

Annex

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Report of Proceedings
from 9 to 13 December 1974
European Centre, Luxembourg

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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.

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 3.30 p.m.)

President. — This sitting is open.

1. Resumption of the session

President. — I declare resumed the session of the European Parliament adjourned on 15 November 1974.

This part-session is being held in a week in which events important to the construction of Europe may take place. We for our part will not fail to make our contribution to the process of European integration. I hope that the Summit will have a constructive outcome for Europe.

2. Apologies

President. — Apologies for absence have been received from Mrs Walz and Mr Calewaert, who regret their inability to attend this part-session.

3. Statement by the President on the procedure to be followed in the event of outright rejection of the draft budget

President. — At its most recent meetings with the Council on the strengthening of the budgetary powers of the Assembly, the European Parliament delegation agreed with the Council's request that the Assembly should provide full and explicit justification in the event of outright rejection of the budget. At its meeting of 29 November 1974 the enlarged Bureau endorsed this position and requested the Legal Affairs Committee to bear it in mind when the time came for it to propose amendments to those parts of the Rules of Procedure concerned with the procedure for consideration of the budget.

The Bureau was also of the opinion that the transitional arrangements applicable to the establishment of the budget of the Communities for the 1975 financial year should be interpreted in this sense.

It should therefore be understood that the reasons given in a proposal for rejection of the draft budget as a whole, submitted under Article 6 of the internal Rules of Procedure adopted by Parliament on 25 September, must be particularly clear and specific; they must be set out in detail and they must not be incompatible with each other.

In any event it is clear that a decision to reject the budget as a whole and invite the Council to submit new proposals can only be taken for particularly important reasons.

4. Renewal of the ECSC Auditor's mandate

President. — I have been informed by the President of the Council of the European Communities that at its meeting of 2 and 3 December 1974 the Council renewed the mandate of Mr Gaudy as ECSC Auditor.

5. Appointment of a member of the Commission of the European Communities

President. — I have received from the President of the Council a letter informing me that the Representatives of the Governments of the Member States decided on 12 November 1974 to appoint Mr Guido Brunner member of the Commission of the European Communities to replace Mr Dahrendorf.

6. Texts of treaties forwarded by the Council

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

- Agreement between the European Economic Community and the Arab Republic of Egypt on the supply of flour of common wheat as food aid;
- Agreement between the European Economic Community and the Lebanese Republic on the supply of common wheat as food aid;
- Agreement between the European Economic Community and Mauritius on the supply of flour of common wheat as food aid;
- Agreement between the European Economic Community and the Syrian Arab Republic on the supply of flour of common wheat as food aid.

These documents will be placed in the archives of the European Parliament.

7. Referral of the draft budget for 1975 modified by the Council

President. — I have received the draft budget for 1975 (Doc. 400/74) modified by the Council of the European Communities on 28 November 1974.

President

This document has been referred to the Committee on Budgets for its consideration pursuant to Rule 23(2) of the Rules of Procedure.

8. Documents submitted

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

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

- the proposal from the Commission of the European Communities to the Council for a regulation laying down, in respect of hops, the amount of aid to producers for the 1973 harvest (Doc. 362/74).

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

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine, Regulation (EEC) No 817/70 laying down special provisions relating to quality wines produced in specified regions, Regulation (EEC) No 865/68 on the common organization of the market in products processed from fruit and vegetables and Regulation (EEC) No 950/68 on the Common Customs Tariff (Doc. 363/74).

This document has been referred to the Committee on Agriculture as the committee responsible and to the Committee on Budgets and the Committee on External Economic Relations for their opinions;

- the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for frozen beef and veal falling within subheading 02.01 A II (a) 2 of the Common Customs Tariff (1975) (Doc. 369/74).

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

- the proposal from the Commission of the European Communities to the Council for a decision authorizing the Netherlands to grant aid in respect of agricultural

products following the raising of the representative rate for the Dutch florin (Doc. 370/74).

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

- the proposal from the Commission of the European Communities to the Council for a decision extending the period of operation of the system of minimum prices for potatoes and certain vinegars (Doc. 371/74).

This document has been referred to the Committee on Agriculture;

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

I. a regulation on the common organization of the market in eggs

II. a regulation on the common organization of the market in poultrymeat. (Doc. 372/74).

This document has been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a directive amending for the second time Directive No 73/241/EEC on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption (Doc. 381/74).

This document has been referred to the Committee on Public Health and the Environment;

- the proposal from the Commission of the European Communities to the Council for a regulation on the common organization of the market in pigmeat (Doc. 382/74).

This document had been referred to the Committee on Agriculture;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation No 359/67/EEC on the common organization of the market in rice (Doc. 390/74).

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

President

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

I. a regulation fixing for the 1974/75 sugar marketing year in respect of Ireland and the United Kingdom the derived intervention price for white sugar, the intervention for raw beet sugar and the minimum price for beet

II. a regulation altering in respect of Denmark the intervention price for butter

(Doc. 391/74).

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

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

I. a regulation concerning the importation into the Community of certain fishery products originating in Tunisia

II. a regulation concerning the importation into the Community of certain fishery products originating in Morocco

(Doc. 402/74).

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

— the proposal from the Commission of the European Communities to the Council for a resolution concerning a revised list of second-category pollutants to be studied as part of the Programme of Action on the Environment (Doc. 404/74).

This document has been referred to the Committee on Public Health and the Environment;

— the proposal from the Commission of the European Communities to the Council for a decision establishing a common procedure for the reciprocal exchange of information between the surveillance and monitoring networks based on data relating to atmospheric pollution by sulphur compounds and suspended particulates (Doc. 405/74).

This document has been referred to the Committee on Public Health and the Environment;

— the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of the laws of the Member States concerning alcoholmeters and hydrometers for alcohol and alcohol tables (Doc. 406/74).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Legal Affairs Committee for an opinion;

— the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1107/70 on aids granted in the field of transport by railway, road and inland waterway (Doc. 407/73).

This document has been referred to the Committee on Regional Policy and Transport as the committee responsible and to the Committee on Economic and Monetary Affairs for an opinion;

(b) the following oral questions:

— oral question without debate by Mr Blumenfeld to the Commission of the European Communities on energy supplies in the Community (Doc. 376/74);

— oral questions by Mr Noè, Sir Douglas Dodds-Parker, Mr Terrenoire, Mr Blumenfeld, Mr Patijn, Mr Laban, Mr Zeller, Mr Hougardy, Mr Brewis, Mr Gibbons, Mr Marras, Mr Johnston, Mr Radoux, Mr Nolan, Mr Thornley, Mr Cointat, Mr Bayerl, Mr Fellermaier, Mr Hansen, Mr Broeksz, Mr Van der Hek and Mr Della Briotta pursuant to Rule 47A of the Rules of Procedure for Question Time on 11 December 1974 (Doc. 399/74);

(c) the following motions for resolutions:

— the motion for a resolution tabled by Lord Reay on the indexing of savings (Doc. 365/74).

This document has been referred to the Committee on Economic and Monetary Affairs;

— a motion for a resolution tabled by Mr Springorum on behalf of the Committee on Energy, Research and Technology, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the present situation with regard to energy policy, following the conclusion of an international agreement between Member States of the OECD to safeguard energy supplies and to set up an international petroleum supply agency (Doc. 366/74);

President

(d) from the committees, the following reports:

- Reports by Mr Jahn on behalf of the Committee on Public Health and the Environment on the results of the Third International Parliamentary Conference on the Environment held in Nairobi from 8 to 10 April 1974 (Doc. 361/74);
- Report by Mr Herbert 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 approximation of the laws of the Member States relating to the braking devices of wheeled agricultural or forestry tractors
 - II. a directive on the approximation of the laws of the Member States relating to the installation of lighting and light signalling devices on wheeled agricultural or forestry tractors
 (Doc. 199/74)
 - III. a directive amending the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and the exhaust system of motor vehicles (Doc. 236/74)
 (Doc. 364/74);
- Report by Mr Giraud on behalf of the Political Affairs Committee on the Conference of Heads of State or Government on 9 and 10 December 1974 in Paris (Doc. 367/74);
- Report by Mr Patijn on behalf of the Political Affairs Committee on the adoption of a Draft Convention introducing elections to the European Parliament by direct universal suffrage (Doc. 368/74);
- Report by Mr Liogier on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the allocation for 1974 of appropriations from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and deferring certain final dates for the years 1974 and 1975 (Doc. 373/74);
- Report by Mr Hunault on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision on the financing by the Community of certain emergency measures in the field of animal health (Doc. 374/74);
- Report by Mr Della Briotta on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Annex IV of Regulation (EEC) No 816/70 of the Council laying down additional provisions for the common organization of the market in wine (Doc. 375/74);
- Report by Mrs Orth on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a second directive amending the Council Directive of 23 November 1970 concerning additives in feedingstuffs (Doc. 377/74);
- Report 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 the total or partial suspension of common Customs Tariff duties on certain agricultural products originating in Turkey (Doc. 378/74);
- Report by Mr Concas on behalf of the Legal Affairs Committee on the motion for a resolution tabled by Mr Amendola and Mr Lemoine on behalf of the Communist and Allies Group on amnesty for war criminals (Doc. 379/74);
- Report by Mr Van der Gun on behalf of the Committee on Social Affairs and Employment on the Second Report on the activities of the new European Social Fund—financial year 1973 (Doc. 380/74);
- Report by Mr Willi Müller on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on waste disposal (Doc. 383/74);
- Report by Mr Willi Müller on behalf of the Committee on Public Health and the Environment on the proposals from the Commission of the European Communities to the Council for
 - I. a directive on the approximation of the laws of the Member States related to welded unalloyed steel gas cylinders

