the Parliamentary Committee of the EEC/EAC Association*

President. — The next item is a debate on the report drawn up by Mr Bersani on behalf of the Committee on Development and Cooperation on

the resolution adopted by the Parliamentary Committee of the EEC/EAC Association in Nairobi on 28 November 1972 (Doc. 3/73).

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

Mr Bersani, rapporteur. — (I) Mr President, ladies and gentlemen, this report concerns an event of limited significance in itself, which, however, in the larger context of present-day Africa, and at a moment when both the Community and various African countries are making, on their respective parts, all such preparations as may favourably influence the coming negotiations for the renewal of existing association agreements, acquires a significance beyond that of its immediate subject. As for the subject proper it can be stated as follows.

The EEC maintains with the countries of Africa three types of formal and institutionalized relationships. The most important of these is that with the AASM, which was recently joined by the island of Mauritius; the second concerns the countries of the East African Community, with the so-called Arusha Convention; the third was originally a special association with Nigeria which, owing to well-known circumstances, has remained confined to that one country.

The Arusha Convention then, concerned with the association with the East African Community is one of the three basic channels of implementation of the policy of association between the Community and the principal countries of Africa. The First Arusha Convention which in the event could not come into force because ratification procedures proved remarkably time-consuming, did not, among its institutions, provide for an instrument of parliamentary control. It was on the initiative of our Parliament that, in the course of various meetings, the idea emerged that in the Arusha Convention, too, provision should ultimately be made for the institutionalized functioning of a joint committee, consisting on a parity basis, of representatives of the Parliament and of the parliaments of States belonging to the East African Community. In particular, the idea crystallized in the meetings which we have had with parliamentary representatives, notably those of the East African Legislative Assembly. At first we encountered difficulties and obstacles; subsequently our Parliament's initiative convinced also our East African parliamentary colleagues. Thus, when the Arusha Convention was renewed simultaneously with the Second Yaoundé Convention, the institutional system was completed by the creation of a joint committee.

This body met for the first time in Nairobi on 27-28 November last, and it is this Nairobi

¹ OJ. Series C, from 4 June.

Bersani

meeting which is specifically the subject of the report which I have the honour to present today on behalf of the Committee on Development and Cooperation.

Well, we have been able to see at close quarters the fundamental importance and the absolutely essential role played by the Joint Parliamentary Committee in its formal relations which we maintain on a parity basis with friendly African countries. This is so because often in a manner exceeding all expectation, the Joint Committee contributes to the creation of a political climate of mutual understanding, of a political will for effective collaboration, and, based as it is on parity, on genuine mutual respect and real cooperation, express—better, perhaps, than any other body and transcending the content of any trade arguments—the fundamental spirit and the outlook which inspired the establishment of closer associations.

In point of fact, the object of the association effected by the First, and particularly, the Second, Arusha Convention was not merely to establish on the basis of a true partnership a relationship of collaboration and cooperation in the development of the three associated countries, but also to promote the closest harmonization and uniformity of relationships of this type with other forms of associations and, by means of this parallel evolution of different associations towards a unified system, to serve the ultimate aim of unity of African countries and thereby that of a wider argument governing the whole relation of the European Community with the countries of Africa. During the two days of discussion and conversations in Nairobi we were able to see how much progress had been made towards achieving these important objectives.

Let me say first of all how valuable we, on our part, have found this direct communication, the lively exchange of views and the critical evaluation of experience of both the Arusha agreements and of other associations which we were able to conduct with our parliamentary colleagues from the three African countries. Possibly there had been in some circles some basic misapprehensions inducing probably critical attitudes which, through a series of errors, shared also by us, were unreceptive to the spirit and the fundamental nature of the cooperation which we desire.

The frank exchange of ideas in Nairobi served to clear up a number of points and to eliminate some difficulties and uncertainties. Undoubtedly useful information has been gained on the basic reasons for the creation, existence and development of the Association. So that I think I can say that even in the brief space of those two days there was born a more conscious solidarity,

a firmer common political will, a joint desire to make better use of all that is positive in the Association and to eliminate gradually all those aspects which were found to be inconsistent with a true pattern of partnership.

In this sense I believe that a first appraisal of the proceedings of 27 and 28 November should be favourable. In bringing about this first meeting not only was a resolution voted by our Parliament implemented, not only have we completed the institutional structure laid down by the Convention, not only—in doing so—have we taken an important step towards that progressive harmonization and unification of association models that we have always desired, but at the same time we have been able to consolidate that common will and mutual confidence. This common will for more effective joint action was particularly in evidence when, in closed committee, the final resolution had to be drafted.

The two original versions gradually but speedily became a single document; I would say, indeed, that in the prevailing atmosphere any difficulties were easily resolved. I should particularly like to pay tribute here to the East African Community authorities, and especially to the representatives of the Kenyan Government who welcomed us in Nairobi with great courtesy and cordiality, characteristic of the African peoples, but in this case of a truly especial intensity. I should also like to pay tribute to the statesmanship and zeal of the leading politicians of the East African Federation whom we had the opportunity of meeting once again and examining together the major problems in depth.

As for the Association's internal problems, we examined the machinery; we analyzed with total objectivity and frankness all the shortcomings that have manifested themselves; we also noted how certain sensitive problems in the functioning of exchange mechanisms (particularly in the pineapple sector, with its importance for the East African Community's economy) had found satisfactory solutions by means of an elastic application of the agreements. Once more, the debates centred on the sensitive problem of horticultural produce and of outlets on European markets for a number of primary products, including beef and East African basic agricultural produce. We concurred that in this sector improved measures were needed, that it was necessary to give a new impetus to the theory and practice of the agreements. We thus took upon ourselves, in so far as it was in our power, the moral obligation of working—from within the Parliament—for the fruition of the spirit of Nairobi and for future dynamic development resulting from this gathering.

Bersani

I believe, as I have said at the beginning, that these very brief observations on the value and meaning of the Nairobi meetings, assume an increased importance in the light of what has been and is happening in the wider context of relations between the European Economic Community and African countries. Within the last few weeks not only has there been the Kinshasa conference, the outcome of which has been on the whole positive, but at the beginning of April the Commission presented its Memorandum on preparations for general negotiations on the renewal of the Associations; there was also the visit of our delegation to Addis Ababa. We have subsequently had contacts not only with the main inter-African institutions, but also specific contacts with particular governments, notably that of Ethiopia.

The picture that we see today corresponds to a large extent to the desires which were expressed at the Nairobi meeting not only by us, but also—after the frank exchanges which I have referred to—on the African side.

In effect, the Arusha association, particularly, I would say, in the work of political construction that the Joint Committee had been able to perform, is rapidly evolving towards the Yaoundé model.

Secondly, I think it can be said that the countries of the Arusha Association are assuming *vis-à-vis* the larger grouping of English-speaking African countries, and, indeeds *vis-à-vis* all those countries to which Protocol No 22 refers, a leading role, the function of a political catalyst, which we should here openly stress. This is exactly what the European Parliament had in mind whenever in the past we had occasion to speak of our relations with East African countries. We can now see fully the fundamental political value of a relationship that, for the first time and directly, gives rise to an effective partnership between the European Community and a group of African English-speaking countries.

Today, then, after the meetings of these last few weeks, we can say that things are moving, that the whole situation has entered a highly dynamic phase, particularly after the Kigali meeting of 3 April last at which the French-speaking countries of the Yaoundé Association, the English-speaking Arusha countries, the English-speaking countries referred to in Protocol No 22, and uncommitted countries outside the two groupings which look for their political leadership to Ethiopia, were all assembled together. All these countries are moving towards a global accord, which in broad outline corresponds to that defined in its Memorandum by the Commission with Parliament's agreement.

In the circumstances what happened in Nairobi acquires a special significance of its own. It has proved once more that even when we proceed by means of agreements of this type, it is their completion, the ultimate political gesture, the reality of parity participation, of collaboration on equal terms, that in the end triumphs over all that belongs to the past and will triumph in the face of the great challenge facing us in the field of global collaboration between an enlarged Europe and an enlarged Africa. In the field, in fact, not only of greater unity within our two geopolitical areas but in the forum of the great historical encounter—a vaster, more real, better organized and institutionalized encounter—between the European Community and the countries of Africa.

Mr President, ladies and gentlemen, I think at this point it would be well to recall the intention contained in the document voted in Nairobi: a determined desire for future collaboration which I believe truly reflects what we have so many times requested and emphasized in the course of our debates in this Parliament. From this point of view I think that our achievement in these last months as a European Parliament should be stressed. If there is one field of activity in which the Parliament has not confined itself to its traditional function, but has endeavoured to take a specific political initiative, it is, I believe in the area of relations between the EEC and the African countries.

This record of political initiatives should, I feel, be emphasized because—and this is true not only as far as relations with African countries are concerned—we are day by day discovering a new dimension which is central to our responsibilities.

I believe that to have achieved so much in building new relationships and new prospects for this great meeting between an enlarged Europe and an enlarged Africa represents a considerable step along the road of promoting the interests of Europe and Africa—joined in friendship and cooperation for a better future for their peoples.

President. — I call Mr Dewulf on behalf of the Christian-Democratic Group.

Mr Dewulf. — (NL) Mr President, there has been much talk lately of the "year of Europe". I feel we should say in all honesty at this point that this year is or should be also the year of Africa, for two main reasons.

In a few days from now, the independent African states will be celebrating in Addis Ababa the tenth anniversary of the Organization

Dewulf

for African Unity, with a proud, steadily growing feeling of independence. This is the first reason for calling this year the year of Africa.

I hope, however, that 1973 will also be known as the year of Africa because it will be the year in which Europe, now that international co-operation in the development field is in danger of declining, will make the gesture which will at last give the developing countries a feeling of optimism, and that at least one major, wealthy power will make some concrete and practical contribution through the medium of development cooperation which will relieve to a certain extent the feelings of frustration currently persisting in the third world.

As the rapporteur rightly pointed out, African leaders are very much aware of the importance of this moment. On the eve of celebrating the ten-years of existence of the Organization for African Unity, these leaders may state openly that it was ten years of struggling for political independence. They feel that the struggle, with the exception of a few isolated rear-guard skirmishes, is now over.

The forthcoming decade will be one of economic independence and opportunity for this continent. African leaders see this economic independence and opportunity in two dimensions. The first is horizontal and aims at effective and willing regional economic cooperation in their own continent.

The second dimension is vertical, and concerns in particular the relations between Africa and Europe. This is why this is an important year for Africa and I feel compelled to speak in terms of the "Year of Africa".

The question now is: What is Europe's contribution, Europe's answer to Africa's expectations? This answer must be objective and generous: Europe must give better development opportunities to as many African countries as possible.

In Europe we are faced with the additional challenge of making our development policy credible, and at the same time proving to the whole world that our regional responsibilities do not conflict with our world responsibilities but must, on the contrary, be seen as a complementary function.

Mr President, owing to a variety of circumstances we have had as our guests for the last few days a group of American Members of Congress. They were impressed by our sense of world responsibility. I hope that they will make this known in the United States and that America will want to help Europe to respond in a worthy fashion to this challenge.

We are pleased that it is an enlarged European Parliament—following the accession of Great Britain, Ireland and Denmark—which will be dealing with the questions concerning Africa. I know how much our new Members of Parliament are concerned about our responsibility to Africa. Thus, Mr Cheysson, you will have the backing of both an enlarged Community and an enlarged Parliament.

I am pleased to express my appreciation of the efficiency and speed with which the Commission published its first memorandum. I hope that the Council will emulate this speed, sincerity and decisiveness in giving Africa the image of a generous Europe which is willing to discharge its regional responsibilities within a global framework

Finally, I feel bound to pay a special tribute to Mr Bersani, and not only in his capacity of rapporteur. He also guided us wisely during our last visit to Africa. This visit was useful to us, to the gentlemen of the Commission and even to the gentlemen of the Council, and will help us to find the right approach to African questions which will assume such importance this year.

President. — I call Sir Douglas Dodds-Parker on behalf of the European Conservative Group.

Sir Douglas Dodds-Parker. — I should like briefly on behalf of the Conservative delegation to welcome Mr Bersani's report. I am sure that all members of the United Kingdom delegation will welcome its contents, although we were not Members of the Community when Mr Bersani and his colleagues visited Nairobi. I am happy that Mr George Thomson is now present as a Commissioner of the European Community, particularly in a debate such as this, because in earlier years he was a distinguished Commonwealth Minister; indeed, I think that he was the last Commonwealth Secretary of State before that office was merged in the Foreign Office. We welcome this particularly because there are four anglophone countries concerned, not only the three members of the Arusha convention, but also Mauritius, as is mentioned in paragraph 3 of the explanatory statement.

Since I speak as Chairman of the Commonwealth Parliamentary Union in the United Kingdom, it gives me great satisfaction to be present among other Members of the enlarged Community and to find that we shall be associated in another way with our Commonwealth colleagues.

I turn to the substance of the report. New negotiations will begin on 1 August, when most of us will be on holiday, but the Commission

Sir Douglas Dodds-Parker

will be getting down to work. I wish them well in the negotiations which will take place. As Mr Bersani said, the points raised in the report will then be consolidated in the wider negotiations on Yaoundé III. It is not for me to add my personal view on those negotiations beyond expressing the hope that all concerned will find a method of association under Yaoundé III which will be acceptable and beneficial to the partnership both of the Community and of the associates and the associables. I hope that this will be dealt with on the lines of the statement made by the then Commissioner, Mr Deniau, whose departure from his task of guiding and helping us we regret. We wish him the best of good fortune in the frustrations which he will undoubtedly meet in his new employment and at the same time we welcome his successor, Mr Cheysson.

Mr Bersani spoke briefly about the organization of the joint parliamentary committee. There are two or three of these, and in due course under Yaoundé III I hope that we shall be able to consolidate them all and thereby save a certain amount of overlap and time which is so valuable in the work which is being undertaken.

I should like on behalf of my colleagues to welcome the report as a valuable step towards agreement, and I particularly wish to congratulate Mr Bersani, who has done so much over a long period of time to help the developing countries.

President. — I call Mr Christensen.

Mr Christensen. — (DK) Mr President, I should just like to make a few, but fundamental observations on the matter now being discussed. First of all I should like to thank Mr Bersani for the report that lies here before us and which gives expression to the work that has been done up to now to achieve closer cooperation between the European Community and the African countries, in this particular context the East African Economic Community.

The remarks I should like to make are of a more fundamental nature. In the short time I have been a Member and taken part in the work of the committee, I have become aware that a large number of new problems stand between such a large and dynamic economic organization as the Community to which we belong and, for example, the African countries. It is a sort of psychological problem, somewhat in the nature of an inferiority complex deriving from historical factors. It means that now and again they do perhaps entertain unfounded suspicions about what we are aiming at with our efforts at cooperation.

I have become aware in the short time I have been here that the very word "association" is a term about which people are very sensitive—not least in the African countries—and we might do well to consider whether we ought not to try hard to find some other way of designating the cooperation we wish to have with these countries. After all, we must show the African countries that what we are aiming at is cooperation between equals and not cooperation between an older and a younger brother.

The concept of association, as we see it applied to the former EFTA countries, does not provoke the same sensitive reactions here in Europe as it does when we move farther afield.

I wish to call attention to this problem because I believe it is of tremendous importance that we should succeed in overcoming, as it were, the reserved attitude adopted—not without cause, I think—by the African countries. By vigorous activity over a period of 25-30 years to consolidate their freedom in the political sphere, they have done what they can to liberate themselves from a position of dependence. I have the impression that they are now very wary about entering into a state of economic dependence hardly distinguishable from their earlier state of political dependence *vis-à-vis* a large number of European countries. I believe our Community has a very strong obligation to show the African countries that it is in no way our intention to be a dominant partner in this cooperation but that we wish to meet them on an equal footing, so that they will have no grounds at all for feeling any kind of inferiority complex but can regard themselves as equal partners in the cooperation we wish to establish.

I believe the first step has already been taken. I hope the next step will be as successful as the first, but I believe we have a large number of psychological obstacles to overcome in this field. I believe a great deal of tolerance and flexibility will be needed on our part if we are to dispose of these problems.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, ladies and gentlemen, we must congratulate those of the Parliamentary Committee responsible for arranging the meeting in Nairobi last November, not only because this was the first meeting of the last of the institutions to take its place as part of the renewed Arusha agreements, but also because, as the first line of the Nairobi resolution states, "a dialogue has been established between the European Economic Community and the partner states".

Cheysson

This strikes us as being a point of absolutely fundamental importance. Dialogue is always difficult to achieve between different States. It is especially so for reasons which the rapporteur has mentioned and which Mr Christensen has just stressed. There is a vast cultural difference between the African States and ourselves. Each of us has much to learn from the other in this dialogue, but we have to establish all types of dialogue. To restrict it to the administrative and governmental level is in most cases not enough. Many years of personal experience in the developing countries of Asia and Africa have convinced me that this is one of the most absorbing problems we are confronted with.

Now, one of the most important features of our association, which gives it equality and balance, is the equality and two-sidedness of our dialogue. This first meeting of the Parliamentary Committee in Nairobi thus strikes me as having been a very positive element in this connection. The formula which the European Parliament wanted and which, in the event, you have helped to achieve, is thus turning out well in terms of what paragraph 1 of the resolution contained in the Committee on Development and Cooperation's report calls "the political control of the operation and the development of the association" or, in a more general sense and, in my opinion, a more fundamental one, in terms of the resulting dialogue.

The report by the Committee on Development and Cooperation takes up several observations and recommendations contained in the Nairobi resolution on specific points, and in particular on the development of exchanges. Several practical measures are recommended and I would like to assure Parliament and, in particular, members of the Committee on Development and Cooperation, that the Commission is in favour of the application of these measures.

Some progress has already been achieved on certain points, which Mr Bersani has referred to in his statement and in his report: among other things, in the question of the sale of maize and tinned pineapples. There are also some more difficult matters in the agricultural field, for example in the case of coffee and oil of cloves.

Exports from East Africa to the EEC, which fell back in 1970-1971, fortunately began to expand again in 1972.

It is, however, obvious that the most important part of the resolution submitted to you by the Committee on Development and Cooperation is the one which deals with the forthcoming negotiations on the renewal of the Yaoundé and Arusha Association agreements. These negotiations are due to begin on 1 August. In this connection my thanks to Sir Douglas Dodds-

Parker who wished us a pleasant summer: it will be a busy one and I am convinced that it will also be exciting.

The first phase of the negotiations will deal with the memorandum presented to Parliament by my predecessor in April, and with a first option, which is carefully analyzed in the memorandum. I would like to emphasize that we hope that participation in this stage of the negotiations is as great as possible, because our wish is that as many African countries as possible should have an interest in examining this first option, while leaving them free to choose another one which could be discussed at a later date. But we do hope that the maximum number of African countries do come, and show that they are interested in examining the formula set out in the memorandum, which will then form the basis of detailed discussions firstly with the Council of Ministers and then, especially, during the course of the negotiations.

As paragraph 4 of the proposal for a resolution by the Committee on Development and Cooperation shows, the signatories of the Arusha Agreement are going to be playing a decisive role, both in the preparations for and during the course of the negotiations. From now on, as you know, we must take note of the fact that a delegation from the East African countries has toured the African Commonwealth countries, and held a meeting with the delegations of these countries in Lagos on 16 February, and that the secretariat of the East African Community has been given the task of drawing up a procedural dossier for the negotiations; the three countries of Eastern Africa thus have a decisive part to play in the preparation of these negotiations. This, Mr President, is of particular significance because of the experience these countries have acquired both among themselves and with us.

I say among themselves, because they constitute a genuine community and have established a certain number of communal institutions. In addition, like Mr Dewulf, I believe that regional cooperation between the African countries is—directly or indirectly—of absolutely vital significance to their cooperation with the European countries.

Well, the East African Community exists. It has developed, it has brought results, and I find it splendid that the very people who have achieved this are now beginning to get to know the ideas and the methods which we would like to see applied to, which we are proposing for the association. Indeed, not only do they have experience of our association, they are also, thanks to meetings such as those of the association's Parliamentary Committee, in a position to understand the spirit of the association.

Cheysson

I thus believe that they will play a decisive role as catalyst, if I may borrow the rapporteur's expression. We thus take note of the Nairobi document, Mr President, with great satisfaction; the Commission undertakes to take what practical measures it can to develop these definite points wherever possible; above all it welcomes with pleasure the part that the countries of East Africa can play in the preparation for the negotiations which begin in August. *(Applause)*

President. — I thank Mr Cheysson for his answer. I hope that cooperation between Parliament and the new Member of the Commission will be fruitful.

We shall now consider the motion.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

6. Approval of minutes

President. — The minutes of yesterday's sitting have now been distributed in all the official languages.

Are there any comments?

The minutes are approved.

7. Membership of committees

President. — I have received from the Socialist Group a request to appoint Mr Christensen a member of the delegation to the Parliamentary Committee for the Association with the East African Community, replacing Mr Cruise-O'Brien.

Are there any objections?

The appointment is ratified.

8. Agreement between the EEC and the Arab Republic of Egypt

President. — The next item is a debate on the report drawn up by Mr Dewulf on behalf of the Committee on Development and Cooperation on the Agreement between the European Economic Community and the Arab Republic of Egypt (Doc. 5/73).

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

Mr Dewulf, rapporteur. — *(NL)* Mr President, ladies and gentlemen, I will confine my remarks to the text of the report and the motion for a resolution with which all Members are familiar. I would merely point out that in view of the predominantly political importance of this agreement Parliament has signified its approval of it, even if the contents of the agreement are slightly lacking in substance and we have certain reservations in connection with the unilateral declarations appended to this agreement.

Both the Council and the Commission of the European Communities have taken note of the motion for a resolution, and more specifically of paragraphs 3 and 4. They can be confident that the European Parliament will keep a most watchful eye on the practical implementation of the Agreement and that Members may well ask written or oral questions on the matter.

(Applause)

IN THE CHAIR: MR BURGBACHER

Vice-President

President. — I call Sir Douglas Dodds-Parker on behalf of the European Conservative Group.

Sir Douglas Dodds-Parker. — I want briefly on behalf of the European Conservative Group to welcome this report and resolution and to thank Mr Dewulf for them. I always enjoy any opportunity to speak in support of a project on behalf of the people of Egypt. In my experience, they are probably the most hard working and the least rewarded and the most cheerful of any people as a whole I have come across. They are a growing population. I think of them thirty years ago or so as a population of 16 million. The population is now more than double that. Therefore, any trade agreement which can be made to try to help them in their economic development is of the greatest importance.

Although, as Mr Dewulf said, the economic significance of this is possibly not very great, it is of political importance that we in the Community should make an agreement with them. I hope that we can follow this.

At the same time I support Mr Dewulf in paragraphs 3 and 4 of the resolution, where he says that he dislikes the form of discrimination practised apparently by the Arab Republic of Egypt. All of us dislike this form of political discrimination when it affects trade

¹ OJ. Series C, from 4 June.

Sir Douglas Dodds-Parker

negotiations and the attempt to free the channels of trade. I greatly hope that the Arab Republic of Egypt will take note of what is said here and is said in the report and in Parliament and will correct this practice without undue delay.

Thirdly, I should like to ask you, Mr President, a question on a point of procedure. I understand that the report and the agreement were produced under what is called the Luns procedure under which the European Parliament is informed. Parliament found this to be unsatisfactory, so when the Community was enlarged earlier this year Parliament passed the Giraudo proposals which should ensure that such agreement would be referred by the Commission to Parliament before it is adopted.

I would, therefore, like to ask you if you can tell us, before we finish the debate, whether the Commission has decided now when the new procedure should be introduced.

President. — I call Sir Tufton Beamish on behalf of the Committee on External Economic Relations.

Sir Tufton Beamish. — I wish to pick up the last point Sir Douglas Dodds-Parker raised, concerning the procedure which arises directly out of this question. I speak here as a Member of the Committee on External Economic Relations in the absence of Mr de la Malène who was unwell earlier this week and, I take it, is still unwell.

As a member of that committee, I raised with him in Brussels the unsatisfactory Luns procedure and how much importance we in Parliament attach to the adoption of the Giraudo proposals which were amended after Mr Giraudo was good enough to take them back to his committee in the light of some proposals made by the European Conservative Group. If the Giraudo proposals were adopted, it would mean the relevant committees, generally, and the Committee on External Economic Relations would have an opportunity at an early enough stage to influence these negotiations instead of simply being informed at the last minute under the euphemistic words of "being consulted". It is always said we are being consulted whereas in fact we are really being informed. This happened last week over the Norwegian Agreement which is to come into force very soon indeed.

The same thing applies to the Lebanese agreement that will come up tomorrow.

I therefore believe I speak for every Member of Parliament when I say we regard the Giraudo proposals as thoroughly sensible and a big step

forward in ensuring that Parliament plays its proper role and is consulted early enough to influence events.

I would very much like to know from you, Mr President, on behalf of the Bureau, whether you have any information as to when the Giraudo recommendations will be operative.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, to set the record straight as far as the state of the agreement which you examined today is concerned, I will recall that, in applying the Luns procedure, the competent parliamentary committees have been confidentially and officially informed, even though this agreement has been signed in accordance with Article 113 of the Treaty. The Council certainly attached importance to this information since the President of the Council himself commented on it on 13 November 1972.

The agreement was then signed on 18 December and—in reply to the comment by the Committee on External Economic Relations—a supplementary protocol, amending the agreement following the expansion of the Communities—was signed on 19 December.

The agreement is now in the course of being ratified by the Egyptian People's Assembly and we expect that both it and the supplementary protocol will come into force on 1 June 1973.

If we now examine the contents of the agreement, I would like to recall that its terms of reference and its general provisions can be compared with those of similar agreements and in particular, with the agreement concluded with Israel.

The economic content has been reduced; this point was made by Mr Dodds-Parker in the report of the committees. It should not be forgotten that 73 per cent of Community imports of goods from Egypt consist of products not subject to customs duties; for example, bulk cotton. In the agricultural sector, you are aware that the concessions made by the agreement cover a volume of trade worth approximately 12 million u.a. as well as a further 8 million u.a. in the industrial sector. This situation explains the reduced nature of the agreement: the reduction results from the exclusion from the agreement of cotton yarn, which alone represents 50 per cent of Egypt's industrial exports and from the fact that, as far as onions and garlic are concerned, the schedule of concessions covers only one-third and two-thirds respectively of the export of these products.

Cheysson

The Community concessions on rice, a 25 per cent reduction in levies and of export tariffs, results in an economic advantage without commercial preference.

This concession has been limited to a quantity of 32 000 tons, which corresponds to the average amount exported by Egypt to the Community during the course of the last three years. This concession is not likely to prejudice rice exports from the AASM, because different qualities are involved. In the industrial sector it should be noted that Egypt already enjoys tariff exemptions as part of the general preference regulations. Apart from this, there are certain similarities to the concessions granted to Israel in the industrial sector: 50 per cent for Israel, 55 per cent in the case of Egypt. The Commission would have liked to go further, but did not receive support for such action.

The non-discrimination clause obviously caught the attention of this Parliament on several occasions and lengthy explanations have been given on this point to the relevant committees. As Mr Westerterp has emphasized here, a political compromise has been found. For its part, the Commission stuck strictly to the formula contained in the exchange of letters completing the agreement. The Community expects that the principles laid down in the agreement, including those contained in Articles 7 and 8, should be fully applied. It has to be admitted that the present formula is not perfect, but we considered it worth retaining despite its imperfections. I note moreover that the Committee on Development and Cooperation does not apparently attach too much importance to this point in its report. The reason for that has been emphasized by the speakers: what is really important in this agreement is its political aspect.