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- II. a directive on the approximation of the laws of the Member States relating to seamless aluminium alloy gas cylinders
(Doc. 384/74);
- Report by Mr Yeats 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 harmonization of the legislation of Member States on the retention of the rights and advantages of employees in the case of mergers, takeovers and amalgamations (Doc. 385/74);
 - Report by Mr Premoli on behalf of the Committee on Public Health and the Environment on Petition No 3/74, submitted by Mr Barel, on the preservation of the Mediterranean (Doc. 386/74);
 - Report by Mr Kristen Petersen on behalf of the Committee on Energy, Research and Technology on the communication from the Commission of the European Communities to the Council concerning a plan of action in the field of information and documentation in science and technology (Doc. 387/74);
 - Report by Miss Flesch on behalf of the Committee on Development and Cooperation on the negotiations between the EEC and the ACP countries on the renewal and enlargement of the Association (Doc. 388/74);
 - Report by Mr Bourdellès on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision extending the period of operation of the system of minimum prices for potatoes and certain vinegars (Doc. 389/74);
 - Report by Mr Howell on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous duties under the Common Customs Tariff on a number of agricultural products (Doc. 392/74);
 - Report by Mr Premoli on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a decision on the reduction of pollution caused by certain dangerous substances discharged into the aquatic environment of the Community (Doc. 393/74);
 - Report by Mr Walkhoff on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States restricting the marketing and use of certain dangerous substances and preparations (Doc. 394/74);
 - Report by Mr Vetrone on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of a Community tariff quota for frozen beef and veal falling within subheading 02.01 A II(a) 2 of the Common Customs Tariff (1975) - (Doc. 395/74);
 - Report by Mr Martens on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for
 - I. a regulation fixing for the 1974/75 sugar marketing year in respect of Ireland and the United Kingdom the derived intervention price for white sugar, the intervention price for raw beet sugar and the minimum prices for beet
 - II. a regulation altering in respect of Denmark the intervention price for butter
(Doc. 396/74);
 - Report by Mr Della Briotta on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive amending for the second time Directive No 73/241/EEC on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption (Doc. 397/74);
 - Report by Mr Lagorce on behalf of the Committee on Budgets on the Aide-mémoire from the Commission of the European Communities on the fixing of the ECSC levies and on the operational budget for 1975 (Doc. 398/74);
 - Report by Mr Pêtre on behalf of the Committee on Budgets on the proposal from the Commission of the European

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Communities to the Council for a directive on the harmonization of excise duties on mineral oils (Doc. 401/74);

- Report by Mr de la Malène on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for

I. a regulation concerning the importation into the Community of certain fishery products originating in Tunisia

II. a regulation concerning the importation into the Community of certain fishery products originating in Morocco

(Doc. 403/74.

9. Decision on urgent procedure

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

Are there any objections?

The adoption of urgent procedure is agreed.

10. Order of business

President. — The next item is the order of business.

In view of the repeated complaints about the time lost through the discussion of proposals for the amendment of the draft agenda, the enlarged Bureau has decided that from now on the President will not read out the draft agenda. The chairmen of the political groups have stated that they are willing to do their best to ensure that such requests are kept to a minimum. It is obvious that if the Council considers that Parliament's opinion is required urgently, the matter will be placed on the agenda for the last sitting provided that it does not give rise to a debate.

At its meeting of 29 November 1974 the enlarged Bureau prepared a draft agenda, which has been distributed.

Are there any objections?

I call Mr Laban.

Mr Laban. — (NL) Mr President, on behalf of the Committee on Agriculture, I should very briefly like to ask that Mr Frehsee's draft report on the proposal from the Commission of the

European Communities to the Council for a decision authorizing the Netherlands to grant aid for agricultural products following the rise in the central rate for the Dutch guilder be placed on Friday's agenda. The Committee on Agriculture has sent you a letter to this effect. Secondly, I should like to state that an amendment has been tabled to the report by Mr Howell (Doc. 392/74), so that I may take it that this report will now not be adopted without debate, and that the debate on that report will therefore automatically be postponed until Friday.

President. — The debate on the Howell report will in fact automatically be placed on Friday's agenda.

I assume that the House also agrees to the report by Mr Frehsee being considered on Friday.

Are there any objections?

That is agreed.

I call Mr Bourges.

Mr Bourges. — (F) Mr President, the Bureau had intended to include an Oral Question with debate by Mr Terrenoire on oil companies. In the end, this Oral Question was not placed on the agenda because Mr Patijn's report was to have been discussed on Wednesday, 11 December. Now this is not possible. As the Patijn report is not after all on Wednesday's agenda, I would simply like to ask if the Oral Question could be considered.

President. — I am sorry, Mr Bourges, but I feel I must propose to the House that it abide by the decision of the Bureau to which you refer.

Are there any objections.

That is agreed.

I call Mr Kirk.

Mr Kirk. — Mr President, the text of Item No 273, Miss Flesch's report on the negotiations between the EEC and the ACP countries—a very important report—is not yet available. If it is not available before tonight, it will be impossible to table amendments. Would it therefore be possible to put the vote on the report, only the vote, back to Thursday in the event of the text not being available before we adjourn tonight?

President. — I am informed that the text will be ready tonight, so maybe we can reconsider your proposal then.

I call Mr D'Angelosante.

Mr D'Angelosante. — (I) Mr President, I do not have a new proposal to make, but I would like you to clarify one point. Under Item 276 of the agenda a political discussion on the results of the Conference of Heads of State or Government is proposed. However, this item is preceded by the word 'possibly'. We would like to hear from you, Mr President, whether this discussion will be held or not.

President. — Mr D'Angelosante, it is at the moment almost certain that the debate will take place. Mr Ortoli is scheduled to be here, as is Mr Thorn in place of Mr Sauvagnargues.

Mr Sauvagnargues has to accompany the President of the French Republic to Martinique for the meeting with the President of the United States, and the Council will therefore be represented during the part-session here in Luxembourg by the Prime Minister of Luxembourg. I believe that it will be possible to have an interesting debate in the presence of Mr Ortoli and Mr Thorn on Wednesday after the Summit Conference.

I call Mr Rosati.

Mr Rosati. — (I) Mr President, on behalf of the Committee on Public Health and the Environment I would like to ask you to insert in the agenda for Friday the report on the proposal from the Commission of the European Communities to the Council for a directive amending for the second time Directive No 73/241/EEC on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption. This report should be voted without debate. It is an urgent matter because the Council of the European Communities should approve this proposal before the end of the year.

President. — Does anyone else wish to speak?

The agenda is adopted.

I would point out that the Selected Texts relating to the application of Rule 12 of the Rules of Procedure stipulates that once adopted by the Assembly, the agenda shall not be altered except for serious and unforeseeable reasons and on a proposal from the chair, a political group, or the representatives of the Commission or Council.

A two-thirds majority of the votes cast is also required if the motion is tabled by a parliamentarian. If rejected, the motion shall not be resubmitted during the same part-session.

11. *Limit on speaking time*

President. — In accordance with the usual practice and pursuant to Rule 31 of the Rules of Procedure, I propose that speaking time be allocated as follows:

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

I also propose that speaking time on oral questions with debate be limited as follows:

- 10 minutes for the questioner;
- 5 minutes for other speakers.

Are there any objections?

That is agreed.

12. *Decision on the procedure for the budget debate—Time-limit for tabling draft amendments*

President. — For the budget debate, which will take up a major part of the sitting of Tuesday, 10 December, it would seem desirable to seek a ruling on the debate pursuant to Rule 28 of the Rules of Procedure, on the model of that adopted for the budget debate held in Strasbourg in November 1974.

Are there any objections?

That is agreed.

On the assumption that the House would so decide, I have contacted the chairmen of the political groups, the chairman of the Committee on Budgets and Mr Aigner, the rapporteur.

Pursuant to Rule 28 of the Rules of Procedure the following has been agreed.

The general debate will take place on Tuesday, 10 December, from 10 a.m. to 1 p.m. and from 3 p.m. to 4 p.m., making a total of four hours.

Speaking time will be allocated as follows:

- 40 minutes (estimate) for Council and Commission statements;
- 30 minutes for the rapporteur;
- 30 minutes for the speaker and members of the Christian-Democratic Group;
- 30 minutes for the speaker and members of the Socialist Group;
- 20 minutes for the speaker and members of the Liberal and Allies Group;

President

20 minutes for the speaker and members of the European Conservative Group;

20 minutes for the speaker and members of the Group of European Progressive Democrats;

20 minutes for the speaker and members of the Communist and Allies Group;

10 minutes for non-attached members;

20 minutes for any replies by the Council and the rapporteur.

Following statements of a general nature, during which questions concerning the classification of expenditure (compulsory or non-compulsory) and the maximum rate of increase of non-compulsory expenditure, speaking time will be allocated according to the nature of the expenditure and in the sequence of budgetary nomenclature.

The time-limit for inclusion in the list of speakers is fixed at 10 a.m. on Tuesday, 10 December.

Voting will take place on Thursday, 12 December at 10 a.m.

In this connection I should like to remind the House of a number of important provisions concerning the present stage of the discussion of the budget. At this stage it is no longer possible to table new proposed modifications or draft amendments to the draft general budget of the Communities for 1975 or to amend proposed modifications or draft amendments adopted during the first stage in November.