From the Community's point of view this agreement forms part of its Mediterranean policy, something which all of us would like to see extended to all the Mediterranean countries without prejudice. There is undoubtedly a strong desire on the part of Egypt to develop its relations with Europe. This constitutes an old tradition for this country and is a compliment to other aspects of its politics. It is the logical conclusion to what the country has been wanting for years. That is why an agreement with little real economic weight, I admit, has been accepted by our Egyptian friends. They have thus exhibited discretion and shown their understanding for the problems of the non-discrimination clause. This is also why they insisted that only a part of the agreement should apply to rice, a particularly sensitive subject, politically speaking.

The committees have grasped the political aspect and its importance perfectly. Mr Baas writes that it is "an important link in the Community's general policy in the Mediterranean area". Mr Dewulf speaks of "a contribution to the relaxation of the political climate" in this region. The resolution emphasizes the great political significance of this agreement, which adds an element of weight to the Community's general policy in the Mediterranean area.

I think we must regard the technical and economic clauses of the agreement as a start. We can certainly go farther. We deserve to congratulate ourselves on an agreement of this nature, which shows that the Community has decided to adopt a broadly based Mediterranean policy, something that Sir Christopher Soames and I will be talking to Parliament about on future occasions.

(Applause)

President. — I call Mr Bersani.

Mr Bersani. — *(I)* I, too, should like to add a few words to underline the importance of this agreement, not only intrinsically, but in the context of the EEC's "global" approach to the Mediterranean area, which has become one of the elements of our general policy. As regards the agreement itself, I also am of the opinion that it corresponds (especially in its parallel and balanced treatment of Israel) to the principles of general policy to which we all broadly subscribe.

There are two aspects to be considered and they have been very rightly emphasized by previous speakers. As far as procedure is concerned, this should now, in my view be directed towards an ultimate solution such as has been outlined in the Giraudo proposal. As for the saving clause, we are all aware that political difficulties exist in this respect and that the solution found cannot be completely satisfactory. Nevertheless the political rationale was, it seems to me, so important that to have given it new practical expression constitutes in the opinion of many a sufficient guarantee of safeguarding the results so far achieved.

The problem, as I was saying, acquires a special significance in the context of Mediterranean policy. If the overall concept of our policy towards the countries of the Mediterranean has undergone a change, I cannot yet see any signs that we are constructing such a policy on the practical level. For the moment we are still at the stage of promises and of very preliminary conditions; we are still a very long way from making a real political effort in this field. While

Bersani

it must be admitted that the agreement constitutes a major step forward politically, in view of Egypt's unique position in the Arab world, not only in the economic and democratic sense, but also in the realm of culture (with its universities and cultural centres which for ages have set the standards for the whole Arab world), it is nevertheless true that we should now more determinately aim at greater harmonization of the relations between the Community and the countries of this geographical area.

As it is, we now have thirteen agreements with various African countries. The new agreement will centre primarily on agriculture, with some openings in the industrial sphere. We all know very well that only by creating the conditions for a common policy in respect of Mediterranean agricultural produce and an industrial policy which will promote—principally by the development of Mediterranean industries and the exploitation of natural power resources—a substantial progress in the productive capacity of Mediterranean countries (also in terms of employment and social conditions) can we remove some of the major obstacles which have so far impeded the practical pursuit of a policy of institutionalized collaboration with the countries of the Mediterranean.

We have been speaking earlier of the grand design emerging in Africa out of the meeting of an enlarged Europe with a larger African entente. It promises to overcome linguistic frontiers and divisions arising from differences of historic heritage and tradition.

In the Mediterranean, as we all know, the process is much more complicated and difficult. Nevertheless I am convinced that we should aim at a similar goal. When I think of the Parliament's record of initiatives of which I have spoken, I ask myself how we can solve the problem of involvement and collaboration by our institution. Particularly on the level of debate, in which the difficulties are essentially of a political nature, arising from misinformation, mistrust, suspicion and all those difficulties that over the ages have accumulated between countries situated in what was the cradle of the world's civilization and culture. I am convinced that we, as a Parliament shall have to face this our unavoidable responsibility and that the problem poses itself with urgency.

I do not know at this point what to suggest. But certain it is that with thirteen separate agreements, with the present need to begin harmonization, with the Paris Summit's undertaking to build up a global policy—at least on the side of the European Community—it should be possible to do something specific and concrete.

We know also that agreements are emerging with the countries of the Maghreb. Algeria seems determined to overcome the remaining difficulties which have prevented the three Maghreb countries from forming an association. In these conditions the involvement of parliamentary institutions could usefully affect the course of these developments. In an area of the importance of the Mediterranean things are moving also in the direction I have indicated.

I feel that at the first opportunity we should—as the Commission's representative has rightly suggested—return to a discussion of the problems of the Mediterranean. The matter is, I am sure, becoming urgent. I hope that a start will be made, at least on the part of the European Parliament, for in matters that are so essential and vital for us, and for all the countries of the Mediterranean, we can see what can be done in a spirit of realism and courage capable of focussing the splendid prospects of future collaboration which has brought such substantial achievements in our policy of collaboration with other African countries.

President. — I call Mr Dewulf.

Mr Dewulf, rapporteur. — (*F*) Mr President, the remarks made by Sir Douglas Dodds-Parker and by Sir Tufton Beamish are completely justified and deserve the approval of this Parliament, and their very pertinent questions merit a reply during the course of this debate.

I would nevertheless like to remind them that the old President of the Council, Mr Westerterp, set new precedents during the preliminary debates on this agreement with Egypt, by beginning a confidential and official consultation on this trade agreement. That is why, in the first paragraph of the resolution, we pay homage to this initiative by Mr Westerterp.

As to the specific question dealing with Mr Gi-raudo's report, I am authorized to declare in my capacity as rapporteur that the Council of Ministers has studied the report and the proposals that it contains and are favourably impressed.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

9. *Directive on agriculture in mountain areas and in certain other poorer farming areas*

President. — The next item is a debate on the report drawn up by Mr Cifarelli on behalf of

¹ OJ. Series C, from 4 June.

President

the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive on agriculture in mountain areas and in certain other poorer farming areas (Doc. 11/73).

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

Mr Cifarelli, rapporteur. — (I) Mr President, ladies and gentlemen, it seems to me the importance of this directive derives from what is now an historical circumstance; that is to say, when discussions were conducted, with so much intensity and so much difficulty, about the rise in, or at any rate, the new measure on Community agricultural prices, the subject which was closely connected with that which occupied the Council of Ministers until the marathon sitting of 1 May was the question of new measures for hill farming and other poorer farming areas. We have all taken note of the text of the resolution that was approved by the Council of Ministers and disseminated by the Press. I myself, in the Parliament's Committee on Agriculture, asked Mr Lardinois, the Commissioner responsible, if that resolution meant a Council decision beyond the scope of the work which Parliament has to deal with today, namely to deliver its opinion, its judgement, on the proposed directive which the Commission has submitted to us for examination. And Commissioner Lardinois replied—as, in fact, I imagined he would—that it represented the adoption of an important political standpoint by the Council in so far as it established certain criteria, but that the detailed version would be forthcoming once the directive had been approved. I shall therefore describe its content and specify the points on which the Committee on Agriculture has considered it necessary to propose amendments.

I should add that, in my opinion, the significance of the directive now under discussion—a fundamental political significance—resides in the fact that for the first time, albeit in close connection with the directives for the improvement of farming enterprises and for the structural transformations destined to increase agricultural revenue, for the first time then, in close connection with, or I should rather say, dependent on, these directives, which have already been approved by the Community, a system has been elaborated which takes account of new means of increasing the revenue derived from agricultural activities conducted under less favourable conditions (compensatory grants) and the very important basic differentiation between the various agricultural areas within the Community.

But this is nothing new. In the context of the activities which the common agricultural policy

has to set in train to achieve the objectives laid down by the Treaty, while the policy on prices and commodities helps to determine the revenue of farmers according to the absolute value of the product sold and with reference to the production costs, the structural policy—as we have stated on so many occasions—aims at creating the necessary incentives to improve, in the medium term, production conditions and thus reduce the difference between the earnings of farmers in various parts of the Community.

The structural policy, which has to date found its fullest expression in the directives approved last year, has indeed the express aim of promoting activities such as will guarantee the entrepreneur a yield from his work equal to that obtainable in other non-agricultural activities in the same region. But up to the time that the proposals were examined, the Commission on Agriculture and the European Parliament took account of and subscribed to these observations, realizing that certain regions of the Community were in a special position, namely those which, because of their geographical situation or soil characteristics, suffered permanently from natural disadvantages hindering the normal pursuit of agricultural activities, which led to an exodus of farmers and the depopulation of rural areas.

Consequently, the Committee on Agriculture, at the instance of the rapporteur, our quondam colleague Mr Vredeling, introduced a new text as Article 13 (a) in the Proposal for a Directive which was adopted by the Council in the final documents as Article 14 (2) (b). It ran as follows:

“Member States may introduce certain assistance arrangements for certain areas where the maintenance of a minimum level of population cannot be guaranteed and where a small amount of agricultural activity is indispensable for the protection of the environment.”

It is therefore to the Parliament's credit that it pointed out this requirement, that it defined it, not only in relation to revenue, but also to the negative consequences that would attach to failure to meet that requirement, especially to the rural exodus that would above all have disastrous consequences for the environment. In November 1971, then, Parliament asserted, by inserting this text, that special arrangements should be introduced in certain areas, while in June of the following year—with the opinion elaborated on behalf of the Commission on Agriculture by Mr Scardaccione on the Commission's communication regarding a programme for a Community environmental policy—in which the Commission gave notice that a proposal to assist hill farming and another to promote re-forestation would be submitted—the necessity for Community financing was acknowledged.

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What it in fact said was: "In view of the particular difficulties impeding the exercise of agricultural activity in these areas and in view of the role played by farmers in protecting the environment and thus benefiting the entire Community, the initiative of the Commission (so runs the text of the opinion) which provides special aid to improve the earnings of these farmers must be regarded as most opportune". And the conclusion: "In view of these considerations, the request for contributions from EAGGF are here repeated, in the belief that suitable measures are indispensable especially for hill areas but also for other areas which cannot be left exclusively to national action or financed by national funds alone".

As is clear from the text I have quoted, the necessity for special action in these regions was recognized both for the maintenance of a minimum active agricultural population that would contribute indirectly to preserving the natural environment, and as a necessary element of a Community structural policy. And it is precisely this — I would ask you to bear this in mind as the fundamental criterion—which is, I would say, the starting-point of the directive submitted for our consideration: the raising of agricultural income in the face of special difficulties, thus giving full effect to the objectives contained in the approved directives, namely to meet the requirements of environmental protection, preservation of the soil, as also to meet the social and human requirements in a wider context. We truly have before us, then, a directive that not only has great economic value but also considerable social value.

Yet this directive (and this is the point I wish to stress) was launched as a consequence, as a concrete implementation, of the Community directives already approved and it was indeed based on the very criteria which the European Parliament, with a view to the more efficient implementation of these directives, adopted at the instance of the Committee on Agriculture. It should be remembered at this point that, while the difference between the income of farmers and that of other non-agricultural categories is already considerable—and that is the reason for this directive in general—an even greater difference is to be found within the incomes of farmers themselves according to the regions in which they live.

On the basis of both the data furnished by the financial statistics network and of the report presented by the Commission on the situation of agriculture in the EEC, it can be seen that the regions with the lowest incomes are characterized by the fact that a large part of their land is fit only for grazing sheep and cattle and not

for arable farming, while the regions with higher incomes are those where production conditions allow of a choice between various agricultural activities and which benefit from a very favourable general economic development.

So, given the fact that there are, among the regions with the lowest incomes, regions suffering from natural disadvantages and thus supporting farms with inadequate structures, it can be seen how very worthwhile the Commission's initiative is, providing, as it does, for special arrangements to benefit the farmers in these particular regions.

I therefore believe that Parliament should deliver a clearly favourable opinion on the proposal under consideration, seeing that on the one hand it provides for the compensation (by payments in fact called compensatory grants) of the economic disadvantages suffered by farmers in their productive work because of naturally unfavourable conditions and, on the other hand, it makes help for the structural improvement of agricultural undertakings more accessible.

The compensatory grant, which is paid out annually, is calculated on the basis of the amount of livestock held or the area of ground destined for certain productive purposes, this being a means of ensuring, indirectly, that the farmer puts his land to the best possible use. This compensatory grant, then, while helping to improve the farmers' income, should not be considered the same—and I should like to stress this point—should not be considered the same as the aid proposed for certain farmers (those between 45 and 55, under special conditions) when proposals for common prices were being discussed last year. For it is proposed that the present grant be given only in special well-defined areas, its size being determined by the land area or the product (especially by the amount of livestock).

As regards the modernization of farms (as I have said, there is on the one hand a compensatory grant and on the other there are measures to facilitate the modernization of farms) the principal means of aid envisaged, adapted to those already laid down by Directive No 72/159, to which I have frequently referred, are as follows: more favourable conditions for investment, including that relating to touristic and associated artisanal activity, the raising of orientation bonuses for stock-breeding farms, and, finally, a grant to young farmers in their first three years of establishment.

Provision has also been made for aid to collective investment in fodder production and the systematization of pasturage and summer grazing and in the operation of inter-farm assistance

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associations. It has further been laid down that, for the purposes of assessing the level of development of an area, account should be taken (up to a maximum of 50 per cent) of revenue from non-agricultural—i.e. touristic and artisanal—activities, and also the amount of compensation received by farmers under the present directives (the compensatory grant to which I have been referring).

Of the total expenditure incurred in providing the aforementioned aid, EAGGF will furnish 25 per cent of the funds needed for farm modernization (as provided by the measures contained in Directive No 72/159) and 50 per cent of the funds needed to pay compensatory grants.

I should also like to emphasize that in the resolution, about which I have spoken and written, the financial contribution of the Community amounts to 25 per cent for the measures in general, while for the compensatory grants the percentage of reimbursement is fixed when the Community regional inventory is drawn up, varying between 25 and 50 per cent.

I should like to draw Parliament's attention to the fact that, while it is only supposed to be of a general nature and to lay down guidelines, this resolution represents a backward step vis-à-vis the Commission's proposal, which provides for 50 per cent of the compensatory grants to be financed by Community funds, by EAGGF—this being a Community activity, as laid down in Directive No 72/159 of which that we are now dealing with represents a further development.

I would also draw Parliament's attention to the necessity of supporting, in this context, the criterion proposed by the Commission, which in my opinion satisfies more effectively a basic need and according to which the said Community measures should be such as to achieve the objectives in question; because, if they are not, we shall be making idle statements instead of indicating the paths to be taken and we shall not be proposing means to achieve adequate results.

It should be recalled in this respect that, in the original proposal made by the Commission in 1971 for a farm modernization directive, which Parliament approved, Article 19 stated that: 'The Council, when deliberating on a proposal from the Commission, pursuant to the procedure laid down in Article 43 (2) of the Treaty, may decide to provide aid amounting to more than 25 per cent and which may be as much as 65 per cent in unfavourable regions.'

President. — I must respectfully remind you that we decided to limit speaking time to 15 minutes for the rapporteurs and speakers on

behalf of political groups, and 10 minutes for other speakers. As your 15 minutes are up, I would ask you please to conclude.

Mr Cifarelli. — (I) Certainly, Mr President. I should just like to point out that the history of this directive—as you well know, it has been postponed so many times—has meant that it has not received a full exposition at the proper time. For instance, no explanatory statement was annexed to Parliament's motion for a resolution. So I fully appreciate your request, Mr President, but I should like to appeal to you to allow me a few minutes more, otherwise I shall be unable to clarify a number of points that may come up later in the course of our discussion.

It should further be pointed out, that leaving aside the additional national aid that may be given, within the limits set by the present directive, to benefit farms in areas for which no modernization plan has been drawn up, and which remain the responsibility of Member States themselves, according to the figures annexed by the Commission to the proposal, the implementation of the measures under consideration, because of the various levels of participation, means that EAGGF will make a contribution in the first five years of a sum estimated at about 131 million units of account for farm modernization and structural aid and about 528 million units of account for compensatory grants.

According to those same figures, the proposed measures will benefit about 700 000 farms, representing 20% of the agricultural surface area utilized in the Community.

I feel this should be pointed out, if only in résumé, in respect of the whole set of measures proposed. But I also wish to emphasize that, in the resolutions that were approved, the Committee on Agriculture, while declaring itself for the most part in agreement with the proposals of the Commission, put forward certain considerations, expressed certain doubts and suggested certain amendments. It suggested for example that the Commission should put into effect as soon as possible the promised proposal for measures regarding reafforestation and the development of forestry enterprises. It emphasized the urgent need for rules to be drawn up for the implementation of the Community regional policy which constituted the background against which the greater policies are gradually being elaborated. It expressed the doubt that the compensatory grant would be paid to the maximum extent provided for also to smaller-sized farms since the proposed directive provides that, according to the extent of the natural disadvantages, these grants should vary between a minimum of 20 and a maximum of 50

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units of account per head of heavy livestock and per hectare. In my view, however, even if the minimum grant is given to the smaller-sized farm, it should be possible to provide adequate incentives for the continuance of agricultural activity in rural areas, which is the basic target at which we are aiming. Finally, the Committee on Agriculture expressed the doubt that certain criteria for the definition of the regions we are discussing were either too rigid or such as to give rise to situations that were not entirely acceptable.

The amendments which the Committee on Agriculture proposes to Parliament are few in number and refer to the following articles: in Article 1, the text proposed by the Commission differs from the text of the directive proposed by the Committee on Agriculture, in so far as, in the statement of objectives, such as the improvement of the income situation...

President. — Would you not like to comment on the amendments when we come to them, Mr Cifarelli?

Mr Cifarelli. — (I) I shall do as the President sees fit. As I am explaining the proposal of the Committee on Agriculture, I felt I should justify the changes which it proposes should be made to the Commission's text and which constitute the Parliament's new basis for discussion.

President. — Yes, please continue.

Mr Cifarelli, rapporteur. — (I) In conclusion, Mr President, I should like to say that the Committee on Agriculture takes a positive view of the directive submitted for our consideration. It has there underlined what needs to be done to make the directive more effective, above all getting rid of the limitations concerning the vegetative period or about the kinds of land use in these regions, which would be counter-productive to the conservation effects of hill farming.

Articles 3 and 4, which define respectively the hill areas and the areas where farming is difficult, or where there is heavy depopulation—in fact the subject matter of this directive—would seem to be those which most require our attention, not least because they are the subject of amendments. But on that subject I intend to speak later.

I should therefore like to conclude, Mr President, by expressing my warm and sincere thanks for the technical contribution made, in a debate often very hurried and difficult, not only by the Commission itself in the illustration of its

proposals, but also by the Parliament, and in particular by the Committee on Agriculture on whose technical expertise and unfailing willingness to help the rapporteur has always been able to rely for the performance of the work which he now brings to a conclusion in this House.

President. — I would again remind all speakers that speaking time is limited to 10 minutes.

I call Mr Pounder on behalf of the Committee on Budgets and the Committee on Regional Policy and Transport.

Mr Pounder. — I rise to express the opinion of the Committee on Budgets and also the opinion of the Committee on Regional Policy and Transport on Mr Cifarelli's fine report.

I do not know if it is usual for the same person to be called upon to give an opinion on behalf of two committees on the same report, but as these committees have favourable views on Mr Cifarelli's report my task is not too difficult. The division of my remarks, brief though they will be—well within the ten minutes you mentioned, Mr President—will be such that it should be absolutely clear on behalf of which committee I am speaking at a given time.

The view of the Committee on Budgets is that the Commission is to be congratulated on its well-founded estimate of the financial implications of the proposed measures. Unfortunately, however, it is difficult to judge the basic assumptions underlying the estimates of the eligible expenditure for assistance from the guidance section of EAGGF. It is very difficult to examine the calculation of expenditure on the basis of the regional statistics and other available data used by the Commission.

For instance, can anyone be sure about the number and types of properties fulfilling the conditions of mutual aid?—Can anyone be certain about the evaluation of livestock numbers?

The Committee on Budgets would, however, be grateful if figures produced by the Commission in support of its views could be presented in a more comprehensible form. I am sure that I do not speak merely for myself when I express the view that having endeavoured to assimilate and understand pages of statistical tables in a Commission report I really suffer from statistical indigestion.

My committee believes that it is not infrequently difficult to formulate a judgment on a particular proposal because the estimates and statistical data are presented in a form which cannot

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easily be fully comprehended. Nevertheless, the Committee on Budgets believes that the Commission's proposals should be welcomed, as the situation in the hill areas and in other poor farming areas needs the concentrated effort of the Community, and the aid of the Community budget will certainly be of great interest to those parties concerned.

I now turn to the views of the Committee on Regional Policy and Transport. This committee also welcomes the Commission's proposals on Mr Cifarelli's report. As a Member of this Parliament who comes from, and sits in, his national Parliament for a regional area, namely, Northern Ireland, I am particularly pleased, as is the Committee on Regional Policy and Transport, that a wide definition has been accorded to what constitutes marginal hill land.

To give an example of this, it is within the knowledge of Parliament that at present in the United Kingdom a fairly comprehensive hill farming subsidy scheme is in operation. Yet the proposal of the Commission includes areas which have hitherto been considered as not qualifying for assistance. If I may say so, I think that in both parts of Ireland, North and South, the Commission's proposals are very welcome.

The Committee on Regional Policy and Transport feels that the two criteria for eligibility—namely, hill areas and poor farming areas threatened with depopulation—reflect accurately the importance of providing assistance to those areas of agricultural activity which perhaps have not attracted sufficient attention in the past. For my part, until I began to prepare my thoughts on this matter, I simply did not appreciate the extent of hill farming areas in the Community. For instance, in the United Kingdom alone hills and uplands account for about one-third of the agricultural area of the country. Low levels of population and remoteness from markets are a common feature of all hill farming areas, added to which the climate in hill areas tends to be less favourable than in lowland agricultural areas. In the hill areas of the Community, the climatic characteristics tend to be unfavourable for efficient farming, yet it is right that these areas should be farmed and assistance should be given to encourage them. The handicaps facing the hill farmer are numerous and daunting, yet his work is important. For instance—and I hope it is in order to quote once again from the United Kingdom—one-half of the lambs and one-half of the wool produced in the United Kingdom comes from hill areas. I do not know what the figures will be for other areas of the Community. I cite this merely to underscore, if that is necessary the tremendous importance which must be

attached to the Community proposal on hill farming.

Basic aid for hill farming and for poor farming areas is required for both social and economic reasons. In the hill and upland areas of the Community, agriculture is the main source of employment. A reduction in agricultural employment will prejudice the whole economic standing of the areas concerned possibly—indeed, almost certainly—leading to the closure of other local enterprises and services.

In conclusion, together with my colleagues on the Committee on Regional Policy and Transport, I welcome any positive steps which recognize the problems of the economically less favoured regions of the Community and which seek to improve the economic and social conditions prevailing in these areas.

Therefore, on behalf of the Committee on Budgets and also the Committee on Regional Policy and Transport, I commend Mr Cifarelli's report and the Commission's proposed directive as being worthy of support.

President. — I call Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs.

Mr Mitterdorfer. — (D) Mr President, ladies and gentlemen, the initiative by the Commission to take regional policy measures in the proposed form in favour of the least favoured agricultural areas of the Community, can be welcomed. The European Parliament has always been in favour of regional policy measures for such areas, not least on the recommendation of its Committee for Economic and Monetary Affairs. The report and Motion for a Resolution prepared by the Committee on Agriculture is also to be welcomed and approved in this respect.

Under an obligation to the Council, the Commission has worked out a proposal which is designed to ensure the continuation of agricultural activity in hill farming and other poorer farming areas by an improvement in incomes, with the express intention of preserving rural amenities. It is recognized that this is only possible if, in the areas in question, there is a minimum population density and minimum agriculture. This fact and this objective meet with the agreement of the Committee on Economic and Monetary Affairs.

This is an element in the balancing of and adjustment to particular natural and human circumstances which we can only welcome. It fits in with the efforts of the Community to take action in the field of environmental policy. Thus,

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in its indirect objective, the proposal overlaps into the province of ecology, soil conservation, preservation of rural amenities and areas for recreation, which are provided in particular by the mountain areas.

There is one thing, however, which must be said about the proposal by the Commission. This agricultural measure, which is to be welcomed, will not be sufficient on its own to prevent the migration of the people from the mountain areas, if it is not supplemented as soon as possible by further measures in the regional policy field.

This fact is particularly striking if we read Article 3 paragraph 1 where the prerequisite for granting the proposed aid is the existence of a minimum level of infrastructure. This means, however, that in certain circumstances the poorest areas could be excluded from the benefits, if they did not have the minimum infrastructure. Paragraph 1 can be understood to mean that the individual Member State is being indirectly asked to provide the infrastructure: to provide roads, electrification, water systems, etc. so that the Community aid can be given. In practice, however, this system would hardly work because the cost of infrastructure to be provided is much higher than the aid provided for in the bill.

If whole groups of farms are still without electricity in a mountain area such as the South Tyrol, it is difficult to see that the Community aid which is offered would in itself be sufficient to persuade the public authorities to undertake this electrification in difficult country and at high cost if they have not done it before. This seems to be one of those cases which show very clearly the lack of a Community concept of regional policy.

Mr Cifarelli, whom I would like to congratulate on his excellent work, rightly says in paragraph 12 of the motion for the Resolution that this directive for solving the social and economic problems of these areas must be supplemented by a joint policy for regional development.

The Committee on Economic and Monetary Affairs can only underline this finding. For this, of course, we would need those facilities which this Parliament has been demanding for many years and which were suggested by the Commission to the Council in 1969 to a still very moderate extent. Despite a positive verdict by our Parliament, the Council however has not yet come to a decision.

The Committee on Economic and Monetary Affairs also welcomes the fact that in paragraph 7 of his Motion for a Resolution the rapporteur

asks the Commission, having regard to the importance of preservation of rural amenities, the soil and the recreation function, to submit proposals for promoting forestry industries. From the point of view of economic policy such industries are important in as much as they provide the mountain population with further income and work, either in direct work or in timber processing.

A second point must be mentioned. The bill takes the national average agricultural income as a basis for the granting of the proposed aid. The Committee on Economic and Monetary Affairs is of the opinion that, from the point of view of integration within the Community, it would have been desirable if, as provided for in earlier proposals by the Commission, the average agricultural income in the Community had been taken as a basis. We wish to achieve ever-increasing integration. On the other hand the use of the national average income as a basis is more likely to promote national internal development than to assist these efforts at integration. It cannot be overlooked either that the use of the national average as a basis can balance out regional differences *within* the individual Member State but cannot balance out the differences *between* the Member States, and in certain circumstances they might even be increased. From the point of view of the Community it is precisely this latter balance which is desirable. Even though we cannot fully see where interests lie, there are nevertheless two questions arising from these considerations which I should like to put to the Commission:

- (1) Which zones envisaged in the present bill would not be covered by the benefits if the Community average income were taken as a basis?
- (2) Would it not be possible, in spite of taking the average Community income as a basis, to include all the envisaged zones in the aid by calculation of a corresponding coefficient, which would probably no longer be the same as the two-thirds of the average income?
- (3) One further thought. It is noticeable that the individual Member States are to establish the measures for aid and that the regions or zones affected are themselves disregarded and have no right to put their opinion. In the debate about regional policy in May 1970, this Parliament expressly requested inclusion of the regions themselves in the procedure. We can only reinforce this viewpoint here.

In the Committee on Economic and Monetary Affairs, doubts have also arisen as to whether

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districts or parts of districts would be of the appropriate size for the application of the proposed measures. In fact such intervention could only be effective within areas which are sufficiently large and of the same kind. It should be possible to amend and supplement the definition where required. In mountain areas, there is the natural territorial and socio-economic unit of the valley. In our opinion this unit should be included in an appropriate form in the procedure for the proposed directive.

The valley, in the form of the legally constituted valley community, is specifically mentioned for example by the Italian mountain law for the implementation of the various national measures for aid.

Mr President, ladies and gentlemen, I should like to make a personal comment. For reasons of rationality and above all clarity in the directives, I would have preferred it personally if the hill-farming areas had not been included with the other poorer farming areas in one directive, but had been dealt with in two separate directives. Hill-farming areas can be compared with other poor farming areas in respect of yield and possibly as regards the preservation of rural amenities, but they have such distinctive morphological and geographical features that they can scarcely be compared with the other regions either from the point of view of rural amenities or economics. However this is only a personal comment.

I also have the impression that it would be desirable—and I am directing this comment to the Commission—if the new Community law to be established included particularly advanced national provisions such as are contained in the Italian mountain law. In that law the various forms of assisting agriculture are combined with intervention in other branches of production and in the infrastructure as part of coordinated and harmonic economic and social development for the region concerned.

I am coming to the end. The bill which we are discussing here represents a very important step, which is welcome and may well contribute towards achieving the expressed aim, namely by improving the income in agriculture, to maintain a minimum population density in the hill-farming and other poorer farming areas so that rural amenities can be preserved and the soil protected.

We can only express the hope that the Council will follow the proposals of the Commission and the proposed amendments by the Parliament and that it will recognize the need for additional regional policy measures in accordance with what has been said here.

(*Applause*)

President. — I call Mr Brugger on behalf of the Christian-Democratic Group.

Mr Brugger. — (*D*) Mr President, ladies and gentlemen, despite the shortage of time I should like to return to a matter in connection with the discussion of this directive which impressed me very greatly. It was at the beginning of 1969 when our former member of the Commission and later President, Mr Sicco Mansholt, presented his plan to assist agriculture to the representatives of the Italian Association of Small Farmers in Rome. Mansholt put forward the view that the use of ground for agriculture in the mountain regions and in other poor farming areas should be abandoned and these regions used mainly only for afforestation. The Alps and other mountain areas were envisaged as recreation areas in his plan. At the end I asked him how he envisaged the creation of a recreation area in these regions if they were depopulated as a result of the abandonment of agricultural use of the ground and cultivation. There would have to be farmers to cultivate the recreation area. It was also established that, apart from the preservation of rural amenities, the hill farmers would carry out the invaluable operation of protection of the soil to prevent or reduce damage by storms, and this would be done better than by expensive structures and afforestation.

After thorough consideration Mr Mansholt then replied "We shall have to think of something". The original Mansholt plan was discussed at length and after several revisions it was embodied in its binding, although not complete, version in directives 159, 160 and 161. The draft directive on preservation of and aid for agriculture in hill farming and other poorer farming areas, which is now before Parliament for consideration, is based, as we already know, on the realization that the abandonment of agricultural use of the land and the withdrawal of those employed in agriculture from these regions would involve a great loss for the protection of the environment, for conservation of the soil and preservation of rural amenities.

I has therefore been recognized that agricultural employment in these areas must be promoted in spite of the unfavourable working conditions and the progressive increase in production costs, because in addition to the production of food, it also carries out functions which represent an important service to the community. In accordance with the present document, this service is not to be paid for by social measures, which would reduce the agricultural employees still living there to indolent semi-pensioners in the prime of their life, but by measures which attempt to balance out at

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least partly the disadvantages in income, in order to keep alive the interest of these employees in achieving a desirable reference income as far as possible from their own efforts. This sound basic concept runs through the provisions of this draft directive, which derives from directive 159 and, in addition to special compensatory payments, also provides in Articles 6, 7 and 8 more favourable measures for assisting farms which are capable of development. The aim of this draft directive on aid for agriculture in hill farming and other poorer farming areas is therefore the creation of farms which achieve the reference income aimed at in directive 159. In this connection the provision of Article 10 of this draft seems to me to be of particular importance, allowing the inclusion of up to 50% non-agricultural income in order to achieve the reference income for the prescribed development plan. This provision is particularly important for hill-farming and other poorer farming areas which are to be developed into recreation areas. I consider it to be much more important for achieving the aim of this draft standard than the extremely modest compensatory payments per livestock unit or the premiums provided for in Article 14 for young farmers for initial equipment or for taking over farms. The latter allowances and premiums by no means compensate for the drop in income between the hill areas and the plains, particularly when one thinks in more detail about the conditions laid down in Articles 3 and 4 of this draft for the classification of a given area as a hill-farming or other poorer farming area.

There is no objection to the motion for a Resolution which the Committee on Agriculture presented for acceptance to the European Parliament. There is no objection to the provisions of Articles 1 and 2 of the proposed directive in which it is laid down that the Member States should notify the Commission of the defined areas identified as hill-farming or other poorer farming areas.

On the other hand I have the greatest reservations about the provisions of Article 3 regarding the prescribed characteristics by which the hill-farming areas are to be identified. I have already expressed my view on these prescribed characteristics in the Committee on Agriculture, and I have also made proposals for corresponding amendments, although these have not been accepted.

I have now submitted new proposals for amendments regarding Article 3, on which Parliament is to decide.

I reserve the right to explain these in more detail as soon as they are actually under con-

sideration. I should only like to mention in this connection that these proposals for amendments have been accepted by the Group in whose name I am speaking and the Group has adopted them. On this occasion I should also like to point out that our declaration of faith in a European Regional Policy will not be credible, as we have already heard, if in defining the hill-farming areas we proceeded on the basis of the average agricultural income of the individual Member States and not of the Community.

We know how this average agricultural income can vary in the individual Member States. The result of this basis of calculation will be that, for example, in the Italian Alps the hill-farming area starts at about 1 000 metres above sea level, whereas in the French or in the German Alps it begins at 600 metres. This is not the aim of Article 39, paragraph 2, sub-paragraph (a) of the EEC Treaty which provides that the common agricultural policy shall take account of the particular nature of agricultural activity which results from the social structure of agriculture and from structural and natural disparities between the various agricultural regions. The various agricultural regions, however, do not coincide at all with the State boundaries and the regions of the Member States. The Alpine area can be considered rather as a single agricultural region. However, on the basis of Article 3, paragraph 2 of the proposal the hill-farming areas will begin in one case at 500 metres and in another at 1 000 metres in the same Alpine region, depending on which country they belong to.

I should also like to say the following: In Article 3 there is also one characteristic under which hill-farming areas will be those areas in which agricultural mechanization is not possible at all. I assume that we all agree that a winch, for example, is an agricultural machine. I believe that those regions in which no mechanization is possible have long been abandoned and that we no longer need to discuss them. Therefore I have come to the opinion that we should also alter some phrases in Article 3, paragraph 3, the first and second sub-paragraphs.

Finally, I should like to direct a question which seems very important to me in this public discussion to the Commission member, Mr Lardinois; I consider this question important because it has already been mentioned by other speakers.

The question is: In Italy they have their own very favourable law to assist hill farming. Can this Italian hill-farming law be combined with this directive or, when this directive is applied, will it have to be abandoned, at least partially? I would urge Commissioner Lardinois to give

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a precise answer to this question, because so many doubts have already arisen.

(Applause)

President. — I call Mr Marras.

Mr Marras. — (I) The proposal for a directive which we are now considering is extremely belated, being submitted at a time when serious and occasionally irreparable damage has been caused in hill-farming areas by an agricultural policy such as that of the Community, which has so far refused to take into account the conditions in which agriculture is pursued—conditions which vary from territory to territory and often from state to state.

As we are all aware, this matter has been dealt with at length by the ministers of agriculture in the protracted meetings of the last few months, which prepared the way for laying down the new prices of agricultural products. A resolution has been adopted by the Council and published with little consideration for relations with our Parliament, which was under the obligation to express an opinion. From this resolution we learn that the deadline for adopting the directive has been allowed to creep forward to 1 October next, and I have my doubts whether even this date will be observed. Why? Because, from what we know of the discussions in the Council, the subject of this directive ended up by becoming an object of barter between the various governments before reaching that flimsy and wretched compromise on prices which was adopted in Luxembourg.

Mr Cifarelli is right in maintaining that the text of that resolution constitutes a retrograde step when compared with the directive we now have before us. In fact (I should like to direct his attention precisely to this point), the title of the resolution approved by the Council of Ministers no longer refers to hill farming but generically to agriculture in poorer areas of any kind.

Deadlines are being postponed and interventions extended and generalized in their field of application, and all the while the Community's financial resources are being used up in that bottomless pit which is the policy of maintaining prices.

On the merits of the directive, the first remark to be made concerns its underlying principle, which, in our opinion, constitutes a modification—even though very limited and conditional—of the tendencies followed so far by the Community's agricultural policy, whether it be the joint price policy or proposals for directives originating in the Mansholt Plan. Both the one and the other tendency inclined to favour the

more prosperous areas and capitalist undertakings at the expense of poorer areas and the rural economy. At last people have come to realize what we Communists have always maintained—namely, that these two policies were tending to expel the farmers and destroy the natural environment of vast areas of the Community.

This having been said, we must not delude ourselves into thinking that the measures proposed in this directive can radically repair the damage of a ten-years-old policy or satisfy the vital needs of vast areas of territory—which, in our country, make up the greater part of the total area—without a profound modification of the common agricultural policy in its entirety along the lines which we have indicated on more than one occasion and which have recently also been suggested by various political parties.

Recently, through a happy coincidence of experience and the political will of all the forces of the people, our country—this problem has been raised by Mr Brugger—adopted legislative measures on hill farming based on the principle of the elaboration and execution of local plans by democratic organisms representing the will of populations such as the mountain communities.

Commissioner Lardinois has been asked to state whether the Commission has an opinion on this law. Our own view is clear, and we declare it unequivocally. In our country, in Italy, the aids provided for in the directives of the Community cannot be fitted into this democratic structure of the mountain communities or be administered by them.

Under these circumstances, especial importance must be attached, particularly in Appenine regions and in the islands, to developing the production of olives, of fruit farms specializing in late crops of high commercial value, in addition—obviously—to the whole range of livestock breeding, not to mention tourism, handicrafts and, above all, reforestation.

With these remarks and the comment that this directive represents a timid step towards launching a new Community agricultural policy, I wish to place on record that our Group gives a moderately favourable opinion on the fundamental guidelines contained in this directive.

President. — I call Lord St. Oswald on behalf of the European Conservative Group.

Lord St. Oswald. — Mr Cifarelli, as expected, opened the debate with a lucid and meticulous exposition of the measures, working methods and machinery envisaged. The Committee on Agri-

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culture and the House owe him a great deal. Nobody would thank me for attempting to duplicate his explanation, and I shall not commit that error.

It is, all the same, a great satisfaction to be able to speak for the European Conservative Group on this subject in Parliament. This proposal from the Commission embodies the spirit, and sense of purpose which brought our nine nations together in one partnership and which will carry us forward to widening achievement if that spirit and purpose are maintained, as we are all determined that they will be.

Here is a design, by the Community as a whole, to assist certain sections of our population, not nation by nation, but according to their particular circumstances, wherever those circumstances may exist within the land area of the Community. It is in philosophical and practical harmony with the regional policy set out in the statement by Mr George Thomson two days ago, when he described measures wider in scope and more general in application than the proposals now before us.

In a mainly prosperous Community, if we share that prosperity we shall deserve it and increase it. It is vitally important for the whole momentum and credibility of our endeavour that within our own Community boundaries, among our own 260 million citizens, we are seen to be unselfish and just.

During the internal struggle in my country for and against entry into the Community the opponents stigmatized the Community, among other things, as "a rich man's club". They did not choose to explain whether it would have been more respectable, in their view, to join "a poor man's club".

These proposals, as much as those put forward by Mr Thomson earlier this week, give the lie to the suspicion, the fabricated suspicion that the motivation of this European endeavour was in reality grasping and greedy. It never was. The policy set out by Mr Thomson was a recognition that in the Community there are rich and poor—not simply rich and poor individuals, but rich and poor areas.

Mr Thomson gave a basic statistic which startled me at least when he said that the earnings in the prosperous areas of our Community were *five times* those of the poorest. I have since learned that in the agricultural context this gap is even wider, far wider.

In English we have an expression used to denote the selfish attitude of one satisfied with his own position and determined not to assist the

less fortunate. It is, 'I'm all right, Jack!' Like so many pointed expressions, it comes from a quite unprintable military epithet coined in the heat of battle. I believe that the corresponding phrase in German would be 'Mir gehts gut, Schluß!' On Tuesday and today we in the European Parliament are invited to reject conclusively that attitude.

The proposal before us today recognizes that within the agricultural sector of the Community population and economy there are poor or less prosperous citizens, through no fault of their own. The circumstances in which they work have so far ensured that their sweat and skill are less easily transmuted into a living wage than the sweat and skill of other men.

The reward of their labour is disproportionate and insufficient if left to nature and the market they serve. It does not follow automatically that public funds should be diverted to keep them and their particular vocation and form of livelihood in existence.

Neither the Community nor national governments can disperse the money entrusted to them for purely sentimental purposes. In the poetry, painting and literature of other centuries, in the pastoral field, alone, milkmaids and shepherdesses have played a romantic and decorative part, but in a modern economy they have been replaced by modern methods and machinery. The proposals here are neither nostalgic nor sentimental. They are fully justifiable on social, professional and agricultural grounds, as a positive contribution to the economy and to food production.

I hope Parliament will not consider me too fanciful if I say that the kind of men and women who live and work in the hills and mountain areas are worth encouraging as a human element, apart from other factors. It is not simply that they keep alive and productive the wild places which, if depopulated, would become empty and still. There is the fact, I believe a tangible fact, that this kind of tough, enduring, obstinate people enrich the blood and the character of a race which in the cities may become soft and sybaritic. I suppose most of us have met such men in our own lands. I have had the good fortune to travel and to meet and speak with them not only in Wales and Scotland and other parts of Britain, but in Italy, Spain, Greece and Yugoslavia.

These proposals require national governments to designate the areas in their own countries which merit assistance, according to common Community criteria, and which will turn that assistance to good productive account. There are, for instance, among the most obvious regions—

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in Italy the Alps and the Appenines, in France the Pyrenees and the Alps and perhaps the Massif Central. In Germany most obviously of all we are likely to think of Bavaria, but there are other wild and beautiful districts in which I wandered as a young man, the Harz mountains and the Black Forest, which may well have a claim. Our Irish partners will undoubtedly put forward the claims of their own western countries.

The Commission has been aware that it is not exclusively in the steep areas where depopulation is a danger to be averted and worth averting. There are certain places such as the islands off Denmark and Holland which are allowed for in Article 4(2). Denmark, like Britain and France, is looked upon by the world as an area of more or less ideal farming conditions. But in none of these countries is this everywhere the case. Two distinctive areas of Denmark are less blessed by nature. In the western part of Jutland, farmers have fought for 100 years against wind and sand. In the many coastal islands transport poses a greater problem than the soil, and is leading to depopulation.

In a sense it seems right that I should be speaking for the European Conservative Group as a farmer, but specifically not as a hill farmer. I farm some of the flattest land in the British Isles: not a feature in the landscape could possibly be dignified or classified as a hill. I can thus speak with objective enthusiasm, as I have tried to do.

My honourable friend, Mr John Brewis, has a constituency in which many of those whom he represents live the hard life which we are taking into account today. It may be that he will wish to speak, as indeed he can, with true expertise and far closer understanding of the need for such measures. He may very possibly suggest some improvements and point out the danger of certain omissions or inadequacies if he sees them. The same may be said of my noble friend Lord Brecon, conscious of the needs of his native Wales.

Aware of their presence, in this speech I have not myself set out to deal with the technical aspects. But, having referred earlier to the professional agricultural justification for these measures, I must make some further reference to that side of our discussion.

The main products of these hill and mountainous areas are two—sheep and cattle. Without the hardiness and stamina bred into the mountain sheep and transmitted to the lowland flocks by continuous breeding, the lowland flocks would suffer. They would suffer in strength and in the quality of the meat as well as the wool which

they provide. The upland farms are therefore providing an essential service to the industry of the country as a whole and thereby to the consumer.

The question of cattle brings us back to the eternal continuing problem of how to produce more wanted beef without producing a greater abundance of unwanted milk. I do not want to exaggerate the contribution which hill beef can make in this respect, but that contribution exists. I am a dairy farmer and, if a cow cannot produce 1 000 gallons of milk in a year, that is, 2 250 litres, that cow is considered something of a failure. Hill farmers among my friends have a totally different approach. Because the cattle graze on poor pasture, the cows produce simply what is sufficient for the calf. Their year, in an animal husbandry sense, is totally different from mine. A cow will be 'bulled'—that is to say happily married—in June, calved down in March, will provide milk for her new calf throughout the summer and when the calf is taken away in the autumn she will be dried off, apparently without any complaint from her. In my own herd, I should be afraid of mastitis and other dangers if one of my cows were treated in such a way, but in the hills they do not even find it necessary to give precautionary injections of penicillin. Here, therefore, on a relatively narrow front admittedly, we have a formula for producing beef without adding to the ocean of milk or the mountain of butter.

I hope I have not been too general for the purposes of the debate in my approach to these proposals. When I first studied them, I totally failed to realize—and I was not alone—that they had to be read in close conjunction with the earlier Council Directive (EEC/72/159) dealing with the modernization of farms.

The aid offered in the new directive, whose terms we are discussing, would in certain cases — perhaps in a great many cases — be combined with the aid already provided under Directive EEC/72/159. The inter-relation between Directive EEC/72/159 and the new proposals is far too complicated to expound in a speech of mine, but the objective is to give preferential treatment to those farmers who are competent and prepared to create a truly viable holding. Viability and an eventual return to society of assistance received must be, in good sense, a touchstone of the practicality of these schemes. They are not intended as straight charity.

Very properly, this will not be an unquestioning handout to all who apply. There will have to be some considered presumption that on a given farm and by a given family this public money will be well and wisely applied. I suppose in every language there exists the proverb 'God

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helps those who help themselves'. In French I believe it is 'Aide-toi, et le Ciel t'aidera'. This has often been interpreted and abused as a reason for refusing support to the helpless. Here it is truly interpreted. The Community will help those who help themselves with their skill and application, their knowledge of the soil and their understanding of the animals they rear and tend. In their turn they will aid the Community in a manner very personal to their kind, and realistic in the best sense.

It seems to me right and logical that these proposals should have evolved as they have. None the less, it is a matter for particular congratulation to the Commission and others that with all the difficulties and the technical details — details which inevitably are unfamiliar to any but a small and scattered part of the agricultural industry as a whole — the proposals should have passed through many stages, emerging from the Commission, and earlier this month from the Council of Ministers, against a background of conflicting views on other topics. Speaking for the European Conservative Group, I express the hope that this approval will be confirmed by Parliament as a whole today.

President. — I shall now suspend the sitting until 3 p.m.

The House will rise.

(The sitting was suspended at 12.50 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR WOHLFART

Vice-President

President. — The sitting is resumed.

10. *Change in agenda*

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I must ask for your indulgence for my wishing to speak at this time. I should like to submit a point for your consideration and a proposal. The last two items on the agenda for today's sitting concern two short reports on transport policy. Both of the rapporteurs agree that if the debate on these two reports were to come up late in the evening it might be necessary to postpone it to the next sitting, whereas they could be dealt with in the space of a few

minutes now, in view of the presence of the chairman of the Committee on Transport and Regional Policy, who would like to present the two reports on behalf of their respective rapporteurs.

I should therefore be most grateful if I could have a quarter of an hour, no more than that, to allow me to approve the reports, there being no divergence of opinion here between the Commission and the Committee on Transport and Regional Policy.

President. — I think the proposal from the Vice-President of the Commission of the European Communities can be accepted, if Mr Cifarelli agrees.

Mr Cifarelli. — (I) I agree, Mr President.

President. — I therefore submit to the Assembly the proposal to which Mr Cifarelli has just agreed.

Are there any objections?

That is agreed.

We shall therefore consider the report by Mr Mursch first, then the report by Mr Schwabe.

11. *Regulation on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway*

President. — The next item is a debate on the report drawn up by Mr Mursch 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 regulation supplementing Council Regulation (EEC) No 1191/69 of 26 June 1969 on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway. (Doc. 28/73).

I call Mr James Hill, chairman of the Committee on Regional Policy and Transport, who is deputizing for the rapporteur, Mr Mursch.

Mr James Hill, deputy rapporteur. — The purpose of the proposal should have been outlined by the rapporteur, Mr Karl-Heinz Mursch, a member of the Bundestag. Unfortunately, he has had to go to Bonn for a very important vote and he has asked me, not only to follow my usual procedure of acting as chairman, but also to present the report as rapporteur.

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The purpose of the proposal from the Commission of the European Communities on which the European Parliament will give its opinion by adopting the motion for a resolution which Mr Mursch proposes in his report for the Committee on Regional Policy and Transport, of which I am chairman, is only to amend a Council Regulation of 1969, the full title of which is:

'Regulation (EEC) No 1191/69 of the Council, of 26 June 1969, on action by Member States concerning the obligations inherent in the concept of a public service in transport by rail, road and inland waterway' (published in the Official Journal of the European Communities No L 156, 28 June 1969) and published in English in December 1972 in the Special Edition of the Official Journal Part 1969 (I) page 276).

The main point of the amendment is that besides the State railways the regulation will in future (beginning on different dates between 1975 and 1977) apply also to certain other railway undertakings and also to road or inland waterway transport operations organized by railways as alternative services where railway services cannot be run on a commercial basis.

As to the contents of the Council Regulation itself, these were thoroughly analysed in a report drawn up on behalf of the former Transport Committee by Mr Riedel in 1968 (Doc. 203/67, 1 March 1967).

Dealing only with the amendment and referring himself to the report by Mr Riedel, Mr Mursch has been able to keep his report very short.

Unfortunately, the five-year-old report on fundamentals cannot be translated into the new Community languages and it might therefore be useful if I give a short introduction to the regulation itself for Members who were not able to consult the report by Mr Riedel.

Before doing so I should mention the procedure by which the regulation is made law in the new Member States.

By the Act concerning the Conditions of Accession and the Adjustments to the Treaties (published in the Special Edition of the Official Journal, No L 73, 27 March 1972), Article 29 and Annex I, Council Regulation (EEC) No 1191/69 of 26 June 1969 (OJ No L 156/1, 28 June 1969) was amended to include, besides the State railways of the old Member States, the State railways of the new ones also.

For Britain these are British Railways and the Northern Ireland Railways Company Ltd. For Ireland it is CIE and for Denmark DSB State railways.

By Article 30 and Annex II of the same Act it is laid down that

'The right to compensation...shall take effect in Ireland and in the United Kingdom from 1 January 1974'.

It seems that Denmark was prepared to apply compensatory measures from 1 January 1973 if necessary.

Article 150 and Annex X defer the application of the whole Act for Ireland and the United Kingdom until 1 January 1974.

Again it seems that Denmark was prepared to apply the Act as from 1 January 1973.

The aim of the Council Regulation EEC No 1191/69 is to eliminate disparities liable to cause substantial distortion in the conditions inherent in the concept of a public service which are imposed on transport undertakings by Member States.

It might be essential to recall what 'public service obligations' are. This term means 'obligations which the transport undertaking in question, if it were considering its own commercial interest, would not assume' (Article 2 (1)). Public service obligations are therefore 'the obligation to operate, the obligation to carry and tariff obligations' (Article 2(2)).

In the interest of sound competition in the Common Market in general and in the transport market especially, the regulation requests Member States to terminate all such obligations on transport by rail, road and inland waterway. (Article 1(1)). 'Nevertheless, such obligations may be maintained in so far as they are essential in order to ensure the provision of adequate transport services.' (Article 1(2)).

In passenger transport, rates imposed in the interests of particular categories of persons may be maintained. This means that so-called 'social tariffs' in passenger transport are not forbidden under the regulation. Other obligations are forbidden if it is not possible to prove that they are essential for the provision of 'adequate' transport services, though 'adequate' is not defined. The regulation is not very clear about what is permitted and what is forbidden, but on one point the regulation is very strict: all financial burdens devolving on transport undertakings by reason of the maintenance of any obligations, shall be subject to compensation. In other words, the regulation is a contribution to the freeing of the railway from their financial burdens, arising from public service obligations that are harmful to their own commercial interest. This might mean that out of the public budget, governments have to pay millions and

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millions of pounds to railway companies in compensation for public service burdens. It should be remembered, however, that State railways receive this support anyhow, as governments are bound to compensate their yearly deficit.

What really changes is not the sums paid to railways, but the title under which they are paid. Henceforward, there will be a difference between compensation for services rendered, on the one hand, and for deficits, because of bad management, on the other hand. The Council Regulation is therefore to be accepted and welcomed as a step towards more efficient management than is possible today, because of the unclear situation of the railways between their commercial interests and their public service obligations.

Mr Mursch in his report states that the Committee on Regional Policy and Transport considered the proposal at its meeting of 11 April 1973. In Doc. 28/73 it has submitted a motion for a resolution to Parliament. This resolution approves the Commission's proposal to improve the harmonization of conditions of competition by widening the sphere of application of the basic regulation, (EEC) No 1191/69. The Commission is also requested to consider further expansion of the sphere of application.

In its motion for a resolution, which was adopted unanimously, the Committee on Regional Policy and Transport was guided by the following considerations:

Regulation (EEC) No 1191/69 does not apply to all transport undertakings. Those excluded include, in particular.

- non-state-owned railways and
- road and inland waterway transport undertakings, if they are primarily engaged in local or regional transport.

This situation is now to be changed. The essential feature of this proposal for a regulation is an extension of the sphere of application of the first regulation. This extension means greater harmonization of competitive conditions. It is welcomed by the committee, since comparable situations call for identical measures.

In detail, the sphere of application is to be widened as follows:

1. to the non-State railways and their rail substitute traffic, on condition that the network of these railways is linked to the national network or that they are in competition with transport undertakings to which Regulation (EEC) No 1191/69.

2. to road and inland waterway transport of a regional and local character, but only where these are in competition with other types of transport subject to compensation.

This proposal for a regulation also indicates the adjusted time limits for compensation claims.

The significance of transport operations effected in the public interest has become particularly obvious in recent years in the member countries of the enlarged European Community. This applies in particular to local public passenger transport, which is assuming increasingly important relief duties in the large towns and areas of high population density. In the economically weak and under-structured areas, local public passenger transport must perform important liaison and development functions. Future European development will probably reinforce these tendencies. It is all the more necessary to place competition on a uniform footing and to improve the economic position of the transport undertakings by offsetting the indispensable public economic burdens placed on them.