Parliament may simply state its views on the modifications made by the Council to the amendments which we adopted in November.

Members may table amendments to and make statements on the texts of the Council's modifications as contained in Doc. 400/74.

These amendments must be tabled in writing by at least five Members, a political group or a committee and they must maintain the balance between revenue and expenditure.

Only amendments to texts modified by the Council are admissible.

The time-limit for the tabling of these amendments is fixed at 10 a.m. on Wednesday, 11 December, 1974 and they will be voted on during the sitting of Thursday morning.

I would also remind the House that such amendments may only be adopted by a majority of the total number of Members of the European Parliament and three-fifths of votes cast. As in November voting will be effected by sitting and standing. I would urge the political groups

to do everything in their power to ensure that as many Members of our Parliament as possible are present during the final vote on Thursday. In the present political situation in Europe we would cut a very bad figure if the required number of Members of Parliament was not present during the voting.

The adoption of the amendments results in the rejection of the text modified by the Council, which is considered adopted if the relevant amendment is rejected.

Following this voting Parliament must vote on the general budget of the Communities for 1975 as a whole.

We can then proceed to the vote on the motion for a resolution contained in the supplementary report, and Parliament must determine its position on the action taken by the Council on proposed modifications which we adopted in November.

13. Action taken by the Commission on opinions of Parliament

President. — The next item is the statement by the Commission of the European Communities on action by the Commission on opinions of Parliament.

I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — This is the second occasion on which it has fallen to me to report on behalf of the Commission on action taken on the opinions and proposals of Parliament. My statement today deals with a wide range of topics on which, in general, the Commission has been able to respond positively to the views of Parliament.

On 17 October 1974 Parliament gave its opinion, on the basis of a report by Mr Broeks, on two proposals for Council directives. One of these deals with the coordination of laws, regulations and administrative provisions relating to the taking up and pursuit of the business of direct life assurance and the second deals with the abolition of restrictions on freedom of establishment in the business of direct life assurance.

On 30 October 1974, following the Court of Justice ruling in Case 2/74 (Reyners versus the Belgian State), the Commission decided to withdraw the second directive since it served no useful purpose. Parliament was informed of this decision in a letter from the President of the Commission, Mr Ortoli, to the President of Parliament, Mr Berkhouwer.

Hillery

As far as the first directive is concerned, the Commission examined Parliament's opinion in detail and decided to incorporate twenty of its comments—in other words most of them and all the important ones. The Commission's initial proposal has therefore been amended and represented to the Council pursuant to the second paragraph of Article 149 of the Treaty. The text of the amended proposal will be forwarded to Parliament.

On 15 November 1974 Parliament gave its opinion, on the basis of a report by Mr Artzinger, on the proposal for a second directive on taxes other than turnover taxes which affect consumption of manufactured tobacco.

The Commission is pleased that this opinion showed both Parliament and the Commission to be in agreement on the need to harmonize taxes on manufactured tobacco.

The Commission regrets, however, that Parliament saw fit to recommend that Member States be allowed to divide cigars into two taxation categories based on weight. This would mean that Member States would be free until 1 January 1980 to retain not two, but six taxation categories.

The Commission cannot see its way to accepting this amendment since an increase in the number of taxation categories would make nonsense of harmonization.

Turning to Mr Ligios' report on the directive concerning forestry measures, you will remember that Parliament adopted a number of amendments at its sitting of 24 September, and that Mr Lardinois was able to say there and then that he agreed in principle with the general lines of most of the amendments proposed.

The Commission can now inform Parliament that it will in fact incorporate most of Parliament's amendments. Our amended proposal will be forwarded to Parliament and to the Council pursuant to the second paragraph of Article 149 of the Treaty.

I would like now to turn to Mr Scholten's report on duty-free admission of fuel contained in the fuel tanks of commercial vehicles. Mr Scarascia Mugnozza has asked me to go into some detail on this question. The report was approved by Parliament without debate despite the fact that it contains an amendment on which Parliament should have had the benefit of the Commission's views. The proposed amendment involved the insertion of a provision to the effect that the Commission would take all necessary steps to ensure that all fuel contained in standard fuel tanks of commercial vehicles would be admitted duty-free as from 1 January 1976.

The Commission could not accept this amendment, though it does appreciate why the Committee on Regional Policy and Transport is anxious to secure complete exemption here. But the Commission cannot overemphasize the enormous difficulties in the way of raising the duty-free allowance, as it were, from 50 to 100 litres, particularly since this problem is closely linked with that of harmonizing taxes on gas oil, a point which is bound to complicate the issue at a later stage.

Finally, Mr President, when Mr Laban presented his report on surveys of farm structures, he expressed the hope that the Commission would present its proposals in a comprehensible form rather than referring, as it has in the past, to a host of earlier proposals.

I am pleased, therefore, to be the bearer of good tidings and to inform you that the Commission recently presented proposals to the Council for the codification of the main regulations affecting pigmeat, eggs and poultrymeat. The object of this exercise is to produce a single coherent regulation to replace the many texts which must be referred to at present; if this proves impossible, the number of texts will at least be kept to an absolute minimum. The Commission intends to publish all these codified regulations for the various sectors in a single issue of the Official Journal.

As the Commission pointed out in its October 1973 memorandum on the reorganization of the common agricultural policy, the publication of codified texts will help to clarify Community legislation on agriculture and make it easier for administrations and traders to apply that legislation. The Commission hopes that the end result will be an 80% cut in the number of regulations on which the common agricultural policy is based.

I would like to add that the Council of Ministers of Justice has also given some attention to the presentation of Community legislation and has now commissioned a working party to examine ways of improving the presentation of legislative texts.

The Commission is working on further codification proposals, this time for cereals, rice, fishery products and milk and milk products. This should help to simplify the work of your parliamentary committees and shows that the Commission is moving in the direction which Mr Laban and other Members of your Assembly have been advocating.

That, Mr President, concludes my statement. It remains for me to thank Members for the impressive volume of important work completed each part-session, particularly through the

Hillery

efforts of the various specialized committees. I have been glad to end this report with news of progress which should eventually help everyone involved in the Community's legislative process to work more efficiently and effectively.

President. — Thank you, Mr Hillery.

14. Conference of Heads of State or Government on 9 and 10 December 1974 in Paris

President. — The next item is the report drawn was agreed by the chairmen of the political Affairs Committee on the Conference of Heads of State or Government on 9 and 10 December 1974 in Paris (Doc. 367/74).

At the last meeting of the enlarged Bureau it was agreed by the chairmen of the political groups that since what we decide today should be forwarded to the Conference as quickly as possible and since we will be having a debate on the outcome of the Conference on Wednesday, only one member of each political group should speak today.

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

Mr Giraud, rapporteur. — (I) Mr President, honourable Members, the motion for a resolution which I have the honour of tabling on behalf of the Political Affairs Committee, was not born in an atmosphere of enthusiasm. Unlike the eves of other Summits—which were followed by bitter disappointments—my colleagues on the Political Affairs Committee this time almost had to force themselves to fulfil their specific duties towards this Assembly.

For it was unthinkable that Parliament should not give its judgement this time on the proposals of the new Summit; in addition, we were well aware of the extreme difficulties and stiff resistance on different problems by different governments which were becoming clear in the various phases of preparation for the Summit, so much so that even up to the last moment there was doubt whether it would be held at all. In this atmosphere of uncertainty and anxiety, the Political Affairs Committee felt it was clear that the motion for a resolution should be kept to strict essentials and be terse in form and succinct in content. This was also a way of stressing that words are no longer enough, that there is a limit to how long we can put up with the arbitrary power of governments, arbitrary when they constantly fail to apply the Treaties, arbitrary when they persist in refusing to respect the successive commitments they have so

solemnly entered into, arbitrary when they behave—both inside and outside the Community—each according to its own immediate self-interest, as if the Community did not exist.

I will not spend time commenting on individual paragraphs in the resolution or individual problems mentioned in it. These are very serious problems, which have been discussed for months in this Chamber and outside it, and here I will simply make brief reference to them.

First of all, it appeared essential to ask the Summit Conference to confirm the commitments entered into at the Paris Conference—and repeated in Copenhagen—on the progressive development of the Community towards a European Union and to transform them into specific directives. It is clear—and it could not be otherwise—that the European Parliament demands that the aim of European Political Union in the 1980s should not be abandoned.

If the existence of the Community and Community action are to be made credible, the Heads of Government must, within the framework of an overall policy, resolutely fight inflation which, as we all know, constitutes the gravest problem for the peoples of Europe.

At the same time a high level of employment must be ensured and workers' earnings must be protected through a new economic revival.

The aim of implementing a Community energy and raw materials policy has now become an urgent and pressing requirement, all the more so since hitherto it has, paradoxically, been ignored.

The establishment of the European Regional Development Fund frequently requested by the European Parliament should make European solidarity with the less favoured regions a reality.

At institutional level, the Political Affairs Committee asks that the decision-making procedures provided for in the Treaties be restored and applied in the Council of the Communities.

The Political Affairs Committee also requests the progressive transformation of present European political cooperation into a Community procedure. The possible setting up of a 'European Council' as a Council of the Communities at Head of Government level, might prove to be the means of passing from the present procedure to a Community procedure and permit the proper setting up of a political secretariat, always provided of course that it is really intended to set one up.

Finally, the European Parliament should have real joint decision-making, budgetary and supervisory powers.

Girardo

I have noted that an amendment tabled by the Socialist Group proposes that we speak not of joint decision-making powers, but of decision-making powers, real powers to take budgetary and supervisory decisions. I think that the expressions are more or less equivalent. However, as rapporteur, I see no objections.