In the motion for a resolution by the Committee on Regional Policy and Transport, not only is the Commission's proposal approved, but the committee also suggests that the possibility of further expansion of the sphere of application of the regulation should be considered. This suggestion has deliberately been worded in general terms, because the issue is very complex. It may have radical effects on the public budgets of member countries. A cautious approach is therefore desirable. In any case, consistent effort must be made to achieve the ultimate goal of far-reaching harmonization of conditions of competition, including in particular the promotion of local public passenger transport.

With those few words, Mr President, I wish, on behalf of Mr Mursch and myself, to put this proposal to the European Parliament.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza. — *(I)* Mr President, ladies and gentlemen, I should like in the first place to thank Mr Cifarelli, for his kindness in accepting my proposal, and my colleague Mr Lardinois, and also to congratulate Mr James Hill who, I believe, today for the first time presented a report to this Parliament on behalf of the Committee on Transport and Regional Policy, of which he recently became chairman. I wish to thank and compliment him and his committee for their excellent work and for the

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two reports presented, on which I do not propose to dwell since they appear to me to be complete down to the last detail.

I wish merely to emphasize that the problem in question is an extremely important one, since we are seeking through these provisions to eliminate certain discriminations which can result from the application of Regulation No 1191/69 on competitive transport undertakings.

Mr James Hill said that, in its motion for a resolution, his committee not only approved the Commission's proposed regulation, but also suggested that it might be necessary to extend the sphere of its application. The Commission will indeed give this problem further consideration because it, too, believes that a much broader view of it should be taken.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I wish to rise on a point of order only.

I am delighted that we have been able in Parliament to be of convenience to the Commissioner. It is very useful that we have been able to do so. However, may I draw your attention to the fact that we are not sticking to the order paper. This is making life extremely difficult for Members of Parliament.

I was here until we rose for lunch. Your predecessor in the Chair made no mention of the fact that the order of business this afternoon would be changed. As I have said, I am delighted to be at the convenience of Parliament and of the Commissioner, but we are, after all, dealing with matters for which Members have prepared speeches they wish to be ready to deliver. Let us be of convenience, but let us think of ourselves as well.

Mr President, I beg that in future this mucking around with the Order Paper—and, by God, we have had some mucking around today and yesterday—should not happen.

President. — You are doubtless correct, Mr Scott-Hopkins, but I would remind you that I consulted the House at the beginning of this sitting, and the House was unanimous in agreeing to the change in the agenda.

I nevertheless take note of your point of order and shall inform the Bureau accordingly.

Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted. ¹

12. Regulation on common rules for the normalization of the accounts of railway undertakings

President. — The next item is a debate on the report drawn up by Mr Schwabe 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 regulation supplementing Council Regulation No 1192/69 of 26 June 1969 on common rules for the normalization of the accounts of railway undertakings (Doc. 23/73).

I call Mr James Hill, chairman of the Committee on Regional Policy and Transport, who is deputizing for the rapporteur, Mr Schwabe.

Mr James Hill, deputy rapporteur. — Mr President, once again, Mr Schwabe has been recalled to Bonn and he has agreed that I present his report as well as answer as chairman. The purpose of the proposal from the Commission of the European Communities on which the European Parliament will give its opinion, by adopting the motion for a resolution that Mr Schwabe proposes in his report on behalf of the Committee on Regional Policy and Transport, of which I am chairman, is only to amend a Council Regulation of 1969, the full title of which is: 'Regulation (EEC) No 1192/69 of the Council, of 26 June 1969, on common rules for the normalization of the accounts of railway undertakings' published in the Official Journal of the European Communities No L 156 on 28 June 1969 and published in English in December 1972 in the Special Edition of the Official Journal Part 1969 (1), page 283.

The main point of the amendment is that besides State railways the regulation will in future also be applicable to some other railway undertakings. As to the contents of Council Regulation (EEC) No 1192/69 itself, they have been very thoroughly analyzed in a report drawn up on behalf of the former Transport Committee by Mr Faller in 1968 (Document 150/68, 18 November 1968). Dealing only with the amendment and referring to the report of Mr Faller, Mr Schwabe has been able to keep his report very short.

Unfortunately the five-year-old report on fundamentals cannot be translated into the new Community languages and it might therefore be useful if I give a short introduction to the regulation for members who were not able to consult Mr Faller's report.

Before doing so, I should mention the procedure by which the regulation is made law in the new Member States.

¹ OJ. Series C, from 4 June.

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By the Act concerning the Conditions of Accession and the Adjustments to the Treaties, published in the Special Edition of the Official Journal, No L 73, 27 March 1972, Article 29 and Annex I, the Council Regulation (EEC) No 1192/69 of 26 June 1969 (Official Journal No L 156, 28 June 1969) was amended to include, besides the State railways of the old Member States, the State railways of the new ones: British Railways and the Northern Ireland Railways Company Ltd., for the United Kingdom, DSB for Denmark, and CIE for Ireland.

By article 150 and Annex I the application of the Regulation is deferred for Ireland and the United Kingdom to 1 October 1973, while it seems that it has been applicable in Denmark since 1 January 1973.

The main point in the Council Regulation (EEC) No 1192/69 is to eliminate disparities harmful to the Common Market which arise owing to the imposition of financial burdens on, or the granting of benefits to, railway undertakings by public authorities and which are consequently liable to cause substantial distortion in the conditions of competition.

Thus 'the accounts for railway undertakings shall be normalized' (Article 1 (1)). The wording 'normalization of railway accounts' might need some explanation. As Mr Schwabe stated, this has nothing to do with a standardization of accounting methods as the wording might imply. This somewhat confusing term has not been invented by the Commission of the European Communities, but has been long-standing 'Euro-slang' ever since the U.N. Economic Committee for Europe in Geneva tried to find a solution for the phenomenon of railway deficits, together with the International Railway Union. One of the causes of railway deficits is that railways' accounts are not normal but are charged with all sorts of burdens that have nothing to do with rail transport.

Thus 'normalization of the accounts of railways' means: 'determination of the financial burdens borne or benefits enjoyed by railway undertakings, by reason of any provision laid down by law, regulation or administrative action, by comparison with their position of they operated under the same conditions as other transport undertakings', and of course: 'payment of compensation in respect of these burdens or benefits' (Article 2 (1)).

'Normalization of accounts ... shall not apply to public service obligations imposed by Member States and covered by Regulation (EEC) No 1191/69', which is treated in the report by Mr Mursch and which can be considered to be a specialized case of normalization of accounts. (Article 2(3)).

To be somewhat more clear, it might be advisable to enumerate some cases of burdens imposed on railways that are compensated for under the regulation on normalization of accounts, as they are enumerated in the annexes to the regulation: first, payments which railway undertakings are obliged to make but which for the rest of the economy, including other modes of transport, are borne by the State (e.g. payments resulting from accidents at work, special allowances for children of employees).

Secondly, expenditures of a social nature incurred by railway undertakings in respect of family allowances different from that which they would bear if they had to contribute on the same terms as other transport undertakings. Thirdly, payments in respect of retirement and pensions borne by railway undertakings on terms different from those applicable to other transport undertakings.

Fourthly, costs of crossing facilities. Fifthly, obligation to recruit staff surplus to the undertaking. Sixthly, obligation to retain staff surplus to the requirements of the undertaking. Seventh, backdated increases in wages and salaries imposed by the Government. Eighth, delay imposed by the competent authorities with regard to renewals and maintenance. Ninth, financial burdens in respect of reconstruction or replacement arising out of war damage.

Tenth, measures benefiting staff, in recognition of certain services rendered to their country, imposed on railway undertakings by the State on terms different from those applicable to other transport undertakings. Eleventh, allowances payable to staff, imposed on railway undertakings and not on other transport undertakings.

Twelfth, expenditure of a social character incurred by railway undertakings in respect, in particular, of medical treatment. Thirteenth, financial burdens devolving upon railway undertakings in consequence of their being required by the State to keep in operation works or other establishments in circumstances inconsistent with operation on a commercial basis. Fourteenth, conditions imposed in respect of the placing of public contracts for works and supplies. Fifteenth, capital and interest burdens borne as a result of lack of normalization in the past.

This list is a considerable one. It illustrates from how many sources railway deficits arise. Most of these burdens have been placed on the shoulders of the railways at a time when there was no road transport to compete against them and they had a monopoly in the transport business. When all these burdens are taken off the shoulders of the railways there should be progress

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to more efficient management on sounder principles than in the past. To end these remarks I wish to point out that we are discussing a subject of some importance in the development of a common transport policy.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I wish to thank Mr James Hill once again. I should like to stress the importance of the report presented by the Committee on Regional Policy and Transport and point out that the proposal in question is primarily concerned with common rules for standardization of the accounts of railway undertakings. The main aim is to eliminate all discrimination between national rail undertakings and other rail concerns which supplement or compete with their services.

I wish also to thank the parliamentary committee for accepting the indications given by the Commission. In connection with the final recommendations made by Mr James Hill, I would point out that the Commission has already completed its work of preparing the file on the presentation of a new transport policy, taking into account the enlargement of the Community and the requirements of the new member states and above all the difficulties which have already been encountered. I assume that the Commission will be able to approve this document at its meetings of 23 and 30 May after which it will be presented for consideration by Parliament. I hope that on the basis of the broad discussion of a new transport policy, a debate will ensue, first in the appropriate parliamentary committee and then in the plenary session, which will help to enrich the knowledge available to the Commission of the European Communities.

President. — We shall now consider the motion.

I have no amendments or speakers listed.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

13. *Directive on agriculture in mountain areas and in certain other poorer farming areas* (cont.)

President. — The next item is continuation of the general debate on Mr Cifarelli's report on

the Commission's proposal for a directive on agriculture in mountain areas and in certain other poorer farming areas (Doc. 11/73).

I call Mr Liogier on behalf of the EDU Group.

Mr Liogier. — (F) Mr President, ladies and gentlemen, when I first became a Member of Parliament in France, fifteen years ago, I had already long been convinced that certain of the poorer farming areas in my country, in particular the hill-farming areas, were likely to be abandoned by their inhabitants if they were not granted special assistance. I therefore became an ardent defender of these areas, which were already suffering the effects of rural depopulation. With the support of other members of my group, I managed to have them included in the French outline law on agriculture, under the title 'special rural development areas'.

You can imagine therefore how disappointed we were to find that the directives on the modernization of agricultural holdings, submitted to us for discussion in 1972, disregarded the poorest farming areas in the Community. By granting substantial aid only to holdings which could be developed and become competitive, they would accelerate the depopulation of large areas in our territories.

We thus proposed an amendment to our Committee on Agriculture, which it accepted, and which the Council finally incorporated in its directive of 17 April 1972, although in rather restrictive terms, in the following text:

"Member States may set up a special system of aids for certain areas where the maintenance of a minimum population level cannot be guaranteed, and where a minimum of agricultural activity is essential to conserve the countryside.

Pursuant to the procedure provided for in Article 43 of the Treaty, the Council lays down the criteria for defining these areas and applying the above system."

I should explain that the part of our original amendment which was not adopted provided that in the poorest farming areas of the Community the advantages conferred by Directive 72/159/EEC were applicable, even if the criteria of modernization were not complied with. This amendment thus complemented the directive on structures.

We therefore welcome the 'Proposal from the Commission of the European Communities to the Council for a directive on mountain agriculture in mountain areas and in certain other poorer farming areas.'

¹ OJ. Series C, from 4 June.

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You are aware of its provisions, and you have the proposal in front of you, as well as the excellent report on the subject by our colleague Mr Cifarelli on behalf of the Committee on Agriculture. There is no need for me to go through the directive in detail at this point, especially as the motion for a resolution contains some very sound comments and suggestions. The EDU group will therefore vote in favour of this report.

At our previous plenary session, so much time was spent in discussing agricultural prices and the related monetary problems that it was not possible to give our opinions on this directive. This was unfortunate, particularly as it was brought before the Council at the same time as the question of prices before our opinion had been ascertained. Thus the directive we are considering at the moment has been to some extent overtaken by the Council's decisions.

In fact these were not so much formal decisions as what I would call declarations of intent, from which resulted a unanimous agreement which will be put into concrete form by 1 October 1973 in a new Council directive.

So the Cifarelli report which we are now discussing is of some interest, in that the Council will be able to base its directive on the motion for a resolution and the amendments to the Commission's text by the Committee on Agriculture, the most important of which stipulates, in Article 8:

"By derogation, and solely in the case of other poorer farming areas in mountain country, cows whose milk is intended for marketing and the whole area given over to the production of apples and pears shall also be taken into account in calculating compensation."

In fact, one of the main innovations is the establishment of a direct system of aids in the form of an annual subsidy, the compensatory allowance, of between 20 and 50 u.a. per unit or hectare. A table for converting cattle, sheep and goats into livestock units is annexed to the directive.

Why did the Commission of the Communities see fit to exclude cows whose milk is intended for marketing? We find this incomprehensible. We can understand that, in view of the shortage of meat and the present over-production of milk, it wishes to encourage stock-farming as much as possible. But it cannot be unaware that almost two thirds of farms in mountain areas usually have very small herds, and are given over to milk production, which yields quick returns. Conversion to stock-farming is extremely difficult, requiring advance capital and involving

techniques which are unsuitable for small herds. Apart from this, in summer a small quantity of milk can be sold on the spot to tourists, while the majority is used to make cheese or is distributed without further processing.

May I digress a little at this point. Not many people are aware that milk varies according to locality, just like wine. Milk produced in the mountains nearly always has special characteristics making it suitable for the manufacture of the blue cheese called 'Auvergne' or 'fourme', which is very popular in France and elsewhere. However, because of the method of collection, it is too often used for immediate consumption, and sold at the lowest prices.

Apart from that, you cannot have calves without cows! This means that a large part of our butchers' meat comes from calves or from cast dairy cattle. To exclude cows whose milk is intended for marketing from the compensation allowance is thus a serious omission.

The directive does not mention the problem of transhumance, except in Article 11, amended by our Committee on Agriculture, which provides for aid towards joint investment schemes in respect of fodder production, and to land improvement and joint capital equipment schemes in respect of pasture land and mountain grazing. In our opinion, to ensure the presence of a necessary minimum population could be taken to mean that this population should stay in the same place throughout the year, in other words have their agricultural holdings in the same place as the land farmed. This being so, in the case of farmers whose pastures are in the mountains, but their homes and farm buildings are down below 'on the plain', as the expression goes, and who bring fodder down from their mountain pastures to their barns by lorry, will they be entitled to all the benefits the directive provides for in respect of agriculture in mountain areas?

You will note that the derogation requested by our Committee on Agriculture for dairy cattle only applies to agricultural mountain areas. In fact, the phrase 'certain poorer farming areas' could easily be interpreted in too broad a sense, so that the aid would be too widely distributed, and the Member States and the Community, faced with such enormous expenditure, would grant only a very small number of subsidies, making the system ineffective in the very areas which most need it. Priorities must be established on the basis of certain strict criteria. We must take measures which are varied to suit the circumstances. But above all we must 'pull out all the stops', as we say in situations which urgently need attention. It is no good waiting

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until the people who are still living in the mountains at the moment leave for ever and abandon the place to nature!

The Council does seem to have realized this; in its resolution it is inclined to give Member States more latitude in allocating aid than the present directive allows. We shall be able to judge from the definitive text, but I agree with those who believe that the problems of mountain areas will not be solved merely by improving the farmers' standard of living. This must be backed up by the European Social Fund and an active Community regional development policy, if success is to be assured.

Increased income and conditions of comparative comfort as incentives to go on living on the land are of interest mainly to farmers, but they also concern all the other members of rural communities, small shopkeepers and craftsmen (both service and production craft industries), and small-scale industries using local raw materials—I am thinking especially of sawmills, cheese manufacturers, curing factories, etc.

As for tourism, the main industry in these depressed areas, clearly its development depends on the creation of a certain infrastructure which one might call physical; good roads and paths, water, electricity, municipal and farm camping sites, hostels, inns, riverside beaches, fishing, broad stretches of water, ski slopes, skiing instruction for schoolchildren, organized tours, horseriding, mobile suppliers or repair services.

But this infrastructure needs small shopkeepers and craftsmen; bakers, butchers, grocers, café owners, hoteliers, engineers. It is just as important to encourage them to stay in the area as to encourage the farmers; their financial problems are the same, and they have the same problem of travelling about in the winter, without being granted any concessions at all, in respect of VAT or any other tax. It would be easy to adjust the rates to benefit them—and this is only one example of possible aid.

In any case, not even a farmer in the most insulated mountain areas can live completely alone. He too needs contact with other human beings. He gets it mainly by going to the village centre on Sundays and market days, to meet friends or relatives, celebrate a special occasion, have an occasional game of cards or bowls, or talk about the latest news—just so that he does not become cut off from society.

For these and any many other reasons, farmers cannot be dissociated from the other people in their communities, without whose services they would be unable and unwilling to live on the land.

But in most mountain areas the winters are long and severe. Tourists and holidaymakers come to relax and enjoy themselves in the fine weather in summer, but the permanent residents have to stay there all the year round, with the roads frequently blocked by snowdrifts.

It is therefore very important for the farmers and their families to be able to get about. Certainly the public authorities do all they can, but it is impossible, with the equipment at their disposal, to clear paths to all the isolated farms, often lying far from the road. It would be a good idea to make it possible for the farmers to reach the main roads, which are already clear, for example by giving them grants to buy 'snow-scooters', which are inexpensive but could have many uses, even carrying the milk down to the road or bringing the doctor to the house in case of illness.

Apart from this, the clearing of communal roads in mountain areas, sometimes involving long stretches of road, has to be paid for—in France at least, and I think it is the same in other countries—largely by the local councils, using up most of their small budgets. The same applies to the upkeep and tarring of the roads, which are used most of all in summer by tourists who have nothing to do with the local community. Special assistance for this purpose is also essential.

Do not such examples show that the direct aid the directive specifies for farmers, considered as a separate group, would not be sufficient to keep them on the land in mountain areas which are extremely depressed and should therefore be given top priority?

Measures to be envisaged are many and varied; provision of a drinking-water supply; revival of chestnut plantations on the steep slopes at medium altitude; reafforestation of the slopes as an effective measure against soil erosion, but without depriving the farmers of cultivable areas; the same should also apply to the owners of second homes who sometimes have an unfortunate tendency to corner the market so that the price of land rises out of all proportion to profitability, and eventually it may even fall into neglect; adaptation of farming to produce which the Community imports—I can quote several—which would involve not only theoretical research but also and above all, the dissemination of information to farmers, based on practical experiments and results obtained on the spot, because only these are likely to persuade them; scholarships, in view of the distance from the centres of population; the upkeep of village schools or general education courses with small teaching staffs; rural

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apprentice training schools; telephone equipment, with radio transmitters in case of breakdown, which is frequent during the winter; promotion of local handicraft industries, grouping together farmers willing to specialize and fill their leisure time in the winter; this presupposes some kind of vertical organization, such as one finds in my area; and there must be many other possible measures.

With measures which are so diversified, clearly it is difficult if not impossible, for the Community to confine each Member State within predetermined series, one might even say a strait-jacket, of measures from which it cannot deviate, particularly as financial assistance from the EAGGF and other organizations is necessarily fairly limited, and so the Member State would be responsible for most of the expenditure.

In view of the enormous disparity between cost prices for lowland agriculture and mountain agriculture, there would be no risk of distortions in competition in respect of prices for produce offered for sale.

Whatever measures we undertake, I think it is unlikely that mountain farmers will ever achieve a 'comparable income', at least if they depend exclusively on farming. It would therefore be desirable for them—and for us, since we benefit from the fact that they improve and maintain the natural environment—to diversify, and supplement their incomes by providing services to tourists.

When they work for themselves, they are also benefiting us all, and so we should take appropriate steps to encourage them and their descendants to continue to work on the land.

(Applause)

IN THE CHAIR : LORD BESSBOROUGH*Vice-President*

President. — I call Mr Della Briotta on behalf of the Socialist Group.

Mr Della Briotta. — *(I)* I wish to explain our reasons for supporting the proposed directive on hill-farming and farming in other unfavourable areas and to express our satisfaction with the excellent report by Mr Cifarelli. We agree with the analysis of the situation on which the action proposed in the directive is based, that is to say we recognize the existence of far-reaching differences due to structural and natural reasons which have made the directive of 17.4.72—referred to just now by Mr Liogier—on the modernization of agricultural holdings insuffi-

cient, for reasons of which we are all aware; we also agree on the aims of this directive, i.e. the need to overcome certain negative factors in mountain areas and regions of marginal agriculture such as the low return on work put in, the increasing phenomenon of de-population, the ageing of the local population and the deterioration of the natural environment in regions of incomparable beauty which we should like to see preserved not only in the interests of the inhabitants of these areas but of Europe as a whole. I believe that Parliament will be able to give its general agreement on these two matters and indeed the course of the debate up to now has confirmed this.

On behalf of the Socialist Group I wish to add a number of considerations which I believe will help us to judge the suitability of the proposed measures to achieve the aims laid down. Because I was born and grew up in an alpine area I am well aware of the problems of these mountain regions. And it is on the basis of my own experience that I am deeply convinced that the problems of underdevelopment which characterize certain alpine regions cannot be effectively remedied unless a reasonable number of persons are able to live there—and not merely to survive— unless the exercise of agricultural activities is facilitated and the slow but progressive deterioration resulting from the conditions of deprivation in comparison with richer adjacent territories overcome. I believe the same problem arises in other areas which, while not mountainous, are nevertheless marginal from the point of view of earnings.

Having said that, I must add at once that agriculture on its own cannot arrest the phenomenon which began with the advent of our industrial society and has become even more apparent since the second world war.

Of course none of us would like the population of mountain areas to revert to subsistence farming, to cultivate cereals or potatoes on the hillside as they did several decades ago, either of necessity because of the prevailing situation or in the name of autarchic policies which we hope we have left behind us once and for all.

The reduce in human labour on the land, including hill farms, is a reasonable objective—it is so in the plains and it is even more so in the mountains; but we cannot abolish all agricultural activities simply because the conditions are more arduous; and we cannot tolerate outmoded agricultural practices based on the need to provide subsistence for single families in an age in which international trade is intensifying and we are seeking, despite all the uncertainties and mistakes (I am thinking of price policy), to create

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a Europe which will find one of its firmest foundations in the common agricultural policy.

But I wish to add another consideration. If it is true that agriculture cannot on its own resolve the problems of mountainous and marginal regions, or indeed of other deprived areas, it is equally true that it is impossible, in an archaic agriculture environment oriented towards subsistence farming, to introduce other productive activities such as craft trades and tourism and provide a decent level of services.

All these factors are explicitly referred to in the proposed directive. The experience of Southern Italy and the Italian Islands is significant in that the intervention designed to solve the problems of underdevelopment has borne little fruit; nevertheless the Italian State had committed itself in no small measure to such action. If it has been impossible to obtain the hoped-for result, this is due primarily to the existence of poor and outmoded forms of agriculture which have prevented other initiatives from succeeding. I believe that the same problem also exists in Ireland and the United Kingdom, although to a lesser extent. On this aspect therefore I believe that the choice which has been made to deal with hill-farming and agriculture in deprived areas is a good one; this choice is not an end in itself but a first and fundamental objective with a view to a subsequent policy of regional development (as is rightly pointed out in section 12 of the motion for a resolution).

Then there is the problem of preservation of the natural environment which is referred to in section I of the motion for a resolution and on which the explanatory statement goes into great detail. The European agricultural landscape and particularly the natural environment must be preserved not only for sentimental and philosophical reasons but because it is an integral part of our life and history and a heritage which belongs to all Europeans. When human activity centres on rational working of the land the environment is not exposed to serious risks; these arise when the underlying equilibrium is disturbed for reasons of an external nature. The major deforestation operations of the last century in the mountainous regions of Southern Europe based on misguided policies, disturbed the agricultural equilibrium of the mountain areas concerned; and this danger, together with the much more serious risk of an indiscriminate use of land for tourist purposes, is even more grave today than it was yesterday. If all the rural population abandons the marginal lands not in order to cultivate soil which is more fertile (because in these areas there is very little good quality soil) but to go to the cities, the land suffers a process of deterioration and—even

more serious—becomes the target of speculation which my political party rightly opposes (and I believe we are all in agreement on this point).

To these general considerations I should like to add a few brief comments on the proposals themselves. My political party endorses the principle of granting compensation to avoid natural disadvantages which is embodied in Articles 3 and 4 of the proposed directive; we also support the effort to involve young farmers in the task of re-invigorating agriculture and ensure the presence not only of farming but also of human beings on these lands. We are indeed delighted to note that—however slowly and painstakingly—attempts are being made to change the existing structures—not merely by influencing prices—and arrive at a common agricultural policy.

In particular we are pleased at the explicit reference to intervention by collective action and by the associations recognized in Article 12 of Directive 72/159. In fact the structural characteristic of extensive mountainous and hilly regions in which the size of farms rarely reaches the three hectares mentioned in the proposed directive (in particular in the case of specialized types of farming) is quite insufficient to justify contributions to individuals or particular holdings.

It was therefore a just and reasonable, indeed almost obligatory (if we are to act in a serious manner and without rhetoric at the taxpayer's expense) decision to have indicated, in the context of general agricultural organization, the means of maintaining agricultural activity in mountain areas.

It is not by granting a few hundred units of account to minute holdings that we shall save marginal agriculture but by more general action based on modern agronomic principles. I therefore endorse section 8 of the explanatory statement which defines the aim to be pursued in terms of quality rather than quantity of agricultural production. There can be no doubt that mountain or marginal regions can never compete with other agricultural areas in quantitative terms. Their only hope of salvation therefore lies in the quality of their products. In my opinion the amendments made by the Committee on Agriculture to Article 3 are well-founded; they emphasize the concept of the cost of mechanization, eliminate the clause restricting the vegetative period to less than six months (which would I believe have excluded many mountain areas on both sides of the Alps, in the North and South) and include milk cows and also farm areas set aside for high quality agricultural crops.

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In limiting the measures to the production of beef and veal we would have run the risk of facilitating the establishment in mountain areas of industrial undertakings which are not managed by farmers themselves but by industrial or commercial groups; this might have presented certain economic advantages, but it is a policy which must be rejected for social reasons because it would result in a further drain of resources and potential wealth, even in human terms, from the mountain areas.

I hope that Parliament will endorse these amendments; they are consistent with the choice in favour of quality which would have been lost in the original formulation.

Before ending I wish to touch on a problem which has been discussed in detail by the committee and is referred to again in the amendments proposed by Mr Vetrone and Mr Brugger. I refer to the average agricultural return in the areas covered by the directive, set at two-thirds of the national agricultural return, as a condition for applicability of the directive. There can be no doubt that this measure seeks to exclude areas which have an established agricultural function but are nevertheless in a state of incipient crisis which is likely to worsen in years to come. Perhaps a decision to fix this criterion at four-fifths (of the average Community return) would increase the number of potential beneficiaries too greatly; we are well aware that coverage of certain areas is quite likely to omit other regions. I think that we must give attention to this problem which is certainly not marginal but serious. It would also be interesting to know the opinion of the Commission representative on this matter to determine what the financial consequences might be.

In fact—I must state this quite clearly—while I understand the reasons for which my colleagues proposed these amendments I should not like to see the innovative scope of this directive come to nothing by extending the number of possible beneficiaries and watering down the contributions available to hill-farmers, without for all that solving the basic problem.

I have expressed a personal opinion and I hope that the subsequent debate will also clarify this vital problem.