Parliament also requests that the date of its election by direct universal suffrage—in accordance with the provisions of the Treaty of Rome—be fixed for not later than 1980. It therefore asks that the Council be instructed to take the necessary decisions before 30 June 1975.

Mr President, on the solving of these problems, or at least a serious attempt to solve them, depends, as we all know, the survival of the Community. What matters is to find out whether the Heads of Government meeting today in Paris are collectively convinced that beyond this possible extreme lies only the disintegration and dissolution of free Europe and therefore a transformation of the conditions in which another Summit would eventually be held. I am referring to the Helsinki Summit—and a lot has been talked about this in Paris recently—a Summit so persistently sought by the Soviet Union and certainly not opposed by us provided that the objectives at which it should be aiming are not distorted.

In conclusion, Mr President, I think that this Parliament should say to the Heads of Government meeting in Paris: beware of the international business agreements which some of you are pursuing today, bilaterally, as if there were no such thing as a common commercial policy.

International business agreements can certainly ensure a few successes for some individual countries, but they can also definitively compromise the business which is of prime importance for us and for Europe, its unity and independence.

Mr President, although my speech has undoubtedly been particularly brief for such an important question, I am convinced that if our comments and debates are to be more effective, they must be brief because we must not forget that while we are debating here today, in Paris the Heads of Government are meeting to take decisions.

(Applause)

President. — I call Mr Alfred Bertrand to speak on behalf of the Christian-Democratic Group.

Mr Alfred Bertrand. — *(NL)* Mr President, on behalf of the Christian-Democratic Group, I

should like to stress that we are at the moment extremely concerned about the future and the general context of this Summit Conference.

It is our opinion that the situation the European countries are in at the moment is serious and the threats hanging over their heads are of such a nature that the public is genuinely anxious and concerned at the political decisions which might be taken today and tomorrow in Paris, and at the courage they will require. The mere fact that there are 2 500 journalists in Paris to cover the Summit Conference is evidence of the great public concern regarding this meeting, from which we can expect nothing spectacular, no great, general decisions which then prove impracticable since the Community does not have the necessary institutions and machinery to implement them.

We would also hope that the Heads of State or Government will be practical enough to take only specific decisions directly concerning the present, with the logical consequence that the institutions charged with implementing them are given the appropriate powers and strength, as regards both powers of decision and financial resources, to make possible the decisions to be taken tomorrow regarding the most important questions of the day.

At the moment there is particular concern regarding the fight against inflation and its consequences. We think we can expect the Summit Conference to be guided in this fight by three objectives: to maintain the income level of the citizens of Western Europe and especially of the nine Member States, to maintain a high level of employment and to curb the present sharp rise in unemployment in the Community countries.

We also hope that the Heads of State or Government will bear in mind when adopting measures that the best means of fighting inflation at Community level lies in the further development of economic and monetary union and the necessary instruments, which were decided on at the Paris Summit Conference in October 1972. We therefore think there is a need for a progressive development of economic and monetary union, and that the best possible use must be made of existing Community instruments in waging this fight against inflation. By existing instruments I have in mind first and foremost the extension of the financial resources of the European Social Fund. There is no point in claiming readiness to extend employment policy in order to curb unemployment, without showing solidarity through the European Social Fund.

We also place our hopes in the Regional Fund, which, we hope, will be made operational today

Alfred Bertrand

or tomorrow in Paris by making the necessary resources available in order to make the regional policy effective as well. Regional policy is one of the most important means at the moment of carrying out a unified Community policy in the context of current economic developments.

In view of the present monetary chaos in the Community, which is indubitably very much to blame for the present situation, we also think that a body must be set up to organize and control properly the recycling of petrodollars to the Community. This offers the simultaneous possibility of controlling capital movements in the market. Inflation cannot be fought without this.

The second question of substance concerns energy and raw materials policy, which will be one of the big stumbling blocks in the discussions, as the discussions over the last 14 days at all levels between the conference participants show. The need for a common energy policy is a pressing one, and without it the Community cannot hold any further discussions with other industrial countries.

What attitude can the Community adopt if no common energy policy is laid down? This is why we insist that a common energy policy is decided on today or tomorrow, on the basis of which discussions with the other industrialized countries which have to import energy and with the developing countries can be held. The oil producing countries can then be consulted with a view to finding a solution to guarantee energy supplies in the future. That, at least, is my group's opinion.

As I said just now, there is no point in taking decisions on questions of substance without being consistent and making it possible for them to be rapidly implemented at Community level. Accordingly we regard the problem of institutional adjustments as running in parallel with the set of questions of substance. And accordingly we look anxiously for an improvement in the working of the institutions.

The Christian-Democratic Group agrees that in the present circumstances regular consultations between the Heads of State or Government are essential, in order to promote coherent European political development. But we think that if these regular meetings of the Heads of State or Government are so urgently desired, they can best and most effectively take place in the context of normal Council meetings, as provided in the Treaty of Rome, so that the Heads of Government can discuss Commission proposals once they have heard Parliament's opinion. No one country will then feel its prestige is at stake, since the proposals to be discussed will

have come from the Commission and not from any particular country, and Parliament will have been consulted. I think that these decisions by the Heads of Government, if they are formulated as regulations, directives or opinions, can have really effective results for the development of the European Community as such.

As regards the problems not dealt with in the Treaty of Rome, I think that the Heads of Government and their Foreign Ministers can meet and try to strengthen political cooperation, and that this strengthened political cooperation, which, let us be honest, has hitherto not produced much in the way of specific results, must gradually be integrated into the Community system. This does not require another political secretariat as a new institution, which would create a danger of parallel developments outside the Community.

It is our opinion that in addition to these meetings in Council, the Council itself ought to observe the provisions of the Treaty of Rome and adapt its voting procedure accordingly.

The Treaty provides for voting by simple majority, qualified majority and unanimity. The relevant article of the Treaty must be applied again so that the Council can once more do its duty and take decisions in an effective manner. We as Christian Democrats hope from the bottom of our hearts that Parliament is not going to be a wallflower at the Summit again this time, and that more attention will be paid to the Commission and to the Council, and that the institution which clearly and truly represents the people will not be forgotten.

We likewise hope that consideration will be given to the extension of Parliament's budgetary and supervisory powers, and that it will be agreed that the time has come gradually to give Parliament's right to speak a firm place in Community legislation as such. This is why it is so important for us for a date to be set by the Summit Conference tomorrow, and not just by 30 June, for direct elections to Parliament, so that the parties, the parliaments and the Council will have the requisite time to take the requisite measures and make the necessary adjustments.

We think, and this will be my last point, that in the context of the discussions which have to take place today and tomorrow, the decisions taken in Paris in October 1972 regarding the development of European Union ought not to be forgotten at this Summit. Parliament has undertaken to submit a report on European Union before 30 June 1975, in implementation of the decisions of the Paris Summit. We decided this in a resolution adopted in October 1972.

Alfred Bertrand

We have asked the Council and the Commission also to submit this report before 30 June 1975, and we therefore urge that this in fact be done.

We call for the new Summit Conference to confirm these decisions and that as soon as the reports from the various institutions are available, an *ad hoc* group at the highest level, chaired by one of the representatives of the Community institutions, be set up, and that, preferably under the chairmanship of a Head of Government, a conspectus be drawn up by the end of 1975 of the content, meaning and scope of European Union, so that this can be submitted to a new Summit Conference.

If public opinion hears tomorrow that the decisions of the Summit Conference point in this direction, I believe that there will be a sigh of relief from the people and that the hope for further development towards full European unity will be able to become a reality even in the difficult circumstances we find ourselves in at present.

(Applause)

President. — I call Mr Radoux to speak on behalf of the Socialist Group.

Mr Radoux. — (F) Mr President, honourable Members, there is a crucial difference between the situation on previous occasions when Parliament has drafted a resolution for the Summit and the situation today. Previously, we had to express regret at what we had failed to do within our evolving community. In today's resolution, in addition to regret at failures, we have had to speak of problems external to the Community, observing that we are faced for the first time with a crisis which is not European, but world-wide. Therefore, our resolution is divided into two parts: one deals with the usual institutional problems, the other with the situation I have just described.

Following your advice, Mr President, I shall confine myself to three remarks about regional policy and employment.

We hope that now and tomorrow, our Heads of Government will be remembering that the Community is based on the principle of solidarity and that a decision is therefore required with regard to employment policy and regional policy. Need I remind you that we have been talking of regional policy since 1969 and it is now 1974. As for employment, how are we to explain the fact that in some countries one can be better off than in others and that the effects of the crisis are felt less severely here than there. The principle of communicating vessels must be respected in our Community.

My second point concerns our institutions. An amendment tabled by Mr Spénale refers to Parliament's powers. I hope all the political groups can approve this amendment. The question of raw materials is the subject of another amendment which seems to me an improvement on the wording in the resolution; I therefore ask the House to accept this, too.