In conclusion I must stress the value of the directive and hope that it will be duly implemented; I also hope that the Commission representative will give certain clarifications on the coexistence of this directive with national legislation. Some of my Italian colleagues have referred to the precedent of Italian legislation in favour of mountain areas. I am sufficiently well acquainted with the legislation of my

country, in that I have been one of the rapporteurs and have devoted great interest and all my energies to the matter. I believe that in Italy this outline law will be considered satisfactory; it highlights the problems of development of mountain regions in an organic framework and not in a structure involving a little agriculture, a little tourism and a little craft industry. I certainly do not share the dramatic concern expressed by some of my colleagues but I do have my own grounds for anxiety and I hope that the Commission representative will clarify this point.

We therefore hope that this directive will be implemented and applied as quickly as possible because, while it is true that the majority of Europeans now live in the plains and cities, it is in everybody's interest and not only in that of mountain-dwellers to preserve a common heritage of which agriculture is the foundation, an agriculture which ensures an acceptable standard of living to the persons employed in this sector.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — My noble friend Lord St. Oswald, who spoke earlier in the debate on behalf of the European Conservative Group covered the whole field of this debate, and indeed we in our group welcome the report. It is apposite that we should now be discussing this matter particularly in view of what happened at the meeting of Agriculture Ministers in Luxembourg, when there was agreement in principle that this directive should be brought into effect by October. The Agriculture Ministers took this decision in principle as part of the package which was agreed at that stormy meeting.

We are now seeking to put forward our suggestions as a Parliament in terms of what changes we wish to suggest. We welcome the proposals from the Commission suggested by Commissioner Lardinois, who looks at this matter in a comprehensive way, and congratulate those who have worked with him on their ingenuity in producing such a document.

The important thing that follows from what was said by the spokesman for the Socialist Group related mainly to two points. The first dealt with the question of how wide the net should be cast in trying to bring in people to farm in the various areas. Are we trying to go too far down the hill, so to speak, to the marginal land almost to the outskirts of towns? I believe that we face a problem in terms of size. Do we go down to the small pocket-handkerchief piece of land, the small allotment as we call it in the

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United Kingdom? We must keep a sense of proportion, particularly when we bear in mind the comprehensive statement which has been made and about which no doubt we shall hear more later from Commissioner Thomson concerning regional aids.

I am certain that we cannot look at this draft proposal in isolation from regional aids, which will come in more detail later, involving regional aid for social and infrastructure questions. That will have to be dealt with on a different basis and does not need to be dealt with here and now.

We must remember in looking at this document that we cannot hope to cover every aspect of the problem. If we try to do so no doubt we shall be guilty of being wildly over-generous in one respect and will perhaps not concentrate the help where it is most needed. That is a most important point.

I should like to refer to the speech of Mr Liogier. I agree with him that it is not only the mountain farmers who need to be helped but that, under the regional plans which have been put forward in outline by Commissioner Thomson, these areas will need to be given help in terms of infrastructure and indeed in terms of their whole social life. I hope that Parliament will accept that aim as the first step in seeking to help those who live in mountain areas.

I want to say a few words about what causes me some anxiety. Article 3 deals with mountain areas and Article 4 with hill and marginal areas. There are three criteria under which farms must qualify to be included. The difficulty is that 'all' appears for all the three criteria in (b). In many hill and mountain areas, by the very nature of the land the holding is not small. However, the situation of low stocking ratios and poor land means large size; because of this size, the return of the enterprise could mean that the holding would be excluded as being over the limit of two thirds of the national farming income. I hope that the Commission and the Commissioner will carefully consider this point.

I am worried about the limits prescribed by Article 8. Top limits are laid down. Unfortunately, we live in times of great inflation. Costs are rising all the time. This point is relevant to the limits prescribed in Articles 8 and 12. I hope that we can get on top of this inflation in Europe, but I do not know if we can. We must ensure that any top limits prescribed can be changed. Article 8(2) says that they can be raised but only in reference to Article 8. They cannot be raised in reference to other Articles

where limits are set. Some wording should be included to raise limits prescribed in other Articles, particularly Article 12, when the Commissioners in their wisdom seem to realize that inflation has overtaken what is prescribed in the Articles. This would give added flexibility to our purpose.

When I first saw Article 8 of the directive I was pleased that milk cows were excluded. Anyone with a milking herd could not get a grant. However, the vigorous arguments advanced by our French colleagues and others have begun to persuade me that a case might be made out which I could accept, but only in mountain areas, not in hill and marginal areas, whereby the cows of farmers with a small milking herd whose yield per cow is minuscule in comparison to that of normal herds and which is used for cheese making with a small amount being devoted to consumption by tourists and local people should be included.

In committee a long discussion took place on Article 12. One of the most important points in hill and mountain areas is land reclamation and land drainage. The cost of such operations is, unhappily, great. As my noble friend said, we must take into account Directive No. 159/72. Many farmers with a development plan are to be taken care of by that directive and are excluded from the scope of my next remarks. Under Article 12, farmers who are excluded from that directive are restricted here. It could well be said that they would have schemes which were worthwhile undertakings but such schemes are excessively expensive.

I hope that the House will look favourably on the question of excluding the cost of land drainage and even reclamation from the top limits of any scheme under Article 12. I should be satisfied if that could be done and if we could get a favourable reaction from the House and from Commissioner Lardinois.

I have spoken at sufficient length to show my appreciation of this draft directive. We are moving in the right direction. With the regional policy directives which will be issued in the near future, we are also beginning to deal with those areas which have been more behind than the rest, where life is tough and rough but where people choose to go because they wish to live that way of life. They are independent; they are people whom I greatly admire.

I am delighted that the House has had an opportunity of starting along the road of helping such people to a greater extent than our national governments have been doing and that by so doing we are harmonizing what we are

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all doing inside Europe to help these hardy and worthwhile people.

(Applause)

President. — I call Mr Vetrone.

Mr Vetrone. — *(I)* Mr President, ladies and gentlemen, first of all I should like to pay due tribute to Mr Cifarelli who has presented an excellent report reflecting a thorough knowledge of the problems and a real sense of balance. I should like to begin my speech by asking the Commission to clarify its preliminary comments. I shall then make a number of critical observations, putting my own comments on the proposed amendments.

The more advanced legislation applicable in certain EEC countries in favour of mountain areas raises an immediate question: to what extent is the directive proposed by the Commission incompatible with this legislation? This question is important because if there is any incompatibility no one in these countries would be prepared to renounce their own legislation on which there is general agreement—as Mr Della Briotta has rightly pointed out—and replace it by other norms of more limited scope.

Personally I believe the problem will not arise because this directive is not in fact limitative. However, a precise statement by the Commission would be very desirable to dispel this basic doubt.

Probably the directive derives its legal basis and effective significance from the commitment entered into by the Council of Ministers to the underprivileged agricultural areas, as is clearly stated in Article 142b of Directive No 159/72 on the modernization of undertakings.

If this is so the directive could be considered as merely integrating the previous three directives—as has been pointed out by several speakers in this assembly—although referring to a specific sector of agriculture and the related production structures without engaging in other action and involving other sectors, as would have been necessary in particular for these areas whose delayed development is attributable to the lack of an overall development policy in their favour.

We need a regional policy to flank the measures of agricultural structural redevelopment and render these sectoral efforts effective.

But these efforts must be undertaken simultaneously with others; they form part of a rational regional policy which up to now has merely been touched on without the references being followed by any signs of concrete action.

If this overall concept had been the subject of practical proposals to back up the action in the underprivileged agricultural areas which are the subject of our opinion, there would certainly have been no confusion and the countries which already have a national policy for mountain regions would have entered no reservations.

Having said that, I should now like to consider the content of the directive; it is immediately apparent that it would be difficult to dissociate ourselves from the type of underprivileged areas (mountainous or other) which each of us knows best; because of these different basic concepts critical observations may result as we have in fact seen in the Committee on Agriculture.

In my opinion, having regard to the diversity of the situation even in a single country, this directive could have given broader powers to the Member States. I have on the contrary the impression (and only the impression) that the basic criterion chosen is more limited than in the case of the other three directives.

If then, as it appears, the directive pursues two basic aims, i.e. an economic aim with particular reference to the cattle raising activities to be developed in these areas and an aim which may be defined as ecological, with particular reference to conservation of the soil and environment while ensuring the permanent presence of at least a minimum agricultural population in the areas subject to the greatest depopulation, aid should be provided in a variety of forms.

The reference to agricultural holdings in terms of their surface area or cattle herds is well chosen to determine aid in the case of the first economic objective, but referring to the same parameters in the case of the second ecological aim the human reality of the areas subject to the greatest depopulation would not be recognized; the human factor is all the more important as the economic prospects are poor. I therefore believe that the amount of the aid should have been determined with reference to human criteria since it is the individual who is being asked to make a sacrifice of permanency in the interests of the general public, rather than with reference to the size or equipment of the individual holding.

The co-existing of the two aims and the introduction of a single system of aid creates an imbalanced situation when it comes to establishing criteria for granting aid on a lump-sum basis. In fact the criterion of the availability of at least three hectares of land is laid down, regardless of its utilization or the cattle-farming activities undertaken. This means that ecological effects must also be determined by the criterion of a minimum area so that the small farmer who has a smaller amount of land could not

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receive aid even though he is providing a service to the general public while his neighbour who has a farm which is a few square metres larger would receive aid. An unjustifiable imbalance therefore arises since there is no agreement or reason for this minimum limit of area when it comes to the question of environmental preservation. It would therefore be desirable to lay down a range of conditions, depending on whether the holdings are used for cattle-raising or other purposes. The system must be fair.

The Commission and Council of Ministers must realize that their fine intentions may come to nothing if this reality is disregarded; similarly, their intentions would be frustrated if insistence were placed on other prejudicial conditions such as the existence of infrastructures and public services in the underprivileged areas. There would then be a real injustice since the very persons who are most needy because they have not in the past benefitted from public services and utilities would be excluded from the provisions of the directive.

I do not believe there can be any intention of maintaining this absurd situation which would provide another reason for exasperation and represent the final straw causing the persons concerned to leave the land, since the second directive which provides for compensation on departure would enable them to do this.

It is essential to preserve at least a minimum population in these areas to maintain the ecological balance.

If I may be allowed to express a basic thought, I would say that the authors of this directive should have adopted a bolder approach. Because of their fear that it might be rejected by the decision-making bodies of the Community, they have reduced its implications and consequently its scope.

I have already drawn attention to some examples of this excessive caution, but there are others such as the fact that Article 10 of Directive 159 has been included in this directive after adapting it to the greater requirements of the underprivileged areas. But this adaptation has only been partial. While aid of more than one-third is indeed proposed to encourage cattle-raising activities, the ceiling on the area of the holding has remained unchanged; this too should have been raised, since in the case in point we are concerned with mountain or hilly regions in which agriculture is extensive and not with farms in the lowlands where agriculture is generally intensive.

In this connection, I should like to make a final comment on the prejudicial condition concerning

areas eligible for aid which restricts such aid to regions whose average agricultural return is less than two-thirds of the average national agricultural return.

In my opinion it would be more opportune to refer to the average Community agricultural return as was already done in the regional policy directive, even though I recognize the importance of the criterion of regionalization introduced into Directive 159 for the purpose of comparability of returns. On that occasion, however, the criterion of regionalization was generally recognized to be essential since in certain Member States it would otherwise not have been possible to provide for a process of modernization of holdings. In the present instance the whole situation is reversed in the sense that while not excluding certain regions from the benefits in question, the reference parameter—based on the figure of two-thirds—should necessarily be the average Community agricultural return unless...

President. — Mr Vetrone, you will have an opportunity to speak again on your various amendments more than once. I must ask you to keep within your time limit.

Vetrone. — Mr President, maybe I am unlucky but whenever I speak in this Assembly I am obliged, as in this instance, to restrict my speech to ten minutes and I end by being called to order. I was in any case coming to my closing remarks and am still within the time limit assigned to me.

As I was saying: unless we retain the reference to the average national agricultural return but raise the figure from two-thirds to four-fifths. Personally I should favour a figure of three-quarters rather than four-fifths.

Those are the few comments I was able to make in the time at my disposal and I would point out that I have respected the time-limit. I put my comments to the Commission in the earnest hope that it will accept them. In that case my support would be all the more convinced; for the time being I can only say that I am in favour of the proposal but without any real enthusiasm. *(Applause)*

President. — Thank you, Mr Vetrone. You overran by five minutes. I was very tolerant about that. But we shall look forward to hearing you again on your various amendments.

I call Mr Brewis.

Mr Brewis. — Mr President, in the past I have been a little critical of Mr Lardinois' proposals,

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and also of the extension of the aid from the mountains down to what I call the hill farms. We think this is a valuable way of keeping up farm incomes without raising consumer prices.

About four-fifths of the agricultural acreage of Scotland is devoted to hill farming. There are 25,000 hill farmers in Scotland, which is more than the number in England and Wales combined.

In past years we have been very anxious about the fate of our hill farmers in the Common Market even though we have been somewhat reassured by having visits from Mr Borschette and also Mr Scarascia Mugnozza in the past. I hope we may have a chance to welcome Mr Lardinois in Scotland before very long.

In Scotland the hills are a reservoir of suckled calves and store cattle which are fattened for the market on the lower ground. Production from the hills can therefore make a most useful contribution to the shortage of beef. Scotch lamb is also justifiably renowned.

If I now make a few points about the directive, I do not want to do so in a critical way. Also, paradoxically, some of my points may seem mutually contradictory, because in Scotland we have hill farms which cover a comparatively fairly extensive area, but we also have a category of small farmers called crofters who may, by the small size of their holdings, be excluded from Directive 159/72. We would like to have seen more emphasis on cattle on the hills rather than on sheep. This could be achieved if the limit of 50 units of account per hectare was raised possibly to 60 units, and this might have a particularly beneficial effect.

I want now to turn to Article 4 which deals with what I call hill farming. I wonder why there is no reference in this to the acreage farmed because, as Mr Scott-Hopkins said, a hill farm may well have 1,000 or 2,000 hectares and, although the income per hectare is very low, the income of the farm may well be more than that of a dairy farm of perhaps 100 acres. In a way, I would rather see the criterion being the badness of the land rather than the income of the farmer.

My next point concerns depopulation. In my own constituency of Galloway in Scotland there has been serious depopulation, but many people are now coming in and buying up old agricultural cottages and it may well be that the population will rise somewhat. Again, one would not like this to be a criterion on which hill farmers lose their hill farming subsidies.

When something like four-fifths of the area of one's country is hill land, if one needed to build

a new town, it might very well be built in what is otherwise a hill farming area. It is not at all inconceivable when something like four-fifths of the area is receiving the hill cow subsidy. I suppose it could be said in this case that the new town would be its own local authority and, therefore, excluded.

I want now to turn to the opposite problem of the small farmers in the north of Scotland where the crofting system is in operation. The Highlands are an area of high depopulation and the grants given to crofters are, frankly, mostly social in order to keep the population from melting away completely. Crofters are often described as fishermen who have a farm, or farmers who have a boat. In some of the islands like Shetland and Harris, the knitting industry for Harris tweed and Shetland jumpers is world-renowned.

I am a little suspicious about Article 12. It may well be that on some of the crofts non-agricultural income could exceed 50 per cent, particularly in the winter months. I am also a little troubled that, in the same article, the maximum of investment of 8,000 units of account seems a little on the low side. Building costs in remote areas are always rising and I would like to see that ceiling raised. I therefore hope that Mr Lardinois will look with interest at the experience of people on the higher land.

Last year I had the good fortune to be chairman of a select committee that examined land use. The committee visited Holland to see its planning system and was impressed by places like the new town of Zoutermeer and the reclamation work done in Flevoland.

I think there is much the European Commission could do with proposals for hill land apart from farming. There is the conservation of natural resources, for example.

The north of Scotland is one of the last reservoirs of really wild country in Europe. There is the pressure of increased leisure both on hill and on sea-shore. There is also the competition for hill land from forestry interests. When properly integrated forestry can be a valuable adjunct to hill farming, the woods can provide shelter for farm stock and much more employment is provided than in hill farming.

I hope that the Commissioner will give some thought to the question of forestry. At present the price of timber is rising sharply because there is a shortage. There is not much at the moment that can be done to prevent a shortage, but looking to the future encouragement could be given to forestry, which has been something of a 'cinderella industry' in many parts of

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Europe. I hope that Mr Lardinois will consider this and that perhaps before long we shall have the benefit of a directive on forestry. I welcome Mr Cifarelli's report and I wish it success.

(Applause)

President. — I call Lord Brecon.

Lord Brecon. — I think that I am the eleventh or twelfth speaker on your list, Mr President, and I hope to be brief because I know you have many amendments which you must consider.

I warmly welcome the proposals from the Commission for a directive on agriculture in mountain areas and poor farming areas. Nearly all the Member States have large areas of this type of agriculture and this is undoubtedly a Community problem.

As I live in the mountain areas of Central Wales and I have always understood the problems and difficulties with which the small farmer must contend—and the small farmer earns only a small income as a result of his labours—I feel it necessary to speak on his behalf in this important debate.

If I refer only to Wales, it is only because of my personal knowledge of that area and it is not because I wish to detract from the needs or problems of the small farmer in hill areas in the rest of the Community. The conditions vary widely in terms of climate, altitude and all the rest of it, but there are two vital points concerning the hill farmer which I should like to emphasize. The first is the essential part that hill farming plays in the agricultural policy of each of the Member States. Without a successful hill farming policy and the integrated part which it plays in producing hard and virile stock for lowland farms, there would be a general decline in the average agricultural output. Therefore, the need to support hill farming is very necessary in terms of agriculture as a whole.

Hill farming necessarily has been supported for many years because the weather on such farms is so often cold and wet, and their plant growth starts late in the summer and finishes in early autumn. This is quite apart from the steep slopes and other physical handicaps with which hill farmers must contend.

The third amendment mentions the growing season as being a period of 'less than six months'. I am rather worried about this. If this is rigidly adhered to, it may cause difficulties in some hill land, and I suggest that the growing season could be perhaps seven months

rather than six. It is hard to keep stock on grass in the hill farms for the remaining five months. Therefore, I hope that this rigidity, which, as I say, might cause difficulties will be looked at again.

Rural depopulation has taken place in my area. If the farms are not kept in production and if people continue to live there, this can result in the creation of many social problems. It is difficult to maintain the viability of the local services. For example, the bus services have gone because there are not enough people available to use them, the school service breaks down because there are not enough pupils, and there are great difficulties in terms of health services in such an area. These are some of the effects of depopulation.

I warmly welcome the recommendation that the income of hill farmers should be maintained at a reasonable level and should be similar to the income of other workers in those areas.

There are many other workers in industries other than agriculture who earn very good wages indeed. If we do not seek to bring the incomes of hill farmers up to a reasonable level, then more and more workers will leave the hill farms to find a less arduous life in areas lower down the hillsides. There they may well find better holidays, shorter hours, easier working conditions and the whole situation will change if those hill areas are not given assistance.

I should like to emphasize my concern about the young worker. Without the young worker the continuation of farming in large areas of land will come to an end because that land will drop out of cultivation in the years to come. I welcome that part of the directive which suggests that help will be given to young farmers on their first establishment. It has been decided that a 'young farmer' is a farmer around the age of 38. Again I hope that there will not be a rigid approach to this question because such a farmer will receive a premium if he is under the age of 38. The sum involved may not be greater than 5,000 units of account or less than 3,000 units of account and will be paid out over the three years following establishment. This is a very small amount indeed when we consider present-day values. Therefore I hope that this matter can be examined. The maximum when paid out over a period of three years would only equal what we give an old-age pensioner and, looked at in another way, it would only be enough to pay for four reasonably good cows. I ask that this be looked at again and varied according to the financial changes that take place.

Lord Brecon

I want to ask Mr Lardinois one question. This concerns the farmer and his son who have been farming together in a business, when the farmer retires and wishes to take out some of his accumulated earnings, consequently leaving his son with little capital. Does the son qualify for the premium on first establishment? There will be problems if the father takes his money from the business and leaves his son with little capital. It is essential that everything be done to keep young people in the business of farming.

Amongst all the problems in agriculture that the Community has at present, I make the earnest plea for greater consideration and help for the young farmers who should be coming on in an industry where generally the average age of farmers is much higher than people realize. Their lack of capital is of vital importance to them. If it can be provided by cheap loans and in other ways it will help them enormously.

I have seen that the farm capital grants have done so much in my area and in my country to improve and modernize farm buildings. The change that has taken place because of farm capital grants has been dramatic. I hope that the system will continue to be used because even now we find that farm buildings that have been there for only 30 years are out of date for the needs of modern farming. I make that last appeal for farming grants to continue, because it is of enormous benefit to the agricultural industry.

President. — I call Sir Anthony Esmonde.

Sir Anthony Esmonde. — I have great pleasure in supporting the resolution, on several grounds. I support it, first, for global reasons, as increasing difficulties occur all over the world in the supply of food, as there is vast pollution of our sea areas affecting marine life, not only at sea but inshore, with a growing shortage of food. Anything which enhances agricultural production is therefore acceptable globally.

From the European angle I support what was said by Lord St. Oswald earlier. The accusation has been thrown against the European Community that we are a 'rich man's club'. This resolution shows beyond a peradventure that we are just as concerned with the underprivileged; for many people do not consider agriculturists, who are well represented here, to be on the same level generally as the richer people.

Anything that builds and strengthens agriculture in Europe will make for political

stability. Political stability is what we want more than anything else in the world today.

I make this plea because somebody said to me today—I cannot remember who it was—that in Ireland we have no hills or mountains but only bogs. We have plenty of bogs in Ireland, but we have plenty of hills and mountains, too, and we have plenty of non-arable land. We have reached a position in Ireland where in some areas we are nearly at the stage of combing grey beards, because the younger people are fleeing from the areas where the land is less productive than in other parts. Anything which improves that position or which helps them to stay there is acceptable to us.

I am glad to note that the document takes into consideration the argumentation of an infrastructure. The reason so many people are leaving these areas is that in many cases, anyway in my country, and I am sure that it is much the same in other countries, they cannot go outside their own farms without dirtying their boots. In other words, there is no proper ingress to many holdings.

My Scottish friend Mr Brewis said that one of the few untouched and underpopulated spots left in the world was Scotland. I point out that perhaps we in Ireland are more underpopulated than anybody else and we can offer greater tourist facilities to keep our people where they are. The guest house farm has grown considerably in recent years.

The problem has been greatly aggravated by the poorness of the infrastructure in these areas. We welcome anything that will keep our people where they are. We have been cursed with emigration. The origin of emigration is that people leave the place where they were born, bred and reared and go to the cities. They discover that the cities do not produce all that they expected or the large income they expected. So they clear out altogether. Therefore, over the years we have had a heavy and haemorrhagic drain of population.

I do not want to detain the House any longer. I repeat that I rose only to answer the charge that we have only bogs in Ireland. Although we have plenty of bogs, we have other things as well. There is plenty of good shooting around the bogs and if any of my honourable friends feel like a holiday in Ireland they will be very welcome.

President. — I call Mr Jakobsen.

Mr Jakobsen. — (DK) Various of the previous speakers have demonstrated very thoroughly the qualifications they possess in the sphere of

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agriculture which permit them to speak on this subject. I should like to begin the other way around, by stating the qualifications that I do not have. After that, I hope that my observations will show that I am nevertheless competent to speak on this matter.

I was seven years old when my agricultural career came to an end. The farmer I was working for said straight out that I should try to find some other kind of work. So later on I became an alderman and a Member of Parliament instead. My connection with agriculture was only very brief.

I nonetheless feel justified—out of sympathy with what Mr Cifarelli has said here today and also a number of other Italian speakers—in saying that none of us can help listening when this matter is being discussed. When we ourselves live in an area that has made great progress in certain fields, we are very interested to hear that there are people who engage in farming under quite different conditions—people who are, of course, just as much attached to the place where they were born and where their parents were born as the people we know, who are better off. So every Member in this House will immediately feel considerable sympathy for the things that have been said here. And that sympathy is reinforced by the rational consideration that it all sounds very reasonable what is said about the human aspects: about it not only being production that matters but also the right to live a decent life—which is undeniably easier in the country than in the town. But then come more sober thoughts: how far can we go with the measures debated here, for which the Commission has pointed the way and which certain Members have wished to see expanded further? Then there is the question: how far can we go without putting a brake on other activities we have in train and without creating new problems—problems which, in the short time I have been a Member here, I have encountered at almost every meeting? Can we be given the assurance that nothing of what we undertake here will increase the butter mountain, create a cattle mountain, create a pork mountain, create a lamb mountain or a mountain of timber, which we cannot dispose of? Can we have an assurance on these points? For otherwise our considerable sympathy for these matters will be dispelled by our cold common sense asking us: what in heaven's name shall we do with the problems we have got ourselves into here? My misgivings do not relate to what Mr Cifarelli says in his report about the Commission's wishes or the proposed amendments he advocates. But if one goes further still—as certain proposed amendments suggest, and I shall not mention them now or later—I at least have my doubts about them at

a time when no one yet knows the magnitude of the economic commitments inherent in these proposals and when no one knows either the effect they may have on production.

From 3 or 4 different points of view we can all agree on the worthwhile aspects of what has here been proposed. The big problems occur in the Commission's daily work. When the Commission has to establish rules to determine who shall have aid and who shall not have aid, what kind of countries, what areas and what people, that is when the Commission will have to show its skill. I have every confidence that it will do so, but it is there that the difficulties lie; for how in heaven's name can one deal with all these things, all these wishes and, so doing, ensure that help is given to the right people.

It seems to me that two different desiderata have been mixed up here and there in the discussion. The desire to keep the population in agricultural areas has been confused with the desire to keep a number of farmers in these areas. It has nothing to do with the Committee on Agriculture or this debate, but it is conceivable that the other committees might be able to hit upon other methods of keeping the population in agricultural areas than by having them necessarily produce agricultural goods. That is one thing.

The other thing is that our desire to assist farmers whose inferior productivity and inferior profitability are due to their working under poor conditions should never be confused with a belief that we ought to assist farmers who are less capable of farming than others, for that is certainly quite contrary to the agricultural policy that has been pursued and the free trade policy that is being pursued, according to which we require our agricultural produce to be produced by the most capable people and those who can do so at the most reasonable prices. That is the primary desideratum. The second relates to human considerations and to the fact that it is not possible to achieve an objective in one go.

There is not much that we can do to help, we who speak here and we who in the Committee on Agriculture. It is the Commission who will have to do the practical work to guide developments so that the fine intentions excellently presented by Mr Cifarelli may be fulfilled and so that we do not run headlong into new problems but achieve some of the lofty, humane objectives we have here set our sights on.

I have every confidence that the Commission will do so, but I would also like to warn Members of this House against making greater demands than they have already done in the belief that the cake to be shared is bigger than it really is.

IN THE CHAIR: MR WOHLFART

Vice-President

14. *Welcoming of a delegation from the Grand National Assembly of Turkey*

President. — May I welcome to the official gallery the members from the Grand National Assembly of Turkey who, led by Mr Yalçın, are here to take part in the work of the Joint Committee for the Association with Turkey in Strasbourg and Luxembourg.

I would like to add my own cordial greetings as one who has taken part in the work of this committee on several occasions.

(Applause)

15. *Directive on agriculture in mountain areas and in certain other poorer farming areas (cont.)*

President. — We shall now continue the debate on Mr Cifarelli's report (Doc. 11/73).