Finally, with regard to political cooperation, we could do what we usually do, Mr President, if we did not follow your advice, each of us expounding his ideas at great length. I prefer to recall the remarks made some time ago at Mayence by the President of the Commission. He summed up the situation in a few very simple sentences: we have been up against the same obstacles for a number of years and the harder the times, the harder the struggle. First, there is the refusal—which becomes more and more pronounced—to adopt common policies, to transfer powers, which means that everything becomes the subject of *ad hoc* discussions conducted under the pressure of circumstances and emotion, instead of under the firm control of clearly defined powers which have to be exercised. Secondly, there is the lack of efficient decision-making because the unanimity principle, even when not especially evoked, determines in fact all community action even in minor ways. Thirdly, there is a certain amount of disagreement about objectives, which, despite decisions of principle taken at the Summits, has been partly responsible for the failure to take fresh actions of any significance. And the President added this which seems to me crucial: 'The solution does not lie in establishing a different balance between the institutions, but in strengthening all the institutions by restoring their normal functioning, and by additional means as experience shows to be necessary.'

Mr President, I should like to end with that quotation, adding, however, that the Socialist Group reiterates what it and others said at the beginning of this year. This battle has to be fought not only in this Parliament but in the other political institutions and with the help of the political parties and moreover of those whom we call 'the social partners', and we are glad that several parliaments and several political parties have taken note of the resolution of the Political Affairs Committee which you sent, Mr President, to the nine parliaments of the Community some time ago. Some replies have been received, and as far as the social partners are concerned, we Socialists set great store by the meeting which is to take place this month between the European Trade Union Confederation and the employers. This seems the best way that we can support Parliament's

Radoux

resolutions and at the same time ensure that the results which we hope for from the Summit Conference bear fruit.

(*Applause*)

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — During the debate in the Political Affairs Committee on this resolution, which has been so well introduced by Mr Giraud, whose emphasis was on deeds rather than words, the view was expressed that summit meetings, which if the French President has his way, may become a regular, if not a frequent feature of the landscape, were all too often the occasion for the European Parliament to make a stirring appeal to the ministers to be sensible, to be less nationalistic than usual, to be more conscious of the need to create European unity and to be more observant of the obligations of the Treaty of Rome. Normally the ministers pay little attention to such generalized exhortations. Why therefore go on making them at all?

I think there is something in this perhaps rather unduly pessimistic appreciation of our efforts. No doubt it had to be said—although it will not help or indeed impress the ministers very much to hear—that Parliament expects them to fight inflation 'resolutely', to 'protect workers' earnings', somehow to 'give an impetus' to economic recovery. They are, no doubt, all sincerely desirous of doing these things, if they can; no doubt they will also try to work out a common energy policy. The only question is how best to do this. By organizing a dialogue between producers and consumers, the resolution says. That is all very well, but what kind of dialogue? The Americans and all the Member States of the European Economic Community save France do, indeed, want a dialogue between producer and consumer countries; but the French want another kind of dialogue, that is to say one between the European consumers, the Arab producers and what is now called the Fourth World as well. The resolution does not formally come down on one side or the other; but reading between the lines, it is apparent that it favours the majority view. The ministers might take notice of that.

I wholeheartedly support the important amendment put forward by Mr Radoux and others. It is really important and in the general interest.

Apart from this, the resolution suggests that ministers should approve a regional fund. Happily there seems to be some reason to suppose that they will do so. They might therefore take notice of that request. The resolution urges them

in effect to support the principle of a qualified majority vote in the Council of Ministers—which they certainly will not do. It further asks that the Davignon procedure be speeded up, which I think it will be to a very limited extent, with further meetings of the so-called correspondents. It further says that Parliament should be granted real powers of co-decision. We would all be in favour of that; we have been pressing for that for goodness knows how many years, but I doubt that there will be powers of co-decision, in political matters at any rate, in the fairly near future.

So the really significant demands of Parliament to which the reply of the ministers is not entirely predictable, are those relating to a restatement of the commitments of the 1972 summit and the fixing of a date in 1975 by which the ministers must declare their intention of permitting the direct election of Parliament by 1980 at the latest. It is quite right that Parliament should make these two important demands and go on insisting on them. And it is perhaps not absolutely out of the question that the Ministers may respond favourably to both of them.

But the chances seem to be against this. In the first place, serious efforts to achieve even the second stage of monetary union seem, like the famous 'snake', to have been abandoned and if the ministers no longer contemplate monetary union by 1980, how can they contemplate any kind of political unity by that date? Recent statements by individual ministers and notably by Mr Callaghan, have made it quite clear that, in their view, 1980 is far too early for arriving at any kind of political union. If during the coming year Member States of the Community are all hit by what has been recently described as an economic hurricane, it is just possible that, faced with an imminent collapse of the Community, they may agree to accept common disciplines of a far-reaching nature. It is an unfortunate fact that only when it is right up against a wall, will the nation state consent to anything limiting its freedom of action. And it is indeed arguable that by next summer we shall all, even the Germans, be right up against the wall.

Even so, I would not bet on the ministers taking any very positive steps towards union in the near future; almost certainly they will not take them at the coming summit meeting. But by all means let us urge it, let us go on urging it; it is what we are here for.

There is perhaps a little more reason to suppose that the Council will fix a date for the direct election of this Parliament. So far it has been alleged that it is the British Government that

Lord Gladwyn

is in the minority of one in opposing such a move. I am not altogether sure that the temporarily paralysed British Government is not being held up as the obstacle in the way of direct elections by other governments who perhaps may not be so keen on such a move when it actually comes to the point. Besides, if Member States feel very deeply about the need for proceeding to direct elections in the fairly near future, there is nothing to prevent them from electing their own delegations by national means of their own choice. At any rate, no Member State of the Community could be reproached by other Member States if it went so far as to do so.

Of course, if the British Government were to say that in principle it favoured direct elections and that once the British people had finally decided to stay in the Community, it would—always supposing that it was still in power—do its best to get general agreement on direct elections, that would be splendid. Whether it can at the moment afford to irritate its own left-wing supporters to the extent to which such a statement would irritate them remains to be seen. I must say I doubt it, but you never know.

I must conclude, Mr President. There seems to be rather less gloom about the impending summit than there was only a fortnight or a month ago. And that is a good thing. Unfortunately, this may indicate that the world economic situation is really frightful for, as I said previously, it is probably only the most dire economic necessity that will compel the Nine to come closer together than they already are. Unless, of course, it results in their all flying apart. But on the whole, I am optimistic. I think that the impending crisis will bring them together rather than separating them. Anyhow, Mr President, no parliamentarian can afford to be a Cassandra; he would lose his job if he were.

(Applause)

President. — I call Mr Bourges to speak on behalf of the Group of European Progressive Democrats.

Mr Bourges. — (F) Mr President, honourable Members, in the present situation the Conference of Heads of Government undoubtedly answers a need while expressing defiance in the face of the internal and external difficulties facing the Community. For us it is above all a gesture of hope and we welcome it warmly. By taking this initiative the President of the French Republic has first of all accepted his responsibility as President-in-Office of the Council of the European Communities. It was, indeed, we think his duty even more than his right to

do so. Given the great uncertainty weighing on our common future we can appreciate the real significance of a proposal which is based on more than mere expediency. Believing as we do that the meeting which has just begun in Paris was necessary, we hope it will be successful, that is to say that it will produce decisions answering the needs of our respective countries and our Community. The first essentials are decisions for dealing with galloping inflation and monetary confusion, arrangements for securing the energy requirements of the Nine on the most favourable technical and economic terms, restoring the trade balance, maintaining the level of production and employment, continuing the fight to ensure that common resources are used for the common good, the battle against regional inequalities, both internal and external, and support for the least privileged peoples.

In all these spheres the situation varies very much between the different Member States and it is therefore difficult to reach effective Community decisions. We would not, however, consider that the Paris meeting had answered our wishes, if on most of these points it failed to demonstrate a united will to act and to secure the premises, at least for appropriate decisions. It is true that before these fundamental questions can be tackled and solved, the foundations and the future of our Community must be secure.

It is therefore our fervent hope that, in the spirit of the Treaties and agreements which constitute the basis and justification of our Institutions, appropriate means may be agreed on to enable the Nine to get down to the real task of building Europe.

Current difficulties, as for example the doubts of one of the Member States, might make preoccupations about institutional development seem rather irrelevant. However, as we know, our institutions and their functioning are not absent from the Paris agenda. We are glad this is so for, while we are aware of the difficulty involved in this matter and the doubts one may feel about the possibility of achieving results, we do believe it is essential to demonstrate that despite all present difficulties and obstacles we are resolved to make European Union the great achievement of our generation.

We therefore appreciate the decision to make the Conference of Heads of Government a regular event, a normal focus for reflection and joint decisions, in the spirit — may I remind the House — of the Fouchet plan. Threatened by centrifugal forces, our Community must recover the means for effective decisions at every level.

Bourges

Let us hope that the proposal that the Heads of Government should meet regularly not only for purposes of political cooperation, but to give fresh life to the Community Institutions will provide a means of affirming permanently the common political will required. Of course, the institutions and particularly our Parliament must be associated and expected to play their proper part in this action for the sake of a free and democratic Europe. May the Paris Conference answer the aspirations of the Community's peoples and the wishes of our Parliament! It will then indeed be an important moment in the history of European Union.

(Applause)

President. — I call Mr Sandri to speak on behalf of the Communist and Allies Group.

Mr Sandri. — (I) Mr President, we do not wish to call into question the admirable efforts of Mr Giraudo, rapporteur for the Political Affairs Committee, and even less the speeches by our colleagues who have spoken on this matter of such importance. But precisely because the matter is of such extraordinary importance, we must point out, without irony or malice, but only because the subject is being discussed today, that if there were at least a week before the beginning of the Summit Conference we might be able to entertain the illusion that we were being listened to.

Unfortunately, however, the meeting we are talking about has already begun and therefore this exchange of views—and I repeat that I am speaking without irony or malice—has the effect of a mere academic exercise or at any rate a completely ineffective debate.

But since the President kindly pointed out a short time ago to one of our colleagues that on Wednesday, after Question Time, we would be able to deal with this subject again, we hope that when that time comes, the Assembly will give it full and thorough examination in the light of the conclusions which will already have been drawn at the Summit Conference; then we will have something concrete on which to have a real debate. And it is then that our colleague, Mr Ansart, perhaps on behalf of our group, and others will express their opinions on the subjects discussed at the Conference and on the conclusions which it reaches.

For the reasons which I have pointed out, Mr President, we do not feel that we can vote on the resolution tabled by Mr Giraudo. We are not, I repeat, commenting on its merits, but for reasons of principle we feel that we cannot vote on this resolution, nor can we take part in the

debate which the various groups have tabled or will table.

President. — I call Mr Giraudo.

Mr Giraudo, rapporteur. — (I) Mr President, I feel there is nothing to add to what has been said. The discussion has been brief, as it was clear that it would be. As far as I am aware, at the moment there is only one amendment, the one tabled by the Socialist Group, but I have also heard mention of an amendment on energy tabled by the Christian-Democratic Group; but I do not have the text and am not therefore in a position to comment.

President. — Does anyone else wish to speak? The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble I have no amendments listed.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No 2 tabled by Mr Noè and Mr Springorum on behalf of the Christian-Democratic Group, Mr Spénale on behalf of the Socialist Group, Lord Gladwyn on behalf of the Liberal and Allies Group, Mr Kirk on behalf of the European Conservative Group and Mr Yeats on behalf of the Group of European Progressive Democrats and worded as follows:

Paragraph 1 (B)

In the fourth indent, after the words '... consumer countries';

Add the following text:

'a precondition for a common energy policy and for successful cooperation between the energy producing and energy consuming countries is full participation by the European Community in the OECD International Energy Supply Agency';

I call Mr Springorum to move this amendment.

Mr Springorum. — (D) Mr President, ladies and gentlemen, we consider this addition necessary in order to make it clear that we, the European Parliament, approve of the International Energy Supply Agency as a complement to a common energy policy. On Wednesday afternoon this House will be considering a motion for a resolution by the Committee on Energy, Research and Technology in which we ask Parliament to state quite clearly that it is not enough for the Community to take part in the proceedings of the Energy Supply Agency as an observer, but

Springorum

that the Community must be an active participant, although the question of whether the Community should be represented by the Council or the Commission is left open.

We believe that without this addition to the fourth indent of paragraph 2(B) our concept of a common policy in the field of energy would be difficult to comprehend. I therefore ask for this addition to be adopted.

All the political groups, with the exception of the Communist and Allies Group, have subscribed to our amendment.

President. — I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraph 1 so amended to the vote.

Paragraph 1 is adopted.

On paragraphs 2 and 3 I have no amendments listed.

I call Mr de la Malène for an explanation of vote.

Mr de la Malène. — (*F*) Mr President, with reference to paragraph 2 of the motion for a resolution, I should like to say that, when the President of the French Republic announced that the Summit Conference was to be convened, one of his main objectives was to try to obtain from the nine Member States of the Community an improvement in the Community institutions' decision-making machinery. We fully endorse this aim; we have suffered too much in recent months, not to say years, from the inability of our institutions to deal with events. But of course opinions can differ on the subject of the decision-making procedure, and we could have tabled an amendment. We have not done so because we did not wish to create additional divisions at a time when the Community needs us all to unite to try to consolidate its decision-making procedure.

We simply wish, therefore, to give our interpretation of paragraph 2 of the motion for a resolution. We welcomed the Luxembourg compromise, which is alluded to in the text, because at that time it enabled us to get the Community moving again. It also probably made possible the enlargement of the Community, but we are prepared to admit that it may have been interpreted too loosely and therefore allowed an often deplorable lack of decision.

However that may be, we do not wish to engage in polemics on that point today, and we have not tabled an amendment. We would simply say that opinions are divided on the subject

of decision-making procedure and we would add that by trying to achieve too much, we run the risk of achieving nothing. I could have said this earlier, in connection with an amendment I do not approve of; I do not think one can help the Summit Conference to succeed by presenting that kind of amendment. I wanted to explain the thinking behind our voting.

President. — I put paragraphs 2 and 3 to the vote.

Paragraphs 2 and 3 are adopted.

On paragraph 4 I have Amendment No 1 tabled by Mr Spénale on behalf of the Socialist Group and worded as follows:

This paragraph should read as follows:

'4. Requests that the European Parliament be granted real budgetary decision-making and supervisory powers.'

I call Mr Spénale to move this amendment.

Mr Spénale. — (*F*) This is not a question of terminology, but of replacing the term 'joint decision-making' by the term 'decision-making'.

Why? Because we already have not only joint decision-making powers in budgetary matters, but also actual decision-making powers. To take an example, supposing that tomorrow, during the debate, or on Thursday, an amendment is tabled by Mr Aigner autonomously—in that it will not be a proposal that either the Commission or the Council has made—and supposing Parliament adopts this amendment autonomously, it will have made an irreversible decision directly upon its own proposal, which means we have, as of now, on non-compulsory expenditure, and within the limits of a maximum rate of increase of expenditure, an autonomous power of decision.

As a result, it is Parliament that has to fix the figure for the revenue for a given financial year, for otherwise, if it did not agree with it, if it did not take a decision, there would be no proper democratic legitimation of the European tax-system applicable to the Community's taxpayers. If, therefore, we ask simply for joint decision-making powers, we will seem to be behindhand in claiming powers we already have and to be content with a simple power of joint decision-making.

Decision-making includes joint decision-making, but the converse does not hold. Therefore, I believe for reasons of theory, as well as of the present state of budgetary law in the Communities, what we have got to ask for is decision-making powers.

President. — What is the rapporteur's position?

Mr Giraud, rapporteur. — (I) When the suggestion was made in committee to replace the original phrase 'real budgetary and supervisory powers' with a new phrase which spoke of 'real joint decision-making, budgetary and supervisory powers', the intention was naturally to make a distinction between two quite different matters. For there is a clear difference between on the one hand joint decision-making powers in the general political sense, which can include aspects which have nothing to do with the budget, and on the other hand real budgetary powers, to which Mr Spénale specifically referred. Undoubtedly the expression we have used could give rise to a false interpretation. That is to say it could be thought to mean joint decision-making powers on budgetary matters, whereas in reality we have real decision-making powers in that field, as Mr Spénale explained. In any case the intention of the Political Affairs Committee in inserting the term 'joint decision-making' was quite different. I do not insist on the text of paragraph 4 of my report, and I will accept the Assembly's decision.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put paragraph 4 so amended to the vote.

Paragraph 4 is adopted.

On paragraph 5 and 6 I have no amendments listed.

I put paragraphs 5 and 6 to the vote.

Paragraphs 5 and 6 are adopted.

I put to the vote the motion for a resolution as a whole incorporating the amendment that has been adopted.

The resolution is adopted.¹

The President will immediately take the necessary steps to inform the Heads of State or Government of our resolution.

15. Directive on harmonization of legislation on yeast and yeast residues

President. — The next item is the report drawn up by Mr Brégère on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive

relating to the harmonization of the laws of the Member States concerning natural yeast and yeast residues (Doc. 194/74).

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

Mr Brégère, rapporteur. — (F) Mr President, as you have just recalled, I had the privilege, at the last part-session of submitting to you, on behalf of the Committee on Public Health and the Environment, the directive on the harmonization of legislation on yeasts.

Owing to the late tabling of amendments by Mr Scott-Hopkins, Parliament was not able to debate the subject. This is why we are resuming discussion of the proposal today.

With your permission, Mr President, I shall confine myself to summarizing the comments I made at the time. They are almost exclusively concerned with better protection of the consumer's health. The following proposals deserve particular notice: application of the directive to yeasts intended for animal consumption; a more precise definition of drinking water; the prohibition of marketing for human consumption of yeasts grown on alkanes, together with a request that a proposal for a directive on the marketing of such yeasts be submitted in good time; the request for the submission of a proposal for a general directive on packaging materials for foodstuffs; the obligation for producers to label packaging with information for the consumer in at least the language of the receiving country; the reduction from three years to two, from the date of notification, of the period after which the directive is to come into force throughout the Community.

In my statement I recalled that in our analysis we had taken account of the comments and reservations made by experts, as well as of amendments that had been tabled and discussed and which were unanimously adopted as a whole, and of the opinions—extremely valuable, these—of the Legal Affairs Committee and of the Economic and Social Committee.

In concluding, I said that the Committee on Public Health and the Environment, believing that health is the primary component of the quality of human life, considered it to be an essential requirement of present-day social life. The directive which we submit aims to satisfy these major principles through an act of solidarity which we expect of our Community.

We are perfectly aware of its shortcomings which arise from the continuous progress of science and mean, for example, that, even in areas of most intensive study, fairly imprecise methods of analysis are to be found. Since

¹ OJ No C 5 of 8. 1. 1975.

Brégère

research as such is a source of economic profit, your committee was constrained to make choices, to propose rules and methods of application. These are the main points which we submit for your assessment and decision, while thanking you for the attention which you were kind enough to accord me.

(Applause)

IN THE CHAIR: MR MARTENS

Vice-President

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, this report is somewhat technical and should be commented on, not so much because of the report itself and the care, trouble and precision with which the Committee on Public Health and the Environment has formulated its report, and the Legal Affairs Committee its opinion, but because it also deserves special consideration in view of the extraordinary manoeuvres employed by the European Conservative Group in this House in connection with this report.