I shall call Mr Lardinois to state the Commission's position on the committee's proposed amendments.

However, as regard amendments to the committee's text moved in plenary sitting, I shall call him at the appropriate moments in the debate.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I should first like to join in welcoming, on behalf of the Commission, your colleagues from the Turkish Parliament.

Next I should like to congratulate the rapporteur Mr Cifarelli and thank him for the thoroughness with which his report was compiled and formulated. I would thank him for all the work he has done in the Committee on Agriculture and in his comprehensive study of the problems involved.

I thank Parliament in general for the special attention accorded to this matter, bearing in mind the large number of speakers who concerned themselves with the subject and the level at which they took part in the debate. I am particularly grateful to Parliament for the warm reception, if I may put it like that, given generally to our proposal. It gives me a certain amount of personal satisfaction, too, as this was the first proposal which I was privileged, in my capacity of Member of the Commission, to submit to the Council and Parliament. Others have followed in the meantime and have been dealt

with by the Council and Parliament. I am thinking in particular of the prices proposals and the measures involved. These proposals were not given the same reception as this one. I am therefore especially pleased that this proposal should have fallen on such good ground, even if I do have a few reservations and even criticisms as regards a number of suggestions and amendments.

Before giving a detailed reply to the rapporteur and speakers, I should like to define the position of the entire proposal for supplementary aid to farmers in mountain areas and other poorer farming areas within the context of agricultural problems in general.

From observations made by certain delegates I have gained the impression that they feel that this is a proposal which will give an entirely new slant to agricultural policy. The old agricultural policy should be abandoned and a new one, with predominantly social characteristics and therefore a different basis, should be implemented.

I wish to protest emphatically against this concept. If this is the view, the result will be a number of additional proposals which I certainly do not support.

Our proposal must be seen as a supplement to the agricultural policy pursued so far, starting with the Stresa Conference which took place more than fourteen years ago and whose provisions were recently re-defined in more comprehensive terms on the basis of Mr Mansholt's proposals on structures. This was done at the Council meeting of March 1972 after Parliament had been consulted.

This structure must be further supplemented for certain areas requiring special provisions.

It should not be felt that this aspect will dominate agricultural policy and that we are forgetting that, in accordance with the provisions of the Treaty of Rome and the resolutions of the Stresa Conference, agricultural production must always take place where conditions are most favourable. This is the basis of our agricultural policy and of specialisation, even on a regional European scale. Our regulations, too, derive from this, as does basically the entire common market. This structure was accordingly extended by means of a structural policy aiming on the one hand at modernising our farms and on the other at giving owners of farms which could in no way be modernised the opportunity to give up farming and, if they are past a certain age, assisting them in this with funds from national governments and the EAGGF.

Of course this involves taking a number of other measures since not all of this can be achieved

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within the framework of agricultural policy; this is the case for instance with regional policy which can provide a number of areas with other forms of livelihood. It is out of the question that people entitled now to a certain standard of living should have to wait until the end of the 20th century before receiving it.

You might wonder why we have based our proposal on this measure. Generally speaking I would say, even to those who were in favour, that we are thinking of other agricultural products in addition to those on which we propose that money should be spent.

It is essential that the basic motivation be appreciated. It consists in pursuing a specialised agricultural policy in those areas of the Community which are best suited for agriculture. This means that the Commission feels that we should not provide additional subsidies to encourage production where there is already a production surplus. If for instance we were to provide additional aid for dairy herds in these areas at a time when the biggest problem in European agricultural policy is the milk surplus, this would mean in terms of general agricultural policy that we were putting the cart before the horse. At a time like this we would certainly consider such a move totally irresponsible. I would point out, especially to those who maintain that such a move would have little effect in relation to the entire production, that such a policy is fatal.

And now, under the pressure of political circumstances to which ministers and Members of Parliament are subjected, we must constantly raise the prices even though from the point of view of production it is not necessary to do so. So we impose conditions and make moderate proposals. But in spite of this the Council, governed by the same political circumstances, decides to raise prices further.

We are now faced once again with the same situation. In the present proposal we are asked to grant additional subsidies for the production of milk in these areas although generally speaking these areas are by no means capable of producing milk on a competitive basis. They could, however, produce meat and associated products on a competitive basis. I feel bound to point out that if we continue along these lines it will be impossible to pursue a responsible policy in the Community. We could end up with a total production which we would be unable to control from a marketing point of view. I would therefore urge Parliament to proceed with the utmost caution in this matter.

I repeat that, if it is in principle possible, I have not the slightest objection to including dairy cows in this arrangement, particularly if this

could apply exclusively to mountain areas. This could, however, only be done in a period in which it would be possible to restore equilibrium in the market. It would in my opinion be totally irresponsible to do so any earlier. I hope that Parliament agrees with me on this point.

Some of my esteemed colleagues have insisted that this proposal is related to the modernisation directive and the rationalization directive, and they are quite right. This proposal gives certain mountain areas and poorer farming regions some incidental advantages which must be considered in the context of the modernization directive. However, it is by no means intended that this proposal should neutralize the proposal for a rationalization directive. In other words: if certain members maintain that this gives us the opportunity to keep in the mountain areas all the farmers currently living there, I feel bound to point out that this is certainly not the aim. It is the aim, however, in areas which are obviously depopulated or are in danger of becoming so. Yet there are still a large number of mountain areas in Europe in which the farming area is so small that one could not possibly wish to keep the people working on the farms in the present over-crowded conditions.

I am saying this especially for Mr Vetrone's benefit, since he wishes to go even further than our proposal and to grant more aid and subsidies to the very small mountain farms with less than 50 hectares.

I can understand doing this with the intention to distribute as it were the incomes in Europe among all those living there. But if we are to safeguard the future, we must do our best to create livable farms in those areas; farms which are not only livable for the old people who live there now and know nothing better, but which will also provide a future for the next generation. This is generally hardly the case in the intensively cultivated but very small farms. We must take care not to give any additional aid to these small farms as this would only mean prolonging their existence and with it the miserable conditions obtaining there. This must under no circumstances be allowed to happen.

I should like to mention one example if I may: statistics indicate that of the 800 000 farms in the mountain areas of Italy more than 600 000 are smaller than 3 hectares. To enable at least a reasonable number of these farms to benefit from the possibilities which we are creating here, we have fixed the limit at 3 hectares. From a purely agricultural point of view this limit is already far too low, and we certainly hope that neither the European Parliament nor the Council will attempt to force the Commission in any way to lower this limit further.

Lardinois

I am convinced that in this matter we must apply the principle of our modernization directives. There could be grounds for adjusting these directives to regional circumstances, but I am by no means prepared to act in flagrant opposition to the modernization directives.

The intention is certainly not to help just anyone who has a farm in a mountain area on the basis of these directives. A specific minimum must be fixed. This is clearly necessary in severely depopulated areas because certain values come into play there. From the point of view of regional and environmental policy it is justified to allocate separate European government funds to them.

I should like to add these directives will of course not be implemented at the expense of national measures in such fields as infrastructure or housing. In many of these areas other activities belonging in the sphere of regional policy, on which some members have already spoken, will of course be most welcome.

This proposal in fact demonstrates just how closely agriculture is interwoven with other forms of policy. I have already spoken in this connection of regional and environmental policy, and I could mention social policy with equal justification.

In my mind, however, the proposal belongs clearly within the framework of the common agricultural policy of Europe.

Mr President, many comments and amendments aim at increasing funds, extending standards—I have already commented on the standards relating to acreage—, extending the standards relating to the percentage to be met by the EAGGF. A major issue is the extension of the basis for the criteria, to be applied in respect of income and the physical limits which must be considered.

Generally speaking I would discourage Parliament from pressing for broader criteria, though it is of course Parliament's right and its duty to question certain criteria and to draw attention to any difficulties. Taking all the amendments and suggestions as a whole, however, one gains the impression that the object of the Commission and the Council in submitting this proposal is being defeated. If all suggestions were adopted a stage would be reached where it would be more appropriate to indicate which areas did *not* require any additional assistance instead of which areas *did* require it.

Discussions in the Council, which eventually led to the resolution with which we are all acquainted, clearly showed that the Council had established a relation between the height of the

percentage to be applied for the relevant areas and the possible extension of the standards by the Council at a later date. In other words, many ministers have said: we agree that this should be done, but we do not agree that 40 or 50 % should be met by the EAGGF, because the criteria would then, as a result of one circumstance or another, be extended to such a degree that the financial consequences would exceed by far the Commission's estimates.

I wish to draw Parliament's attention to the fact that the more one wishes to extend criteria, the less chance there is that any substantial percentage will be forthcoming from Community resources. As a result we could end up with 25% for certain areas, while many other areas would receive nothing and a wider national latitude would have to be granted for these areas. I feel that this is not altogether the intention of those members who advocated a broader approach.

What Mr Cifarelli said was right: this debate is not too late to be of use. It is necessary because the Council has achieved only an agreement in principle. It is intended to draw up a directive on the basis of the Commission's proposals. The substance of the directive, however, is by no means decided.

Next week discussions will begin on the content of the directives, after Parliament has delivered its opinion on the matter.

The text which we have here still constitutes the basis on which the Council, too, will reach its decision and will adopt any changes.

I can only say that the substance of this debate, the manner in which it is being conducted and the conclusions which Parliament will reach are particularly significant, even though from a political point of view it is in principle already agreed that more must be done for these mountain areas and poorer regions.

I would conclude this general assessment by saying that if this proposal is considered in a national context and if proposals will have to be made on a national level to the European institutions, this proposal could constitute a sort of test case demonstrating the resolve of the national governments as such and of the national parliaments. It would reveal to what extent one could, on a national level, say 'yes' for some areas while saying 'no' for others. This will certainly not be easy in many countries. Yet we must have the courage to restrict the measures to those areas which really need them if we want to provide a truly meaningful policy and not just end up with some vague system in which everyone gets a little and nobody derives any substantial benefit.

Lardinois

We must hope that members will be sufficiently public-minded as to devote their attention in this connection to other regions besides those with which they happen to have strong ties.

The rapporteur has given us his views on one of the most difficult points arising in this matter. I refer to the controversial question of incomes and the criteria which we applied in this respect. Our calculations were based on 2/3 of the average national income and on national standards. A number of members protested strongly against this.

I should like to explain why we made this proposal. Two years ago, we proposed that our modernization directive should be based on incomes on a European level. Parliament and the Council rejected this concept. It would have meant that the modernization directive would not have applied to certain countries and many areas of Europe. This is why it was stipulated at the time that the problem should be considered on a national and regional level.

Had we applied European and not national standards, exactly the same thing would have happened. However, the countries affected would not have been the same as those which did not come under the modernization directive last year. Especially the countries in the north of the Community would have fallen outside this ruling.

In other words: if we apply a criterion of 2/3 of the average European income, we will find that not a single area comes under the directive. Not only Denmark and the Benelux, but also countries such as Great Britain and Germany would be affected. Not one country would qualify for this aid. I ask you whether you are prepared to accept responsibility for this, all the more so since it must be feared that the Council's cooperation and to a certain extent also the enthusiasm with which it greeted this proposal will undoubtedly be questioned by many delegations.

I am not saying that this is always the last argument in European politics, but I do feel that in dealing with our proposals we should consider the reality and that our policy should not be a cowardly one.

This does not mean that I am particularly happy from a European point of view with the fact that the Commission has had to make these concessions to reality. Neither am I trying to say that this could not lead to an additional problem in one or more areas. I am thinking of areas such as the Alto Adige which, considering its geographical position and its history, might feel that it was being placed at an even greater disadvantage if the Commission's proposal were adopted. I acknowledge that such a criterion could give rise

to an additional problem, which cannot always be considered justifiable in an area such as the Alto Adige. But I must warn against changing the general rules for such an exceptional case. It would be better if the Council, too, recognized this as a particular problem and proceeded to work out, in conjunction with the Italian government, ways of protecting large areas of such a region from the resulting consequences.

Mr President, I should like to make one more comment on the question of a national criterion. We must realize that in many fields the common agricultural policy has made so much progress that we cannot continue to apply solely European standards. The policy which is so urgently needed in five or maybe ten other fields besides the common agricultural policy is not getting off the ground and we are consequently moving ahead into an isolated position with the agricultural policy. We must remember that there is as yet no complete regional policy, no complete fiscal, monetary or social policy, and that this restricts the possibility of governing in a truly European way in these matters. The proposal in question constitutes a prime example of this situation.

Another important point, mentioned by Mr Brugger and Mr Vetrone, is the relation between this directive and national legislation on mountain areas and other poorer farming areas such as exist in Italy. I should like to mention the following in this connection.

Our directive does not for instance constitute an infringement of Italian laws on mountain areas. The law in Italy is a general one which covers a wider field than agriculture alone.

In the regional application of this Italian law, account must of course be taken of the limitations deriving not only from the Treaty of Rome but also from this directive. This does not mean so much a restriction but rather a widening of the regional possibilities. One need only think of the compensation payments which are an important element of this directive. I hope that I have been able to dispel the worries of certain members on this account.

Mr President, I have replied in general fashion to the statements made by the rapporteur Mr Cifarelli. I have given him many of the details which he rightly asked for.

Mr Pounder, speaking on behalf of two committees, commented favourably on the proposed directive. He again pointed to the difficulties in interpreting the mass of statistical information we have taken into consideration. I can sympathize with him. We shall try in future to be even more succinct.

Lardinols

However, we hope that in hammering out this directive we shall be able to gradually complete the facts and figures for the areas in question and to mention this when we report to the European Parliament.

Provided that due account is taken of the underlying criteria, the estimate of expenditure may be regarded as realistic.

I do not think that there are grounds for saying that in the United Kingdom a broader interpretation will be given to the concept of hill farming and poorer farming areas eligible for assistance under the proposed directive than has been the case in that country hitherto. I am assuming that, broadly speaking, the areas defined as belonging to these categories by British legislation will be the same as those covered by the directive now under discussion. There may of course be a slight discrepancy here and there but we have not taken this into account in our estimate of expenditure.

I am particularly gratified by the very favourable view taken by Mr Mitterdorfer, who clearly related the subject under discussion with regional policy in the broader sense. I can only agree with him.

Mr Mitterdorfer also alluded to the difficulties encountered in connection with the paragraph on the average income from farming in a given Member State, as opposed to the Community as a whole. I have already dealt with that question.

Mr Brugger deemed Article 10 to be of particular importance. I have already spoken about the question of incomes and the criteria specified in Article 3. This was something about which Mr Brugger was not able to agree, particularly in view of the problems arising in connection with the length of the growing season. I imagine that the working parties which the Council have already or will set up to look into the matter will also have their work cut out determining these criteria.

I hope, Mr President, that Parliament will not take it amiss if I say here and now that it is my opinion that the criteria I have stipulated should be maintained.

I have already spoken about Italian legislation in this area.

I think that I have also covered the matter of financial responsibility. It is my view—and this is also reflected in the proposal—that as many areas as possible should be subsidized to the tune of roughly 50% by the Guidance Section of the EAGGF, but this means, of course, that we shall have to be extremely selective in determining which areas are to be assisted.

In its resolution the Council stipulates a band ranging from 25% to 50%. If we had not made our proposal and included in it a fixed amount, we should either have lost the 50% or had to ear-mark too many areas as eligible for the 25%.

I was also pleased to note Lord St. Oswald's very positive reaction. He drew attention to the socio-economic implications and the underlying humanitarian considerations. I can certainly agree with him on a number of points. His observations were made against the background of the directive on modernization; I am glad that he has come to recognize that a link does exist in this connection, after initially failing to do so. As he did not have to take part in the tremendous discussions we have been having for years on this subject, he can obviously be forgiven for this oversight.

Mr Liogier drew attention to the complex set of measures to be taken in the mountain areas. I agree with him, but that isn't the same as saying that the Community should foot the entire bill. The Hon. Member did not go into that aspect of the matter. There are certain areas in which the common agricultural policy can make a useful contribution, but there is still plenty of scope left for the other members of our Commission to intervene. By way of example I need only mention regional policy. There is also a great deal that national governments can do particularly as regards infra-structure and developments in areas other than agriculture, even if the term agriculture does lend itself to a broad interpretation. And there are certainly many more proposals that I can still make to you in this Chamber in regard to forestry development in the areas of which we are speaking.

I willingly assure Parliament that I shall try to use this directive, which is particularly designed to boost the expansion of the woods and forests in our Community, to do more than has been possible in the past towards encouraging the afforestation of the poorer farming areas. I shall be glad to return with a proposal on this matter in due course.

Mr Della Briotta urged that the directive be implemented as soon as possible. It is also my view that we must do everything we can to secure a Council decision before 1 October. I support the Hon. Member's view that we must not prop up an outdated pattern of farming predominantly geared to subsistence. We cannot allow Community funds to be wasted on a policy of that kind; investment in this area would serve no useful purpose. I also share his opinion that we must have the courage to adopt a selective approach. It is not at the next election that we

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must try to make as favourable an impression as possible: it must be our endeavour to make as favourable an impression as possible on the next generation which may stand to benefit from what we can do now.

I too believe that something can be done with EAGGF funds towards providing certain public facilities in the areas under discussion, albeit on a limited scale. At all events, we want to place this limited contribution on the scales as well. We must try, moreover, to support those farms whose sole business is farming. We must achieve something that is viable and not attempt to sustain what is moribund. This must be our yardstick in deciding how the money should be allocated. I hope that the governments and the regions are in a position to carry through such a policy. In certain regions this will be no easy task, but we did not get together in Europe to pursue an easy policy.

I find myself in broad agreement with the views expressed by Mr Scott-Hopkins. He too argued that we cannot do everything, that we must be selective and that we must not come forward with a proposal designed, as it were, to prolong the existence of unviable holdings. Mr Scott-Hopkins too held that we must bring greater foresight to bear in this connection.

On the question of milk production in mountain areas, Mr Scott-Hopkins has allowed himself to be convinced that this is something which could perhaps be maintained. I have already said why in my opinion this is not possible at the present juncture. That does not mean, however, that it may still not be possible in a number of years' time if the Parliament and the Council show greater self-control than in the past in regard to other means of boosting milk production, such as fixing the price of milk. But so long as such incentives are needed in regard, for instance, to prices policy, I do not think that there is much that can be done in this way for the areas in question.

Moreover, I should like to add that, as regards the granting of a premium for young cattle, our proposal makes no distinction in regard to the question of whether these animals can suitably be earmarked for milk production on the farms or whether they are destined for meat production. Frequently one is dealing with livestock that serves a two-fold purpose.

I think that by making provision for premiums to mountain areas our proposal allows for a fair degree of flexibility on this point. In a period of market equilibrium I shall certainly have fewer objections to raise on this score than I do at present. And there is no question of this being

a case of discrimination either. It is not our intention to take away from these farms something that they already have. Our sole intention is to give these farms something extra for the young cattle which they do not yet possess. So there is no question of our taking something away.

I have already spoken in answer to Mr Vetrone's comments. I have also already indicated the extent to which this can be applied particularly in populated mountain areas. I would, however, suggest that Mr Vetrone should not give too broad an interpretation to the various criteria in this connection.

Mr Brewis, speaking on behalf of the European Conservative Group, drew attention to certain criteria which he felt were lacking in this instance. He would, for example, have welcomed a greater emphasis being placed on the quality of the soil. I should like to point out to him most emphatically that explicit mention is made of this aspect in the relevant article. It is not solely a question of income but also of the physical criteria—including the poor quality of the soil—which must be taken into account in certain areas in determining eligibility for assistance.

I now come to the question of depopulation. In an area where a township already exists or is due to be built, it is highly probable that a different pattern of farming will evolve, in which case there can be no question of calling it a hill area threatened by depopulation. Such an area can, of course, no longer be considered eligible for assistance or premium payments.

Mr Brewis also said that he found the amount of 8,000 units of account rather on the low side, in view of the continually rising building costs.

That is indeed the case. The 8,000 units of account are intended more as assistance towards securing and modernizing accommodation and so on. As a general rule, the assistance we give farms is confined to those things which work to the advantage of farming. Even if the assistance we provide is sometimes earmarked for purposes other than strictly agricultural ones, it must nevertheless have something to do with farms. If this were not so, there would be no justification for dipping into the Agricultural Fund.

Sir Anthony Esmonde and Lord Brecon were most favourably disposed to the proposal, for which I thank them. Lord Brecon drew particular attention to the advantages of town and city life. I found I could concur with what he said on this matter. What he did not do, however, was to point out the disadvantages. And I say that

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because living in mountain areas also has its advantages. The advantages of being in the mountain areas on a fine sunny day are, of course, coming to be increasingly appreciated by young people in these hectic times. Perhaps the exodus to the heavily populated areas has passed its peak and, in view of the preference shown by certain sections of the population, we must do what we can to ensure that, despite our worst forebodings, these remoter areas remain inhabited, at least to the minimum extent we all consider essential.

It has been said that the payments for which provision is made in the initial stages of this measure are too low. Here again it is simply a question of making a start. It is difficult to reply to the question whether it is enough. Perhaps the first payment should be seen as a symbolic gesture, although to many people, especially crofters and other small farmers, it may come as a godsend. In fact this support is usually welcomed most by young people who have only just begun to stand on their own feet. And it is indeed our intention to make this assistance available over the first few years, when the farm has just been taken over either from parents or third parties.

All this of course does not rule out the possibility of applying the directive on modernization on making loans, one-time grants, and the like. There are a number of options.

Sir Anthony Esmonde has quite rightly observed that agricultural land in Ireland is particularly varied. Bogs alternate with hills and mountains and there is plenty of good shooting. Considerable stretches of this land should be covered by the provisions of the proposed directive.

The warnings uttered by Mr Jakobsen in regard to a number of the statements made by many of his colleagues, came to me essentially as something of a relief. He broke the monotony of the approach adopted by many members. I also think that in stating my own arguments I was also moving in this direction when I said that the proposal implied no change in agricultural policy but was designed to introduce the supplementary provision and adjustments that are called for in certain areas. If this measure, however, allows for too much scope in certain areas, it defeats its purpose. That would be a case of putting the cart before the horse.

Mr President, I should once again like to thank the rapporteur and also those who have spoken during this debate for the thought they have given to this matter.

(Applause)

President. — Thank you, Mr Lardinois, for your very full statement.

I call Mr Cifarelli.

Mr Cifarelli, rapporteur. — (I) Mr President, after the long speech we have just heard by the Commission representative I have very few points to make. I should, however, like to say that the requirement contained in section 11 of the motion for a resolution refers to a situation which was underlined by Commissioner Lardinois and there are in fact certain areas—among those referred to in Article 4—in which compliance with the standards relating to the requirements of national parks and natural zones would create particularly advantageous conditions and in relation to which the directive is applicable. I should also like to point out that when we added to the proposal formulated by the Commission the words ‘in particular of the agricultural population’ in Article 1, we wished to take into account the need to prevent depopulation, not depopulation in the general sense but the particular phenomenon caused by the exodus from agriculture. Moreover, Mr President, I reserve the right if necessary to make certain points concerning the amendments proposed by the committee; however that does not appear useful to me at this stage. This morning I intended to do so because the transition from the Commission’s text to the text proposed by the European Parliament’s Committee on Agriculture would have had to be justified in my opinion by the rapporteur, since the Assembly would have been voting on the text put forward by the Committee on Agriculture and not on the initial text proposed by the Commission. Nevertheless having regard to the course the debate has taken and to the text of the Committee on Agriculture I believe there is nothing for me to add if I am not to encroach on the Assembly’s time.

I should simply like to stress that my views have been confirmed during the debate and in particular by Commissioner Lardinois’ statement. The basic idea which I put forward was as follows: these are not social measures tending to maintain the agricultural population in underprivileged areas; on the contrary, these norms refer to the desire to renew agriculture in the underprivileged areas (in the mountains and elsewhere) which could be brought about by this particular form of action. In this way the exodus from the land may be reduced or arrested and the environment and natural conditions better defended. I reserve the right to make certain clarifications to the amendments which have been put forward.

President.

Does anyone else wish to speak?

President

We shall consider the proposal for a directive on agriculture in mountain areas and in certain other poorer farming areas.

On Article 3 (2) of the proposal for a directive I have two amendments listed:

Amendment No. 2, tabled by Mr Vetrone and worded as follows:

Paragraph 2 should be amended as follows:

'2. The average income from farming in such areas must be less than four fifths of the national average income from farming.'

Amendment No. 5, tabled by Mr Brugger and Mr Mitterdorfer, which proposes the following version of the same paragraph:

'2. The average income from farming in such areas must be at least one third less than the national average income from farming in the lowlands.'

These two amendments can be considered jointly. I call Mr Brugger.

Mr Brugger. — (D) Mr President, I believe that pursuant to the Rules of Procedure we must first consider the amendment which departs further from the original text. Mr Vetrone's amendment is closer to the text of Article 3, since it deals with the average income in the individual states, whereas my amendment departs further and does not mention this at all, for which reason it should presumably be considered first. This is a point of order. I would ask you to come to a decision, since I do not think that the amendments can be considered jointly.

President. — Mr Brugger, you are quite right. I shall call for the amendments to be discussed jointly.

However, I shall put your Amendment No. 5 to the vote first, since it departs further from the text of the Committee on Agriculture.

Are you in agreement?

Mr Brugger. — (D) Yes, indeed.

President. — You have the floor, Mr Brugger.

Mr Brugger. — (D) Mr President, ladies and gentlemen, this motion for an amendment concerns Article 3, which I consider to be the most important in the whole draft directive. I would ask you to bear with me for just two minutes while I explain the Article with the aid of an example. It states: 'The average income from farming in such areas must be less than two thirds of the national average income from farming.' This means that to establish the average

income in hill farming and other poorer farming areas in the various Member States certain criteria are used to set the same standards.

As things now stand and as this provision prescribes, the following is the result. Let us take three Member States, one with an average income of 5, another of 6 and the third of 7. With the same standards applied in all the Member States, average income from hill farming in these three Member States works out at 4. Areas producing an income of 4 are not regarded as poorer or as hill farming areas in the Member State producing an average income of 5, while they may be considered hill farming or poorer farming areas worthy of support in the Member State with an average income of 6 because the difference is two thirds. In the Member State with an average income of 7, they would definitively come under the heading of hill farming or other poorer farming areas because, at 4, the income they produce is less than two thirds of the national average.

That is—and I hope that you have followed me—in my opinion an injustice. Conscious of the fact that I am a European, I feel obliged to oppose an injustice of this kind. Not because it concerns a state which is of particular interest to me but because I am accustomed to side with the underprivileged. And here we really have a situation in which Member States with a low average income are underprivileged. In my example, the area with the average income of 4 drops out; in the other two countries, where the average income is only one point higher, these areas are included. I think that is wrong and that is why I am tabling this motion for an amendment.

If this Paragraph 2 refers to the possibility of calculating the average income in depressed hill farming and other farming areas on the basis of like criteria, it should also be possible to find like criteria to calculate the average income in nondepressed level land farming areas—what's good for one is good for the other. If we have these two components, we shall be considerably more just when determining depressed or hill farming areas because incomes in the level areas of the various Member States correspond more closely than the average incomes of the various Member States.

As a result, I have introduced this motion, and though I have noted what Mr Lardinois has said, I would ask you in this case to agree to what is undoubtedly a justified request aimed at protecting the underprivileged.