On 23 March 1973 the President of the Council requested the opinion of the Parliament on the Commission's proposal pursuant to Article 100 of the EEC Treaty.

On 4 April 1973 this proposal was referred to the Committee on Public Health and the Environment as the committee responsible and to the Legal Affairs Committee for its opinion.

The Committee on Public Health and the Environment considered this report very carefully and thoroughly on 15 May, 19 June and 10 July 1973. On the basis of these discussions the committee decided to consult experts.

On 22 January and 19 February 1974 the committee discussed the experts' answers to the questionnaire drawn up by the rapporteur, which had been adopted unanimously at the meeting of 11 September 1973.

On 10 May and 6 June 1974 the rapporteur submitted a revised draft, and on 1 July 1974 the motion for a resolution and explanatory statement were unanimously adopted by the committee, including the representatives of the European Conservative Group.

So at the last part-session in Strasbourg all the political groups were convinced that one and a half years of deliberation in committee on a yeast directive must have allowed all those Members who are particularly conversant with

yeast problems, of which there are apparently more in the European Conservative Group than other groups, the opportunity to air their knowledge of yeast in committee. All those who believe this—and I was one of the many—were therefore surprised that on the very morning that this report was announced, those knowing something about yeasts, who had one and a half years to discuss the matter expertly and knowledgeably and to listen to experts, should table and announce a number of proposals and then try to have the whole report, which had been under consideration in this Parliament for one and a half years, referred back to the committee responsible.

I asked the Vice-President of the Commission, Mr Scarascia Mugnozza, whether he did not share my view that Parliament had had enough time to deliver its opinion and that it was now time to elaborate the final details of this proposal for a directive in view of harmonization, and he stated very clearly that he was of this opinion.

And now we have a situation in which the European Conservative Group has tabled 13 amendments, 13 of a total of 33 which they had already submitted in committee but for which there was no majority; 13 of these 33 amendments are now before this House. I will refrain from giving my opinion on each of them individually but it is remarkable—and here I would like to take one amendment in particular—that the European Conservative Group is prepared to ask this House in an amendment to reduce health guarantees and therefore consumer protection by allowing the permissible lead content for yeast and yeast products to be raised to a level which in the opinion of the experts would not exclude the possibility of health risks; this amendment, which the committee rejected, is now to be considered again by the House.

It is also interesting, Mr President, to see the lobbying which not only goes on around this House, but now threatens to penetrate it, for what we see in the amendments put forward by the Conservatives is largely the intervention of an association which would like to use its influence to negate the Commission's excellent proposal. It is of course the sole concern of the Conservatives how much or how little lobbying they wish to countenance; we believe, however, that if we talk about public health, we must put it at a higher level than the economic interests of random groups.

There is another thing Mr President, that must be said in this connection. Anyone who has had one and a half years, with a hearing of experts, should not choose the day on which the debate was to have started in Strasbourg to table a

Fellermaier

package of amendments, since there was time for that beforehand. Now we are in a similar situation, as these amendments were submitted to us at the beginning of the part-session.

I would therefore like to announce, Mr President, on behalf of my group, that we have come to the following decision: at the next meeting of the Bureau we shall ask the latter to lay down a sufficiently long period before the consideration of a report by Parliament for amendments to be tabled. That is one decision we have come to; I also announced in Strasbourg that the groups would agree on how such things are to be handled on Fridays now that the Bureau has agreed that Friday's agenda should only include reports which have not been the subject of controversy in committee: this is certainly the case with a report that is adopted unanimously, without any reservation being put forward by any of the political groups or by any single member of the committee.

I believe that the House would be well advised to accept the rapporteur's views and reject the European Conservative Group's amendments.

I would also like to thank the rapporteur on behalf of my group. He has dealt with a very difficult subject with great expertise and guided not by lobbyists, but rather by his conviction of the need for greater consumer protection dictated by his common sense.

(Applause)

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, it is most fortunate that I have the opportunity to follow Mr Fellermaier. I must admit I can join with him in the last thing he said, that is in congratulating our rapporteur not only on his patience but on the thoroughness of the report which he has drawn up and the research which he has done.

I think it was a most amazing speech that Mr Fellermaier has just made. He touched on the subject of the report for perhaps two seconds. The rest of the time he seemed to be criticizing myself and my political group for our opposition to this report. I find this extraordinary. He would surely understand that if something is in one's view offensive, is not correct, one has the right and indeed the duty to oppose it as far as one possibly can within the limits of order and also within the Rules of Procedure. And this is exactly what we have done, Mr President. I find some of Mr Fellermaier's accusations particularly nauseating and completely untrue. He talks about—presumably—myself being lobbied and having listened to the lobbyists, whoever they may be. Let me assure him right from the

beginning in this particular debate that I have not been influenced by any lobbying at all, and I would explain in the few short remarks that I shall be making exactly why I personally and my group oppose the draft directive which has been put forward by the Commission and which our rapporteur has on the whole supported. But it is an unfounded accusation, which I would hope that Mr Fellermaier would have the graciousness, though I doubt it, to withdraw.

He also talks about this proposal having been before the committee for a year and a half. Indeed it has been a very long time in committee. He also talks about a public hearing. Well, you will remember that the Bureau refused to allow the Committee on Public Health and the Environment to have a public hearing where we could cross-examine the experts. We had to make do with sending a questionnaire to them and receiving their written answers. This was unsatisfactory compared to what we needed at the time. One obviously wants to cross-examine experts on the views that they are putting forward. As I am sure the House will realize, there are as many views as there are experts, particularly on matters such as this, which is highly technical.

I will not weary the House because I think Members have probably heard enough about the background of this debate. But I must say that this proposal for a directive was originally conceived in the days of the Community of the Six. There is no doubt that it was prompted not only by the desire to protect the consumer, but also by the desire to eliminate whatever barriers there were to trade in this particular product throughout the Community. I have no doubt that in the context of the Six this might have been acceptable. I think that probably even then there was some hesitation. But certainly after the enlargement took place, this particular proposal for a directive posed problems to those who make yeast and those who trade in it in my country and indeed in other of the three acceding countries. From the outset we have attempted to show that it is not necessary to propose mandatory harmonization. This is the crux of the matter, as Mr Fellermaier and his group know full well. It is the view of my group, and I think others as well, that there is no need for mandatory harmonization in this particular case. It could perfectly well be optional, whereby if there was trade of any quantity—and trade between Member Countries is minimal—then indeed the provisions of the directive could and should apply. There is no doubt that if that had been the spirit in which the proposal for a directive had been drafted, there would not have been any of the objections that exist at the moment.

Scott-Hopkins

We heard from Mr Brégégère, our rapporteur, and from the two or three seconds that Mr Fellermaier devoted to the report, of health hazards. I do not think that any particular health hazards caused by existing natural yeast, be it live, dead or reconstituted, have come to notice during the past 25 years in my country or in the other Member States either. There is under regulations which already exist throughout the Member States sufficient protection as far as the public health is concerned. As regards animal feeding stuffs, I accept that there is some danger inherent in the new method of making yeast or the protein of yeast from alkane. And I have been quite careful throughout the whole of the long and tedious time we have been dealing with this report to say that I fully supported the restrictions which are absolutely essential as far as that particular product is concerned.

Let me turn to another issue which of course Mr Fellermaier did not even mention. This concerns the very substance of this particular report. It deals with more than the laying down of standards, and I can assure the House from the various questionnaires we have received and from my conversations with experts in universities and elsewhere—not lobbyists, Mr Fellermaier—throughout my country that there are varying opinions as to what these standards should be. I am no expert. I do not pretend to be. All I would say to the House is that there are opinions as to what the standards should be and how they should be phrased, and if you couple that with the fact that although the essential point in this report is that there should be sampling and analysis of the samples taken, the procedure has not been laid down, has not been agreed, then we have the bizarre situation where manufacturers, people dealing with natural yeast, live, dead and reconstituted, are going to have to submit themselves to a system without knowing at this stage what analysis procedures and what sampling procedures are going to be followed.

This seems to me absolutely ridiculous, and you will see, Mr President, that in paragraph 8 of the motion for a resolution the rapporteur makes a pious plea to the Commission to come forward with its proposals for these sampling and analysis procedures before the directive comes into effect. It seems to me quite wrong that we should proceed in this House with this particular proposal until this part of it is decided and put before this House to discuss and to take advice on.

I now move to the next point which was raised by our rapporteur, and that concerns the provisions concerning the purity of water. And here we are in some confusion.

The House will remember that we had a debate about 6 months ago, when we considered what the norms as regards the purity of water should be, and a certain level was laid down. Is this what the Commission means in Article 3 of its proposal? We do not know. And yet the committee in its wisdom decided to use different words: 'the bacteriological and chemical criteria for drinking water.' Does this refer back to the original debate we had and the decisions taken on the Commission's proposals, or are we still talking about the proposals the Commission made before that? This I do not know.

Then again as regards the other minor technicalities, as I have said to the House, there are differences of opinion between those who manufacture and those who have to deal with yeast as to the criteria to be used. I do not believe that the Commission has sufficiently taken into account the differences of views in my country from those of the original Six. As I said, I do not wish to keep the House for too long, Mr President, but the basis of our objection all along has been that these proposals are incomplete.

They are still in dispute amongst experts. If they are put into effect, they are going to cause increased costs. The Commission itself does not know what form the inspection is going to take, how sampling is going to be done and what method of analysis is going to be used. It would therefore seem to me that those criteria—the only point made by Mr Fellermaier—are not complete, and this House consequently has the duty in my view not to accept them at this stage.