President. — Mr Vetrone has submitted to me a new version of Amendment No. 2 to Article 3 (2). The wording is as follows:

President

After the words 'The average income for farming in such areas must be less' he proposes that the words 'than four-fifths of the national average income from farming' should be replaced by 'than three-quarters of the national average income from farming.'

I call Mr Vetrone to move his amendment.

Mr Vetrone. — (I) Mr President, ladies and gentlemen, I have no reason to repeat myself since my comments during the general debate already fully illustrated the substance of this amendment and foreshadowed at the same time the correction we intended to make in an attempt to achieve a compromise: from the figure of four-fifths in the original text we have now proposed three-quarters. On the basis of this proposal which I hope will be accepted by the Commission, Parliament should take a favourable decision.

President. — What is the rapporteur's opinion?

Mr Cifareli, rapporteur. — (I) Mr President, in regard to the amendment signed by Mr Brugger and Mr Mitterdorfer I must say that the problem of the difficulty of defining underprivileged areas in terms of a financial return was fully discussed in the committee. This discussion and the difficulties encountered are reflected in section 6 of the motion for a resolution.

In regard to Mr Brugger's amendment I must say that it is closer to the system proposed by the Commission as it retains the criterion of one-third. According to this amendment, the characteristic of the areas in question is that the return there must be at least one third lower than the national average agricultural return, i.e. one third lower than the total return figure. I repeat that the text of Mr Brugger's amendment is closest to that contained in the original proposed directive which the Committee on Agriculture endorsed and presented to the Assembly.

I must say that in principle Mr Brugger's proposal on the method of calculating this third is particularly interesting: he contrasts mountain areas with lowlands and areas which are underprivileged with others in which the return is close to the general norm. The problem which I foresee in this context and on which I shall ask the Commission for its views is to determine how this system could be applied from the technical angle. We have national statistics which are not particularly up-to-date, regional statistics (good in some countries and not so good in others) and also provincial statistics. Are we to break these statistics down into various components and in each individual case isolate the

lowland areas in the different regions and provinces? Again can we in the case of these lowland areas, give a definition of returns, determine whether they are in the north or south of the various Member States and draw a national average? I wonder whether all this is technically feasible or whether we are running the risk of introducing a norm which would be difficult to apply.

I honestly believe that there are technical reasons for caution.

As regards the amendments put forward by Mr Vetrone to Articles 3 and 4—these amendments are identical—I would point out that the Committee on Agriculture, in its consideration of the proposed directive, was unable to accept the criterion of two-thirds. Many voices were raised in favour of this reduction. For my part I should not object to a reduction which would perhaps enable us not to sacrifice areas in which the lack of intervention would be quite absurd.

Putting the problem in arithmetic terms, it appears that the difference is between a short-fall of 66% and a short-fall of 75% (equal to three-quarters). In other words the return in the areas in question should be 25% lower while on the other hand in the original proposal it would have had to be 33% lower than the national average agricultural return.

Having said this, I await the Commission's reply and the Assembly's vote on this technical point.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I already mentioned the criteria in my first detailed reply. I can understand that various members object to the criteria and say: it is too much; some countries could be put at a disadvantage by them.

I would not need any incomes criteria at all if I could be sure that the Parliament, the Council or the executive bodies would adhere strictly to these criteria in implementing this directive.

We have seen that in this Parliament only one physical criterion—the duration of the growth season—has been criticised, because this criterion could lead to difficulties in the southern countries. I must therefore use a combined criterion and take into account not only the physical criteria but also the incomes criteria.

I wish to point out, especially for the benefit of the rapporteur, that I do not mean that the basis adopted, for instance in Italy, should consist of the average income from farming in a

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single province, since in that country there are very few provinces which do not feature both lowland and highland areas. There it is obviously not possible to use an average. For purposes of calculation one would have to differentiate between the highland and the lowland areas. A province average is thus impractical in this case.

I understand the attitude of various Members, Mr President, but the vote will show clearly whether we in Europe are capable or not of conducting a regional policy also the supplementation of incomes. In my opinion we are not capable of doing so if we cannot choose and if we do not have the courage to act on the basis of clearly defined criteria and income levels. If we lack this courage—and I admit that it is often difficult to summon up the necessary courage—we should in fact not accept such a directive, for we are evidently not ready for it. I would be failing in my duty if I did not warn earnestly against accepting this amendment, in spite of the fact that I am personally sympathetic to the underlying motivations. I fear that we would be embarking on a course which would ultimately lead to the destruction of the purpose of the directive.

President. — I call Mr Vetrone.

Mr Vetrone. — (I) Mr President, I did not expect such a rigid and negative statement by Commissioner Lardinois because I thought that my amendment was a bridge bringing us closer to the Commission's point of view and that the Commission would recognize that the return criterion chosen and the criterion used to define the areas concerned could have given rise to unfair discrimination.

We do not deny, Mr Lardinois, that the Community is based on a spirit of solidarity. But you are unwilling to accept the amendment which I have proposed, in other words that the return should be less than three-quarters of the national average: why do you insist that it should be less than two-thirds and then claim that if we referred to the average Community return (I myself abandoned this attempt which I had in fact wanted to make) we would be sacrificing certain areas of Denmark? Do you realize Mr Lardinois, that by taking the figure of two-thirds which you advocate, certain under-privileged holdings in Denmark and other countries which enjoy a higher return would also benefit from aid, while under-privileged holdings in other countries which have a lower return would receive no aid? That is a contradiction. I said it was unfair and it is unfair—and I am surprised that you should insist on this

proposal. I suggested we should refer to the figure of three-quarters and I should like to know on the basis of what detailed studies you have arrived at your figure of two-thirds. Was it arrived at empirically? We certainly arrived empirically at the figure of three-quarters I put forward. Initially the figure was four-fifths, and we reduced it to three-quarters to reach a compromise.

There was one thing I liked in your speech: you wondered what the point was of considering returns. Why include this criterion? I would agree with you if you are prepared to abandon it, but if not I shall have to maintain my amendment.

President. — I call Mr Brugger.

Mr Brugger. — (D) Mr President, ladies and gentlemen, I too must insist on my motion for a resolution because I believe if the average income from farming in depressed areas can be established by certain uniform criteria in all the Member States, which is presumably the case if it says so here, then the average income from farming in level areas in these Member States can be calculated by the same criteria in such a way that an appropriate basis for comparison is derived from these two quantities.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) With reference in particular to Mr Vetrone's impassioned plea, I should like to repeat that the standard does not have to remain 2/3 for evermore. Provision may be made for evolution, which must in fact be a feature of any good agricultural policy. I should be extremely pleased if we had already reached the stage where we could for instance put into effect in all the countries concerned within two years a directive based on 2/3 of the income. My only fear is that if we raise this standard now, which would of course be very convenient, everything would take much longer because it would then be applied in more areas.

Secondly, we must take into account that in the event of any raise of the 2/3 standard the Council would decide to reduce the percentage of the compensation to be met by the EAGGF, which would make it extremely difficult for some countries to implement it at a reasonably early date.

I hope that these considerations will help to explain why I have been obliged to adopt such a regrettably unpopular stand in this matter.

President. — I call Mr Scelba.

Mr Scelba. — (I) Mr President, we may agree on the criterion of indicating returns to justify intervention, but in regard to the determination of the factors involved, this is a matter which could be left to national legislation. In fact, Mr Lardinois, a united Europe cannot deny one essential factor and that is that no aspect of it is more diverse than agriculture which varies not only from State to State or region to region but sometimes also from province to province. Therefore in my opinion perhaps the most rational solution is that the matter of fixing criteria for determining the average figure should be left to national legislations. This is a suggestion which might be considered; the correct solution would then be found on the basis of individual local situations which differ widely. This could be a useful way of solving the problem. The indication of returns is in fact acceptable, but we cannot deny the existence of widely differing situations in the various countries and indeed within individual regions and provinces.

I would therefore put this proposal to the commissioner and I would like to hear his opinion on it. His rigid criterion may act to the detriment of the regions which are in the greatest need of Community intervention.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) I thank Mr Scelba for his attempt to extricate us from our difficulties. It is an effort which I truly appreciate.

If we cannot fix any common criteria in this matter, it is very likely that a large number of delegations in the Council of Ministers of Agriculture will be unable to approve the proposal. It would amount in fact to a financial liability for the EAGGF, without the Community bodies having any control over where the money was going. It would also increase the number of possible interpretations open to the national authorities to such an extent that in all probability the idea would be rejected. I feel bound to say that in my opinion Mr Scelba's suggestion will unfortunately not help us to solve our problems.

President. — I put to the vote Amendment No. 5, tabled by Mr Brugger and Mr Mitterdorfer.

Amendment No 5. is not agreed to.

I now put to the vote Amendment No. 2, tabled by Mr Vetrone.

Amendment No. 2 is agreed to.

On Article 3(3), I have Amendment No. 6, tabled by Mr Brugger and Mr Mitterdorfer and worded as follows:

Paragraph 3 of this article should be worded as follows:

'3. The local government districts or parts thereof making up such areas must satisfy the following conditions:

- either there must be over the greater part of the district in question slopes so steep that the use of machinery that is rational in the lowlands is impossible or uneconomic; or
- there must be difficult climatic conditions, the effect of which is to reduce substantially the growing season or produce prolonged dry periods without any possibility of irrigation, and a land configuration such as to limit the use of the land and to add to the cost of working it.'

I call Mr Brugger to move his amendment.

Mr Brugger. — (D) I would just like to say briefly that the wording of this paragraph is unfortunate. If one of the features of these hill farming areas is to be that slopes are too steep for the use of machinery, I can only ask what kind of slope completely prevents the use of machinery. What kind of slope is it that even prevents the use of a cable winch, which is also a machine? The definition should therefore be worded differently and I would suggest the following:—

'either there must be over the greater part of the district in question slopes too steep for the use or profitable use of machinery which has proved rational on level land.'

I think that the effect achieved with this wording is the same and it could be justified. For if we say in an EEC directive that hill farming areas are areas in which it is not possible to use machinery, while admitting that a cable winch is a machine, I don't know whether we are giving a good impression.

It is merely a matter of Parliament's prestige whether or not the motion for an amendment is modified. I am used to that kind of thing.

President. — What is the opinion of the rapporteur?

Mr Cifarelli, rapporteur. — (I) Mr President, it appears to me that Mr Brugger's amendment consists of two parts: the first concerns hill areas and the second not only difficult climatic

Cifarelli

conditions but also long periods of drought without and possibility of irrigation or reference to the configuration of the land. Do you maintain that section too?

Mr Brugger. — (D) Yes.

Mr Cifarelli, rapporteur. — (I) Then Mr President, in regard to the first amendment—I hope Mr Brugger will not be annoyed by my saying this—I believe that its content is already implicit in the text adopted by the committee since the committee added 'or require the use of special and extremely onerous equipment' which is certainly a characteristic factor. Mechanization may not only imply rationalization; it also raises the question of costs and the existence of appropriate instruments.

In regard to the other paragraph of Article 3, I would point out that various theories were put forward when we discussed it in the committee. Some members referred to erosion, others to drought and still others to exposure to sunlight; the committee unanimously felt that the Commission's wording was preferable in excessively rigid definitions which might have given rise to serious drawbacks, such as the stipulation that the vegetative period must be shorter than six months, were deleted. After looking into all these problems the Committee on Agriculture decided to maintain the Commission's text while deleting the reference to the vegetative period of less than six months which I repeat would have been too rigid and might have given rise to absurdities; at the same time we maintained the expression 'substantially shorter vegetative period' which respects the situation of these mountain regions.

I therefore ask Mr Brugger not to maintain this amendment, bearing in mind the fact that the requirements contained in it were already put forward in the text approved by the Committee on Agriculture.

President. — I call Mr Brugger.

Mr Brugger. — (D) It is correct to say that I should have explained the second part of my second amendment. I agree to the deletion of the period of drought. I should, however, like to point one thing out. I have replaced 'slope' by 'nature of the land' because the use of certain kinds of machines is in many cases prevented not only by the angle of a slope but also by stony or very undulatory land in hilly areas. In other words, it is not only the slope which is a handicap in hill farming and other poorer farming areas but also the undulatory nature of the land or the very stony character of

the soil. I would therefore put the motion that 'slope' be changed to 'nature of the land'.

With regard to the first paragraph, which concerns the use of machinery, I should like to make one brief comment to the rapporteur. The committee has changed the text by inserting the term 'high-cost'. I find that it is still unclear. Clarification is perhaps still required because it could mean that more expensive machinery had to be used in hill farming areas than on level land. This is not really true, it is just that the machinery is usually smaller and less rational, without being more expensive; otherwise we might have the absurd situation in which a combine harvester used in hill farming had to be much better designed and far more expensive than when used on level land. The term 'high-cost' seems to me to be somewhat confusing.

I would therefore perhaps ask whether it would not be better to clarify the matter by a reference to level land, as I have suggested. But what would interest me most is whether as regards the possibility of cultivation not only the slope but also the particular nature of the land would be considered, not only the slope, but also very undulatory land or very stony soil as is frequently found in hill areas, without their being a very steep slope, but which nevertheless makes the use of machinery very, very difficult. And then the term 'nature of the land' would describe the actual situation better than 'slope' alone.

President. — Mr Brugger, we have a precise text, and before we come to the vote I would ask you to read out slowly the text which you are advocating.

Mr Brugger. — (D) I would word the second part as follows: '... or there are difficult climatic conditions which result in a considerably reduced growing season, and the nature of the land restricts the possibilities of land use and entails higher labour costs.'

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) With regard to this amendment I agree with the rapporteur and the Committee on Agriculture. I would once again earnestly warn against any changes aiming at extending considerably the field of application of the directive, particularly by mentioning stony areas and hill country, since these are far more widespread in Europe than actual mountain areas.

President. — In order to avoid any misunderstandings, and for the sake of completeness, I shall read out — in German — the text proposed for the second subparagraph of Article 3 (3) by the Committee on Agriculture:

'oder es herrschen schwierige Witterungsverhältnisse, die eine erhebliche verkürzte Vegetationszeit — five words deleted, it says in brackets — zur Folge haben, und es besteht eine Bodengestaltung...' instead of 'eine Hangneigung'.

I can now put the amendment tabled by Mr Brugger and Mr Mitterdorfer to the vote.

Mr Houdet. — (F) Are we to vote on the two paragraphs at the same time, or are we to have separate votes?

President. — I put to the vote the whole of the amendment tabled by Mr Brugger and Mr Mitterdorfer.

Amendment No. 6 is not agreed to.

On the first subparagraph of Article 4 (1) (b), I have Amendment No 3, tabled by Mr Vetrone and worded as follows:

The first subparagraph of paragraph 1 (b) should be amended to read as follows:

'— the average income from farming must be less than four fifths of the national average income from farming.'

I call Mr Vetrone to move his amendment.

Mr Vetrone. — (I) Mr President, ladies and gentlemen, the amendment contained in Article 4 is parallel to that in Article 3; I would define it as the 'three-quarters amendment' which has been approved by this Parliament. There is no need for me to give further illustrations; I simply hope that Parliament, just as it has voted in favour of the amendment to Article 3, will also vote in favour of the amendment to Article 4.

President. — What is the rapporteur's opinion?

Mr Cifarelli, rapporteur. — (I) Mr President, it is logical and clear that Articles 3 and 4 are similar and I think they should have been approved jointly. In any case I believe that once the amendment to Article 3 has been approved, the other amendment proposed by Mr Vetrone to Article 4 must also be adopted, and I hope this will be done.

President. — Amendment No 3, which follows logically from Amendment No. 2, is therefore adopted.

On the first sentence of paragraph 1 of Article 8, I have Amendment No. 4 tabled by Mr Vetrone and worded as follows:

At the end of the first sentence, insert the following clause

'1. ...but the maximum amount of compensation provided for under (a) below shall in any case be granted for the first five hectares or the first five l.u.';

I call Mr Vetrone to move his amendment.

Mr Vetrone. — (I) Mr President, I am prepared to withdraw the amendment in order to demonstrate the spirit of compromise to which I have unsuccessfully tried to convert Mr Lardinois.

President. — Amendment No 4 is therefore withdrawn.

On Article 9 (2), I have Amendment No. 7, tabled by Mr Vetrone and worded as follows:

In paragraph 2, replace:

'0.7 of a livestock unit'

by:

'0.4 of a livestock unit'

I call Mr Vetrone to move his amendment.

Mr Vetrone. — (I) I should like to draw Commissioner Lardinois' attention to the ultimate objective of the Article which is designed to favour mountain regions over lowland areas. If in the lowlands it is possible to obtain 0.7 units of mature bovine cattle per hectare, this is quite impossible in the mountains. I therefore feel that this is nothing but a mockery of a favourable measure.

In my speech I regretted the fact that while Article 10 had been amended (in that aid had been increased by a third) the ceiling had remained unchanged. On one hectare of mountain land it would be impossible to obtain the figure of 0.7 units of mature bovine cattle and I propose that this value should be reduced to 0.4.

President. — What is the rapporteur's opinion?

Mr Cifarelli, rapporteur. — (I) Mr President, this amendment raises another major technical difficulty. In regard to this indication which has been discussed in the committee, the criterion contained in the original proposal of Article 9 was based on the utilization of land on which cattle could be raised; the indication given by the Commission was therefore considered acceptable by the Committee on Agriculture.

Cifarelli

I must state in all honesty that I am not a cattle-raiser and have no direct technical knowledge of the problem; I am therefore not in a position to comment on whether the figure of 0.7 is excessive for one hectare of grazing land, i.e. rather more than half one unit of mature cattle, or whether the figure of 0.4 mentioned by Mr Vetrone is more appropriate.

Certainly the criterion the rapporteur wishes to adopt is that there should be no extension which would water down the provisions, as has been many times pointed out; as I said this morning, we must not impose unrealistic conditions which could never be met.

Therefore, Mr President, your rapporteur must place the matter before the Assembly for technical reasons, unless the Commission can give a valid, technical clarification of this specific point.

I do not intend to question the technical merit or ability of Mr Vetrone or his knowledge of these problems. I simply wish to point out that I would be in favour of the amendment if I could be sure that the technical criterion he proposes is realistic.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) On this point I would appeal to Mr Vetrone to act in the same spirit as the rapporteur has just done and not insist on his amendment.

I shall be glad to give an undertaking in this connection which implies an examination of this point in greater detail. I refer to the possibility of adopting a slightly more flexible attitude, possibly at regional level, than the rather rigid one originally proposed.

If Mr Vetrone is prepared in the light of this engagement to withdraw his amendment, he may be assured that we shall in practice adopt a more flexible attitude with regard to our criterion.

President. — I call Mr Vetrone.

Mr Vetrone. — (I) Mr Lardinois, on the first amendment I put forward—an amendment which has been approved by Parliament—I noted that a certain coldness had arisen between us... As I wish to restore friendly relations, I am prepared to withdraw the amendment in question on the strength of your statements. (Applause.)

President. — Thank you very much, Mr Vetrone.

Amendment No. 7 is therefore withdrawn.

On Article 12 (2) of the proposal for a directive, I have Amendment No. 1, tabled by Mr Vredeling on behalf of the Socialist Group and worded as follows:

Paragraph 2 of this Article should be worded as follows:

'2. The granting of such aids shall, however, be subject to the following limits:

— the maximum investment qualifying for aid shall—except in relation to drainage operations—be 12 000 u.a. per farm;

— no aid, in whatever form granted, may exceed 50% of the amount of the relevant investment, or the equivalent of a capital subsidy of 4 500 u.a.'

I call Miss Lulling to move this amendment in place of Mr Vredeling.

Miss Lulling. — (F) Mr President, honourable Members, by way of justification for this amendment, may I begin by reminding you that the Community system proposed by the directive on agriculture in mountainous areas and in certain other poorer farming areas must also help to realize the objectives laid down in Article 39 of the Treaty.

For this purpose, the modernization of agriculture is, among other things, necessary.

Although Article 12 of the proposal for a directive permits Member States to grant investment aids to farms which offer no prospects of development, this facility must nevertheless not be unlimited. The amendment proposed to Article 12 by the Committee on Agriculture, which proposes to leave to Member States the responsibility for fixing the limits of these aids, amounts in fact to creating limits which, depending on the financial resources available, the goodwill, the forces of pressure or persuasion brought to bear by the farmers or their organizations, may vary from one country to another to the extent of 100 per cent. If we leave to Member States the responsibility for fixing these limits without reference to any Community standards, the whole system of modernization advocated by this directive may be endangered. Let us therefore remain sensible and Community-minded! In the version proposed by the Committee on Agriculture, Article 12 contains a real risk of endangering the implementation of the entire directive.

The amendment proposed by the Socialist Group therefore aims at re-establishing, in essence, the text proposed by the Commission. But it extends

Lulling

the limits proposed by raising the maximum investment qualifying for aid from 8 000 to 12 000 units of account. For the rest, we make an exception, of course, for investments relating to drainage operations in view of their cost.

In the second sub-paragraph, we suggest 4 000 units of account as the maximum instead of 3 000.

We should be much gratified if Parliament were to adopt this amendment in order to retain the Community character of the directive and remain within the bounds of reality.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, as one who in the earlier stages of dealing with the report in committee attempted to have the limits removed, I accept that the proposal of the Socialist Group is a great improvement on what we were dealing with before. I have two points. If they can be met, I can accept Miss Lulling's amendment.

First, could Mr Lardinois assure me that under the procedure in Article 8 (2) there should be a yearly revision by the Commission and if gross inflation occurred, they would come forward with further proposals to raise the limit? Secondly, I believe that Mr Vredeling and the Socialist Group, when the original drafting took place, intended the words 'drainage operations' to apply to the second part of the amendment. In the English version there is some doubt as to whether drainage operations apply to the part of the amendment dealing with capital subsidy. I believe that was the intention. If so, I am happy to accept the amendment.

President. — What is the rapporteur's opinion?

Mr Cifarelli, rapporteur. — (I) Mr President, as far as the problem raised by this amendment is concerned, I have nothing to add to what was so clearly said by Miss Lulling. As to Mr Lardinois' reply, I must say that I really could not understand the problem that was irritating him; but, be that as it may, it is up to Mr Lardinois to reply.

Regarding the last point made by Mr Scott-Hopkins, I do not believe that there has been an error. We agree that what has to be spent on drainage should not be limited. Obviously, if there is no limit on expenditure, there must be none on aid either. That is, aid must cover everything regardless of costs, without limitation as far as drainage is concerned. I think this should be understood. It is worth pointing out that most of what is to be considered is set down

in the first part of the amendment and the significance of the aid is set out in the second part of the same amendment.

I am, therefore, in favour of the adoption of the proposed amendment.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, the answer to Mr Scott-Hopkins' question as to whether these amounts should not be revised after a certain time, should inflation occur unexpectedly, is yes. I am of the opinion that in a period of inflation the amounts should be revised, not every year but perhaps every three years for instance.

Should the application of this directive be delayed, for instance because the Council takes more time over certain areas, we could investigate whether these amounts are not somewhat on the low side, particularly if they include drainage costs, to which I would not in principle be opposed.

Interpreted in that way I should have far fewer objections to Mr Vredeling's amendment than to the amendment originally proposed by the Committee on Agriculture, which in my opinion goes too far.

President. — I call Mr Houdet.

Mr Houdet, Chairman of the Committee on Agriculture. — (F) Mr President, I should like to try and explain to the House the decisions which we took in the Committee on Agriculture and which prompted us to propose the amendment put forward by Mr Cifarelli.

The debate which took place concerned, as Mr Scott-Hopkins has pointed out, the need for making the limit variable if, for monetary or other reasons, this limit no longer corresponded to normal investments.

The Commissioner has just replied in the affirmative to the question put to him by Mr Scott-Hopkins.

Faced by this refusal in Committee to state whether this ceiling was adjustable, the Committee approved by a majority the amendment proposed by Mr Cifarelli.

Miss Lulling has put the problem to you very well. Essentially, she has returned to the Commission's original proposals while raising the ceiling, because, as we all agree, we had fixed it too low.

Houdet

This, however, did not satisfy Mr Scott-Hopkins and others who had defended the position originally adopted by the majority of the Committee because they had not yet received this guarantee of a variable maximum in cases of changing costs.

Now that the Commissioner has acceded to Mr Scott-Hopkins' demand, to the satisfaction of us all, I shall propose to Parliament that it adopt the amendment moved by Miss Lulling.

President. — I put to the vote Amendment No. 1, tabled by Mr Vredeling on behalf of the Socialist Group.

The amendment is agreed to.

We shall now consider the motion.

On the preamble and paragraphs 1 to 14, 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 14 are adopted.

After paragraph 14, I have Amendment No. 8, tabled by Mr Früh and Mr Schwörer on behalf of the Christian-Democratic Group and by Mr Liogier, Mr Beylot and Mr Bousquet on behalf of the European Democratic Union Group, inserting a new paragraph worded as follows:

'14A. Stresses that this directive is essentially to be regarded as a framework within which Member States may take the measures they think necessary.'

I call Mr Liogier to move this amendment.

Mr Liogier. — (F) Mr President in the course of my speech I had occasion to show that the steps to be taken to save hill farming must be diversified, and I said that, in the face of such evidence, it was difficult if not impossible to force Member States into a narrow framework of measures laid down in advance—without being assured of their efficacy—measures which Member States cannot go beyond, particularly as the financial contribution, necessarily limited, of the EAGGF will leave them responsible for covering the greater part of the expenditure entailed and sometimes even the whole of this expenditure, as Commissioner Lardinois has just explained to you. The amendment on which I now have the honour to speak is thus amply justified. I will add, however, that it goes without saying that this amendment falls within Articles 92 and 93 of the Treaty, which prohibit all distortion of competition among Member States.

President. — What is the rapporteur's opinion?

Mr Cifarelli, rapporteur. — (I) I do not understand the real significance of this amendment. The Treaty recognizes regulations, directives, decisions, recommendations. The Treaty sets out what a directive is; it also sets out the duties of the Member States in respect of directives; and when a Member State wants to adapt its own legislation in respect of the directive, the intention of this directive is subject to the Community organs in order to check its compliance or otherwise to the objectives the Community intends to pursue.

If we are therefore trying to say with this amendment what the Treaty already says, then it is completely superfluous; if on the other hand we want to say something else, we have no authority to change the Treaty.

As far as Mr Lardinois' objections to distortion of competition are concerned, it depends on the Treaty whether, at a particular moment, the common agricultural policy should be applied in a particular State. Community instruments and regulations exist to enforce this; but if one wants to adopt an instrument of competition, it is not necessary to propose an amendment in this sense, which actually contradicts the motion already adopted. I would therefore like to ask the author of this amendment to be good enough to withdraw it. Should the amendment nevertheless be put to the vote, I would like to say now that I am opposed to its adoption.

President. — I call Mr Vetrone.

Mr Vetrone. — Mr President, before speaking I was asked whether the group to which I belong had actually given its approval to the amendment during examination. No such approval exists and there must, therefore, have been a misunderstanding.

Speaking on behalf of the Christian-Democratic Group I could make several comments on the document in question which would, however, be largely similar to what the rapporteur has said. I limit myself, therefore, to also asking the honourable Mr Liogier to withdraw the amendment.

We must avoid instituting a sort of tradition in this Parliament by a return to what happened that famous night in Luxembourg, when, after having approved 15 paragraphs, we rejected an entire motion because we could not agree on the 16th. This evening we might finish by achieving exactly the same thing: having approved 14 paragraphs of this proposal for a resolution, we now run the risk of destroying everything that

Vetrone

we have already achieved because of the amendment which my friend and colleague Mr Liogier intends to introduce at the last moment. I do not believe that this ought to happen. I therefore ask Mr Liogier to withdraw his amendment.

President. — I call Mr Liogier.

Mr Liogier. — (F) Mr President, I take the liberty of pointing out to Mr Vetrone that this amendment should have been supported by one of his two colleagues in the Christian-Democratic Group who are its authors. It was only as a favour that we agreed to present the amendment in their absence. I have had to support it without, admittedly, having studied it in great detail.

At first glance, it seemed to me to be interesting, but, contrary to what is usual in France, our Community has no outline laws permitting a certain flexibility of action. As it is, we are concerned with a directive, nothing more.

Under these circumstances, I withdraw this amendment.

President. — Amendment No. 8 is therefore withdrawn.

On paragraph 15, I have no amendments or speakers listed.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

Does anyone else wish to speak?

I put the motion as a whole to the vote.

The resolution is adopted.¹

16. Change in agenda

President. — The Committee on Development and Cooperation has asked for the following two reports to be added to tomorrow's agenda:

— report by Sir Douglas Dodds-Parker on the proposal from the Commission of the European Communities to the Council for a regulation on the treatment to be accorded to imports of a specific quantity of raw sugar originating in the associated African States and Madagascar (Doc. 56/73)

— report by Mr Spénale on the emergency assistance to be given by the Community to alleviate the consequences of the drought in Africa (Doc. 58/73)

Are there any objections?

That is agreed.

In addition, Oral Question No. 25/73 without debate by Mr Normanton has been withdrawn from the agenda at the request of the questioner, and will be placed on the agenda of the June part-session.

17. Agenda for next sitting

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, since so many Members are still present I should like to table a procedural motion. According to the draft agenda the sitting is scheduled to start tomorrow morning at 10 a.m. However, no meetings of political groups are being held tomorrow, and I should therefore like to ask you whether it would be possible to bring the starting time forward to 9 or 9.30 a.m.

President. — I call Mr Kirk.

Mr Kirk. — Mr Broeksz is inaccurate in one particular. The European Conservative Group is meeting tomorrow at 9 o'clock. Therefore, we may not be through our business by 9.30.

President. — We shall take your point into account, Mr Kirk.

The next sitting will therefore be held, as scheduled, tomorrow, Friday, 11 May 1973, at 10 a.m., with the following agenda:

— Report by Mr Vetrone on imports of citrus fruits from the Lebanon; ;

— Report by Mr Vetrone on the processing of agricultural products;

— Report by Mr McDonald on the price of pigmeat;

— Possibly, vote without debate on the motion contained in Mr Fellermaier's report on imports of olive oil from Morocco and Tunisia;

— Vote, without debate, on the motion contained in Mr Houdet's report on cattle and pigs;

— Report by Mr Durand on food aid;

— Report by Mr Spénale on aid to Africa;

— Report by Sir Douglas Dodds-Parker on sugar imports from the AASM.

The sitting is closed.

(The sitting was closed at 7.15 p.m.)

¹ OJ Series C, 4, 6, 73.

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IN THE CHAIR: MR DEWULF

*Vice-President**(The sitting was opened at 10 a.m.)***President.** — The sitting is open.1. *Approval of minutes***President.** — The minutes of yesterday's sitting have been distributed.

Are there any comments?

The minutes are approved.

2. *Authorization of a report***President.** — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on Economic and Monetary Affairs, at its request, to draw up a report on the running of the customs union following the accession of the new Member States.3. *Order of business***President.** — I call Lord O'Hagan.**Lord O'Hagan.** — May I seek your guidance, Mr President, on a point of procedure or a point of order? I understand that there is procedure whereby resolutions from committees of Parliament can be taken without debate and by vote only. As I understand it, this is to happen today on No 64, Mr Houdet's report. I understand that this is governed by Rule 27 of the Parliament.

I raise this point because those of us who are not members of groups may have difficulty in knowing whether this procedure is to be adopted. As it happens, I have not spent all night

preparing a passionate oration on the report. I find it difficult to work as hard as I should like to if I come here and find that the agenda is different from what I had expected, even though I believe that some warning is given.

Secondly, earlier this week the order of questions was shifted round, apparently to suit the Council. Will you, Mr President, and the Bureau as a whole, look into the wider question whether the agenda can be kept as solid and firm as possible so that members who are not in groups know where they are and can make their full contribution to the debates?

President. — Thank you, Lord O'Hagan, for the second question. We shall make every effort to observe the order of items on the agenda.

I can give you a clear answer to your first question: each Member of Parliament has the right to speak, even on an item which is only listed provisionally, in accordance with the procedure without debate.

If you ask to speak when we are dealing with this item on the agenda, I shall be happy to call you.

4. *Regulations on imports of citrus fruit and oil originating in the Lebanon***President.** — The next item is a debate on the report drawn up by Mr Vetrone on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation on imports of citrus fruits originating in the Republic of Lebanon
- II. a regulation on imports of olive oil originating in the Republic of Lebanon (Doc. 30/73).

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

Mr Vetrone, rapporteur. — (I) Mr President, honourable members, as you know, on 18 De-

Vetrone

ember last the Community concluded a preferential agreement with the Republic of Lebanon. Pursuant to Article 113 of the Treaty, Parliament was not consulted on the agreement, but merely informed of it after it had been signed; on the other hand, Parliament was consulted with regard to the regulations laying down the procedure for its implementation.

The two regulations on the agenda concern the methods of implementation referred to in Articles 5 and 8 of Annex I of this agreement.

The preferential agreement is concerned with the importation of olive oil and citrus fruits from the Lebanese Republic into the Community.

As regards olive oil, the Community has accorded the Lebanese Republic two advantages; one of a commercial and the other of an economic nature. The commercial advantage consists in the reduction, by 0.5 u.a. per 100 kg. of olive oil, of its levies applying to third countries. The economic advantage, on the other hand, consists in a further and more substantial reduction of these levies amounting to 4 u.a. per 100 kg. of olive oil on condition, however, that the Lebanese Republic imposes on the exportation of olive oil to the Community an export tax exactly equal to the reduction granted by the Community of 4 u.a. per 100 kg. The advantage which the Lebanese Republic and its Treasury receive from the Community would therefore come to be transferred to the export value; that is, it must be proved that this export tax has in fact been paid.

I have no further information to offer or special remarks to make on the regulation concerning olive oil, since this regulation is to some extent a repetition of those concerning the procedures for implementing the agreements concluded with other Mediterranean countries.

I consider therefore, Mr President, that we may pass without further ado to the second regulation, dealing with citrus fruits.

With regard to citrus fruits originating in Lebanon, the Community has granted a tariff preference in the form of a reduction of 40 per cent on customs tariffs. But, obviously, in order to protect the Community's agricultural production, it has been stipulated that a minimum price must be observed; that is, citrus fruits from the Lebanese Republic cannot reach the Community market unless they have a stable limited price. This stable limited price is obtained from the reference price plus the incidence of the full customs tariff and 0.2 u.a. per 100 kg. of the product—an additional sum which is obviously intended to serve as a cushion of protection.

These are the terms that have been laid down. They give no grounds for any special remarks, since it is not the first time that we have been confronted with a mechanism of this kind: it has already been applied to the other Mediterranean countries. In its motion for a resolution, the Committee on Agriculture has considered it advisable, while expressing a favourable opinion on these two regulations, to stress once more the need for revising the current procedure according to which Parliament is informed only after the signing of these agreements, although according to Article 43 of the Treaty of Rome it should be consulted without fail by the Council of Ministers when it is a matter of regulations concerning the procedure for applying such agreements.

President. — I call Mr John Hill.

Mr John Hill. — Mr President, we would be interested in hearing the Commissioner's comments, if he has any, on the last point made by Mr Vetrone about the desirability of the European Parliament being consulted at an earlier stage.

President. — I think we were quite clear on this point yesterday.

I call Mr Lardinois.

M. Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, this is a more general problem. To my knowledge, the new Commission has discussed this with Parliament a number of times. We have still not quite succeeded in reaching agreement.

As I have not been able to consult my colleagues, I am unfortunately not at this moment in a position to give more undertakings than have already been given Parliament.

President. — As President, I should like to point out that this item was on the agenda before this part-session began, and that the Council had undertaken definite commitments.

Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

5. Regulation on trade arrangements for certain goods processed from agricultural products

President. — The next item is a debate on the report drawn up by Mr Vetrone on behalf of

¹ OJ Series C, 4. 6. 73.

President

the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1059/69 laying down the trade arrangements applicable to certain goods resulting from the processing of agricultural products (Doc. 50/73).

I call Mr Vetrone to present his report.

Mr Vetrone. — (I) Mr President, honourable members; I am astonished to find this question on the agenda. I am also surprised to find that today's agenda lacks all indication of the order in which questions are to be dealt with. I have never been informed about this report, and so far as I know, I have not even been told that I was the rapporteur on this subject. I am truly amazed that it should have been put on the Agenda. It is therefore absolutely impossible for me to speak on the subject, since I was never even appointed rapporteur.

President. — It was decided yesterday that in view of the urgency of this item, it would be placed on Friday's agenda.

I call Mr Vetrone.

Mr Vetrone. — (I) Mr President, as the result of a misunderstanding, it seemed yesterday that the report which I have just dealt with on the regulations concerning Lebanon would no longer be the first item on the agenda. But no more of that now. When it was agreed that the report would remain as the first item on the agenda, I was satisfied the misunderstanding had been cleared up. But this morning I find that I am supposed to speak on a report dealing with a subject which I have not studied because I have not even been appointed rapporteur. It was only in the House, this morning, that I was invited to speak on a report on a document which was unknown to anyone. If only the document had been brought to me last night I could have looked at it and would then have been able to make a few remarks. But it would be rather irresponsible on my part to speak now on a subject for which I have not even seen the supporting document.

President. — I am sure there has been a misunderstanding.

As far as the subject itself is concerned, I can state that the terms of the motion are quite clear and that there is no need for a debate. Moreover, the Committee on External Economic Relations asks that the motion as it stands be adopted unanimously.

Does Parliament wish to comment on this point, in accordance with urgent procedure?

I call Mr John Hill.

Mr John Hill. — Mr President, having studied the document as fully as I can, I fully concur that this is a small matter on the facts of this particular case.

On the other hand, it might be a larger matter and we come back to the difficulty of the emergency procedure in which someone like Mr Vetrone had no chance of accepting, much less fulfilling, the duties of rapporteur. I think it highlights the difficulty that Parliament can get into in dealing with matters of urgent business which the Commission clearly wants to have ratified and approved while we are in session.

May I ask therefore whether the Bureau could devise a means of alerting us to matters that come up quickly, possibly by means of some special notice outside? We would then have the opportunity to decide whether or not we were particularly concerned with such emergency agenda.

President. — I think we are in agreement with Mr John Hill's extremely pertinent remarks.

We hope that communication between Members will improve.

Does anyone wish to speak?

I put the motion to the vote.

The resolution is adopted.¹

6. *Regulation on the price recorded for pig carcasses in the Community*

President. — The next item is a debate on the report drawn up by Mr McDonald on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 121/67/EEC as regards the price recorded for pig carcasses in the Community (Doc. 48/73).

I call Mr Martens, deputizing for Mr McDonald, who has asked to present this report.

Mr Martens, deputy-rapporteur. — (NL) Mr President, according to Article 4 (2) of Regulation No 121/67 on the common organization of

¹ OJ Series C, 4. 6. 73.

Martens

the market in pigmeat, intervention measures may be taken when, on the representative markets of the Community, the average price for pig carcasses is below 103 % of the basic price. Up to now, an arithmetical mean has been used. Now it is being suggested that an average price be established to replace the arithmetical mean. The term average price should be related to the size of the pig population of the various Member States.

This is undoubtedly a good measure which will help to improve the market mechanism. I would therefore ask Parliament to generally accept this proposal.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted ¹.

7. *Change in agenda*

President. — The debate on the report by Mr Fellermaier on the proposal from the Commission of the European Communities to the Council for a regulation on imports of olive oil from Morocco and Tunisia has been deleted from the day's agenda as the Council's request for an opinion on the proposed regulation has not yet been received.

8. *Directive on intra-Community trade in cattle and pigs*

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Houdet on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive amending the Council Directive of 26 June 1964 on intra-Community trade in bovine animals and swine (Doc. 33/73).

I have no speakers listed.

Does anyone wish to speak?

I call Lord O'Hagan.

Lord O'Hagan. — I am grateful, Mr President that you have granted me this opportunity to speak. I may be doing something that is inappropriate in the procedure of this Parliament and I speak subject to correction.

I understand that we are looking back towards the original directive of 26 June 1964 which, among other things, was designed to facilitate freedom of movement of intra-Community trade in these categories. I wish particularly to refer to what links the amendments to the original directive with paragraph 10 of the opening preamble and Article 2 (b). I have recently visited the French-Italian border where my wife was born and where her father farmed for many years. While there I began to question whether our measures, such as this directive and the amendment which we are today considering, have been successful in removing all the restrictions on intra-Community trade in the categories which we are now discussing.

There was much concern in that neighbourhood about lorry-loads of calves being kept waiting all night without water and lowing in agony. I do not wish to trespass on the preserves of the British concern about cruelty to animals, but I wonder whether the Commission could be asked to look again at the inefficiency of the present system, particularly from the point of view of the consumer, to see whether some of the methods used to transport bovine animals and swine are ultimately the best from the point of view of the consumer. Although it may be satisfactory for the consumer to transport an animal to a high-price area such as Italy, it might be better if the meat could be transported dead. Therefore, I hope that the question of unnecessary cruelty to animals through their transportation live will be looked at, particularly in view of the fact that the system operated within the Community customs barriers does not appear to be wholly satisfactory.

President. — Thank you for that most pertinent question. You were quite right to bring it up during this debate.

I call Mr Lardinois to answer the question.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I think that the question raised by the honourable Member does not concern the subject we are now discussing. Nevertheless, I feel that we should be grateful to him for the opportunity to give an answer on a subject on which we are also working.

The difficulties and possibilities in the transport of live animals within the Community has been a subject of concern and study, even at the level of the Council of Europe. As long ago as 1968, this Council drew up a convention which, I regret to say, has not as yet come into effect everywhere. I can, however, give the assurance

¹ DJ Series C, 4. 6. 73.

Lardinois

that this agreement will take effect in the whole of the Community in the middle of next year.

I would like to add that the transport of meat allows little or rather no room for the protection of the animals. In practice, for employment reasons in particular, but for other reasons as well, many countries prefer to receive the raw material—I admit that this is a dreadful term—rather than the final product. This too is one of the major difficulties, but I am glad to say that considerable progress is now being made in finding a solution to this problem, especially on the French-Italian border.

Another reason for these difficulties is the fact that in the Mont Blanc tunnel, which is actually a new means of quickly transporting goods between France and Italy, the services required in particular for customs clearance and checks still do not exist. We have urged the Italian government in particular to eliminate this deficiency as quickly as possible, with the further object of reducing the amount of traffic at other border posts.

President. — I call Lord O'Hagan.

Lord O'Hagan. — May I in one sentence thank the Commissioner very much indeed for that most encouraging answer? Can he give us any indication of the Commission's plans for urging on action in this field?

President. — I call Mr Lardinois to state the Commission's position.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I should like to assure the honourable Member that I shall be raising this question with the Italian and French delegations during the meeting of the Council next Monday to see if we can improve the situation in the near future.

President. — Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted ¹.

9. Regulation concerning interest on sums paid out of the EAGGF and by way of food aid which are recoverable

President. — The next item is a debate on the report drawn up by Mr Durand on behalf of

the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation concerning interest on sums paid out of the EAGGF and by way of food aid which are recoverable (Doc. 45/73).

The rapporteur has informed me that he has nothing to add to his written report.

I call Mr Lardinois to state the Commission's position.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, the Commission should have little difficulty if this proposed amendment is accepted by Parliament. I will therefore gladly give the assurance that we will favourably consider adopting it.

President. — I call Mr John Hill.

Mr John Hill. — On a point of order, Mr President. May I ask what the amendment is? It is news to me that there is an amendment to the resolution.

President. — I would point out that the document which you have before you contains both the opinion of Parliament and the proposal from the Commission of the European Communities.

It therefore consists of an amendment to the proposal for a regulation contained in the motion and not an amendment to the motion itself.

Does anyone else wish to speak?

I put the motion to the vote.

The resolution is adopted ¹.

10. Consequences of the drought in Africa

President. — The next item is a debate on the report drawn up by Mr Spénale on behalf of the Committee on Development and Cooperation on the emergency assistance to be given by the Community to alleviate the consequences of the drought in Africa (Doc. 58/73).

I would point out that Parliament considered this matter on the first evening of this part-session. As requested in the resolution of 7 May 1973, the Committee on Development and Cooperation this week devoted a meeting to the problem, in the presence of the competent Member of the Commission of the European Communities. Following this meeting, the Com-

¹ OJ Series C, 4. 6. 73.

¹ OJ Series C, 4. 6. 73.

President

mittee on Development and Cooperation submitted a new motion to Parliament. Mr Spénale is to draw up a new report for the forthcoming meeting of the Committee on Development and Cooperation to be held in Rome.

I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — Thank you, Mr President, for giving me a chance, as the proposer of the amendment, to thank all concerned, particularly the Commission and our Secretariat, for producing the report, Doc. 58/73. We had a useful discussion in Committee with members of the Commission who told us what is being done.

I think that there might have been some impression left from our previous discussion that not a great deal was being done. In fact, over a period of years a number of organizations have been working very hard to try to give help to this part of Africa, as indeed they have to other parts of the world which are in trouble through drought or flood or whatever it may be. I propose that more specific proposals should be put before the Committee and the Assembly before we leave this week, because time is short. There is probably a question of two or three months when the most critical period is at hand. After that, we hope that rain will come and alleviate the problems from which these friends of ours in Africa are suffering.

One specific proposal—that air transport should be made available by Member States where possible—has been added as paragraph 2 (a) inserted at the end of paragraph 2. Also, in paragraph 3, we propose that the resident supervisors appointed locally will be given the necessary powers and freedom of action. It worried a number of members of the Assembly that there appeared to be stocks of food which could not be sent forward. We all hope that these resident supervisors will be able to get on to this and ensure that the supplies are sent forward.

I therefore thank you as President, and also as Chairman of the Committee which produced the report at short notice in two days, on the success of your work.

President. — Thank you, Sir Douglas.

As vice-chairman of the Committee on Development and Cooperation, I can assure him that we are quite happy about the amendment.

I remind the House that the situation in Africa is a serious one, and that the need for rapid transport is great.

According to reports from the *Agence France Presse*, the figures are staggering.

I would be grateful if Mr Lardinois could give us the exact figures concerning aid.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I would first like to thank the European Parliament and in particular the rapporteur and those responsible for the initiative for placing this item on today's agenda.

A number of associated African countries in the Sahel region are faced with disaster, the consequences of which we cannot yet foresee. What is certain is that there is great distress in above all the inland areas—I am thinking here of Senegal, Niger, Chad, Mali, Mauritania and Upper Volta—and that help is urgently needed.

The most difficult problem is the transport of food now in African or European ports. Transport aircraft are urgently needed to take this food inland.

We are at the moment in the process of calling on the Member States to make transport aircraft available. The German government has made four of these aircraft available. The French government has made two available but promised to raise the number to ten. Belgium has also promised a few aircraft. I would urge all the Member States to make a great effort in this matter. After all, what is at stake here is the fate of tens of thousands of people. I should like to take this opportunity to address an urgent appeal to the Members of Parliament and the members of the press present here—and through them to the national governments of the Member States—to give the greatest possible thought to this matter. The Council of Ministers for Foreign Affairs and Agriculture will be discussing the problems next Monday and Tuesday, along with additional proposals on the supply of food, especially cereals and milk powder. The most urgent problem at the moment is that of transport aircraft. In addition, we have to build up an organization to ensure that the available aircraft are used as efficiently as possible and to coordinate their use so that the food reaches the areas where it is needed as quickly and in as large quantities as possible.

President. — I thank Mr Lardinois for the information and for his appeal.

I propose to insert in the final paragraph of the motion that the resolution will also be forwarded to Member States' parliaments. This is

President

a formal proposal from the Chair, which I would ask you to consider.

I hope that the Council will realize the serious nature of the situation and do all in its power to facilitate the task of the Commission.

Does anyone else wish to speak?

I call Mr Lardinois.

Mr Lardinois, *member of the Commission of the European Communities*. — (NL) Mr President, I should particularly like to thank you for deciding to forward this resolution to the national parliaments. It is perhaps to be recommended that the appeal that the Commission has made through me be added to the resolution.

President. — Mr Lardinois, I think that we can meet your request, by means of an accompanying letter.

We shall now consider the motion.

On the preamble and paragraphs 1 and 2, I have no amendments or speakers listed.

Does anyone wish to speak?

I put these texts to the vote.

The preamble and paragraphs 1 and 2 are adopted.

After paragraph 2, I have Amendment No 1 tabled by Mr Triboulet on behalf of the EDU Group, Mr Lückner on behalf of the Christian-Democratic Group, Mr Broeks on behalf of the Socialist Group, Mr Houdet on behalf of the Liberal and Allies Group, and Sir Douglas Dodds-Parker on behalf of the European Conservative Group, and worded as follows:

After paragraph 2, insert a new paragraph worded as follows:

"2A. Invites Member States to work together closely with the Governments concerned by putting at their disposal, in particular, aircraft to operate from ports or storage points in Africa bringing Community assistance to the most outlying areas of the Sahelian region which are the hardest hit by the drought;"

This amendment has already been considered. I therefore put Amendment No 1 to the vote.

Amendment No 1 is agreed to.

On paragraphs 3 and 4 I have no amendments or speakers listed.

Does anyone wish to speak?

I put paragraphs 3 and 4 to the vote.

Paragraphs 3 and 4 are adopted.

On paragraph 5, I have an oral proposal to add that the report and the resolution should also be forwarded 'to the parliaments of Member States.'

I do not think there are any objections to this addition.

I put paragraph 5 so amended to the vote.

Paragraph 5 so amended is adopted.

I put the motion as a whole to the vote.

The resolution as a whole is adopted.¹

The resolution will therefore be forwarded to the national parliaments of Member States, together with a letter outlining Mr Lardinois' appeal.

11. Regulation on imports of raw sugar from the AASM

President. — The next item is a debate on the report drawn up by Sir Douglas Dodds-Parker 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 on the treatment to be accorded to imports of a specific quantity of raw sugar originating in the Associated African States and Madagascar (Doc. 56/73).

I call Sir Douglas Dodds-Parker, who has asked to present his report.

Sir Douglas Dodds-Parker, *rapporteur*. — I apologize to the House for speaking so much so late in the session. This, too, is a brief report. I again thank the Secretariat for its speed in producing it.

A new point of principle involved is that cane sugar should be imported from Africa and Madagascar. This is a question of principle of which I am sure that the Assembly will approve and which it will accept just as the Committee accepts it, although it is only a very small quantity and it will run only until the end of January 1975. The question of principle has also been accepted by the Committee on Agriculture.

Before January 1975 it will be necessary to renegotiate the sugar agreement combining the production of beet and the import of cane.

¹ OJ Series C, 4. 6. 73.

Sir Douglas Dodds-Parker

Therefore, in the view of the Committee on Development and Cooperation, and, I understand, of the Committee on Agriculture, it is acceptable that we should approve the Resolution.

We believe that it will be necessary to work out at least heads of agreements for what I would like to think would be a European sugar agreement within the International Sugar Agreement before the end of January 1975 when all these agreements will have to be renegotiated. If we in the Assembly could work out such heads of agreements and pass them to our respective Governments it might help the work of the Commission and of the Ministers who will be doing the negotiations.

If I might add a personal note, I did this for the Commonwealth countries in 1947-48. The then governments made an intergovernmental agreement, and that led on to the International Sugar Agreement which has been of great value to the stability of the world sugar market.

This is a small point, but it is an important one, particularly to the producing countries and we will be discussing this no doubt in considerable detail in the years ahead. In the meantime, I commend the proposal to the Assembly.

President. — I am pleased that Sir Douglas Dodds-Parker, a new Member of this Parliament, has been able in the light of his considerable experience of African affairs to present a report on a problem which is definitely of current concern to our associated partners.

I call Mr Lardinois to state the Commission's position.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) I should like to thank the parliamentary committee and in particular the rapporteur very much for delivering so positive an opinion.

The economic importance of the proposal is very limited, but as the rapporteur has rightly said, its political importance should not be underestimated.

I therefore feel that this proposal could, as it were, be a kind of forerunner of many important issues connected with cane sugar. This will primarily concern imports from associated areas, a subject that will have to be discussed here in the not too distant future.

One remark I should like to make to the rapporteur is that proposals are often dealt with somewhat differently at European level than is the case at national level.

The Council can only take decisions on the

basis of proposals made not by Parliament but by the Commission. You should therefore wait until you receive proposals from the Commission in this respect. You can then, of course, amend these proposals. Let us hope that these modifications are then such that the Commission can adopt them. Only then can the Commission make a decision on the matter.

I should also like to point out that in regard to the Commonwealth Sugar Agreement we have less than one year to agree on our point of view concerning the International Sugar Agreement and the modifications to be made to it.

I think, however, that we, or at least the Commission, should map out our course of action on this subject within two to three months. Then a start can be made on the normal procedure: Parliament, Commission and lastly the Council. In my opinion, we should thus be able to agree on our alternatives before the summer recess.

President. — I call Mr John Hill.

Mr John Hill. — I thank Commissioner Lardinois for his explanation of the future likely course of the Commission's thinking.

Clearly this morning is not the time to discuss the future of sugar, but I hope that in his deliberations the Commissioner will emphasize the desirability of striking a satisfactory balance between the beet sugar industry grown in Europe and the cane sugar from overseas. We all know that there is the danger of surpluses building up in Europe that are going into the world market and therefore making the position more difficult for the cane producers to dispose of their surpluses. On the other hand, Commissioner Lardinois also knows that there is an eager beet industry in the United Kingdom which has been restrained for the last 25 years and which would like some measure of expansion in the proposed reallocation and replanning of the sugar industry.

Lastly, I ask the Commissioner: what are the prospects of the Community as a whole joining an international sugar agreement? Clearly this would be very desirable. Obviously it is very difficult, but I do not think that we should cease to hope that we shall achieve that end.

President. — We shall hold an extensive debate on this subject shortly.

I put the motion to the vote.

The resolution is adopted ¹.

¹ OJ Series C, 4. 6. 73.

12. *Approval of minutes*

President. — Pursuant to Rule 17 (2) of the Rules of Procedure, I now submit the minutes of this sitting, which were drawn up during the course of the proceedings, to the European Parliament for its approval.

Are there any comments?

The minutes are approved.

13. *Dates of next part-session*

President. — We have now dealt with all the points on our agenda.

The enlarged Bureau proposes that Parliament should hold its next part-session in Strasbourg from 4 to 7 June 1973.

Are there any objections?

That is agreed.

14. *Adjournment of session*

President. — I should like to thank all those who have helped us in our work, Members of the Commission, Council and Parliament, and officials.

I wish you all a safe journey home.

I declare the session of the European Parliament adjourned.

The sitting is closed.

(The sitting was closed at 10.50 a.m.)