But we come back all the time to why is this being done by the Commission, and why is it that the House and presumably the Socialist Group are so insistent on shoving through this directive on a mandatory basis?

We all heard Commissioner Gundelach's statement. We all know that it is the policy of the Commission to pursue a line of optional harmonization where it is possible, and only in those cases where it is absolutely essential and vital, should there be mandatory harmonization of Member States' laws. It is difficult to see—and I hope that even Mr Fellermaier will admit this—the justification for mandatory harmonization in this particular case; it cannot be on public health grounds because there have been no cases in his country or mine since the war, of natural yeast, dead or live, constituting a hazard to health. It is not on those grounds that it is necessary. There is no impediment to free trade. It would be perfectly adequate for harmonization to be optional. There is no question of Member States' national legislation impeding or stopping or making it difficult for

Scott-Hopkins

people to trade in natural yeast. As the trade is so minimal anyway, it would not be hindered if this was made an optional harmonization proposal. As it is, one finds it very difficult to understand the justification offered by those in this House who insist that this must be mandatory and not optional harmonization. One is forced to draw the conclusion that sheer dogma is the motivating force behind all this. The Commissioner himself has after all said that it is not the line he or the Commission intends to pursue from now onwards. So why are we going on like this? Why are we insisting on mandatory harmonization?

In conclusion, I would ask the Commission in this particular case to think again and not to insist that this should be mandatory. At least four of the amendments which I shall be moving are all linked to making this into an optional choice allowing a great deal of flexibility. I hope that the Commission will not be adamant and stick to their guns unnecessarily in this particular respect. If they will do that, then I am quite certain we can dispose of this draft directive with all speed and dispatch. We all of us want to protect our own constituents no matter what country they are from. We all have national legislation to do this. I therefore hope, Mr President, that the House will accept that what we are trying to do here is something which is in the spirit of the Commission's new ideals of using optional harmonization where possible so that the States can go their own ways and use the directive in intra-Community trade. This, I believe, would be the most satisfactory conclusion, and it is why, Mr President, the amendments on the order paper are in my name and that of my group.

(Applause)

President. — I call Mr Brégégère.

Mr Brégégère, rapporteur. — (F) Only a word of reply to Mr Scott-Hopkins and to tell our colleagues that as regards the term 'experts' used by me when I first introduced the report in Strasbourg, I had used it in quotation marks, so to speak, since the experts who were consulted before the tabling of our report all represented firms, so that, as Mr Scott-Hopkins correctly remarked, we received some totally diverse replies. That is why I say that Hippocrates says 'yes' and Galen says 'no', but as regards the need for a directive and the principles of which Mr Scott-Hopkins has spoken, I leave it to the Commission to answer. To the amendments I shall, of course, reply when the time comes.

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, ladies and gentlemen, the Commission appreciates deeply the work that has been done by Parliament's Committee on Public Health and the Environment and Legal Affairs Committee in preparing the report on the Commission's proposals on the approximation of laws of Member States concerning natural yeast and, to use the term of the committee, processed yeast. Your rapporteur has with considerable skill contrived to reconcile many different views that have been expressed on this subject in a concise document which will assist the Commissioner in further discussion.

Before I pass to consideration of the amendments that are proposed, I would like to draw attention to some specific considerations which have influenced the Commission both in the formulation of the original proposal and in the course of the debate whose first stage is closed by this report. First of all, the Commission shares Parliament's view that this directive should be adopted within the framework of a total approximation of laws of Member States on this subject. The demand for yeast for retail sale direct to the consumer is marginal compared with the quantities sold for use in food and drink processing and for industrial uses. Being a natural product, one is concerned principally to establish a standard for yeast which, while assuming the circulation of yeast in the Community, will properly protect public health. Similarly, one is less concerned than one might be in the case of sugar confectionery or other processed products to take account of local or regional consumer tastes. Secondly, yeast can be seen as an enormously important source of food for a world that is likely in the future to be deficient in protein unless new protein sources are discovered, developed and made safely available to people. It is clear from your report that you are both aware of the future potential of yeast protein produced on the basis of hydrocarbons and concerned not only to safeguard, but also actively to encourage and accelerate research and development in this and similar sources of protein. Mr President, the Commission shares your awareness, participates in your concern and is impressed by the need to promote rather than to hinder such development in its proposals. At the same time the Commission accepts the view of your committee that until satisfactory assurances as to the safety and use of such yeast proteins can be given, they cannot at this point in time be authorized for human consumption.

Bearing in mind these two preliminary observations, I would like now to pass to the detail of amendments you have proposed. But I would like to say that the Commission must support

Hillery

Mr Fellermaier on the point that the substance of all the amendments was discussed in the committee of the European Parliament, and I might add that, in the formulation of these proposals, the services of the Commission consulted the industry concerned in all the Member States, new and old.

President. — Before we deal with the motion for a resolution, we shall consider the amendments to the proposal for a directive.

On Article 3(3) I have Amendment No 4 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

This paragraph should read as follows:

'3. In yeasts defined in the Appendix Chapter I B only those substances shall be permitted which are allowable under existing legislation in Member States.'

I call Mr Scott-Hopkins to move his amendment.

Mr Scott-Hopkins. — Amendment No 4 is really linked, Mr President, to Amendments No 11 and No 12, because they all say the same thing.

The proposed directive should be given flexibility; in other words, we should try and bring it as near to an optional directive as possible, without actually redrafting the entire proposal, and, therefore, I believe that replacing the wording in the proposal with that given in the amendment will help to achieve this end. As I said Amendments No 11 and No 12 are in exactly the same spirit and linked together.

President. — What is the rapporteur's position?

Mr Brégégère, rapporteur. — (F) Mr President, we have just heard Mr Scott-Hopkins' proposal. I think Mr Scott-Hopkins is not unaware that non-tariff barriers constitute the gravest obstacle to the free play of competition. In permitting the presence of different constituents in yeasts, depending on the Member State in which they are produced, we should, in my opinion, be going against the spirit of this proposal and, what is more, against the Community spirit. Not only would the consumer's health no longer be protected with certainty, but we should be returning to a free-for-all, not to say anarchy, in the production area. What would happen is that one state would permit the presence of certain substances which yeast producers in other states would have to eliminate, at considerable financial cost, which necessarily would result in a rise of the price of the finished product. Since the aim is harmonization of legislation, I cannot but oppose this amendment.

President. — I call Mr Hillery.

Mr Hillery. — The Commission would be against this.

President. — I put Amendment No 4 to the vote. Amendment No 4 is not adopted.

On Article 4(1)(b) of the proposal for a directive I have Amendment No 6 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group aiming at the deletion of this subparagraph.

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — Amendment No 6 is very short, Mr President. I am seeking to delete Article 4(1)(b), which reads... 'must be free from pathogenic bacteria and toxins.' Basically, of course, no one would disagree with this particular proposal. The point is how it is going to be carried out. What testing is going to be done, and how does the Commission propose that it should be done? They say nothing about it; there is absolutely no indication for the manufacturers, the handlers, or indeed this House as to what their proposals are. I therefore submit to the House that until they come forward with their proposals we really cannot accept this wording.

President. — What is the rapporteur's position?

Mr Brégégère, rapporteur. — (F) Mr President, I am rather astonished to hear Mr Scott-Hopkins telling us that there is no need to discuss Article 4(1)(b), for which no explanatory statement is adduced. But what I particularly regret is that he himself has not explained his amendment, and I can only back the Commission's decision on Article 4 to which this Amendment No 6 refers. Article 4(1)(b) enjoins that yeasts must be free from pathogenic bacteria and toxins. This quality improvement seems to me most essential and, as rapporteur of the Committee on Public Health and the Environment, I can only give an unfavourable opinion of Mr Scott-Hopkins' amendment.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — I should just like to say to Mr Brégégère that he must have misunderstood me. What I am saying, Mr President, is that I do not—nor does anybody in his right mind—object to this particular provision, but we are not given any details at all of how the Commission intends to implement it. What

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tests are they going to make? How are they going to see that yeasts in Member States are free of pathogenic bacteria and toxins? And the annexes give no indication, either.

President. — I call Mr Hillery.

Mr Hillery. — The procedure, Mr President, is a normal procedure already in use in the Commission and is mentioned in Articles 12 and 13.

President. — I put Amendment No 6 to the vote.

Amendment No 6 is not adopted.

On Article 4(1)(c) I have Amendment No 5 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

Article 4 (1) (c)

In this subparagraph, replace the figure 5 p.p.m. against lead by the figure 7 p.p.m.

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — Mr President, when I was talking just now, I said that when one consulted the experts, they all came to a different conclusion as to what the right level was, and many experts that I have consulted and I have read about have said that the figure of 7 p.p.m. as against 5 would be more correct. I have therefore moved this amendment, and I would like to hear the Commission on this. Although I believe the Commission's view are ambivalent on this particular point, I would be quite prepared to listen to them and take their advice.

President. — I call Mr Giraud.

Mr Giraud. — (F) Far less than many others can I claim to be an expert in this matter. Nevertheless, there is something which I find astonishing. If lead is dangerous, and if by a simple vote of the European Parliament 7 p.p.m. of lead instead of 5 became permissible, representing an increase in the permissible content of 40%, I should have reason to be very uneasy. I personally refuse to vote, at a plenary session and without any information to guide my choice, for an increase of 40% in the permissible level of a substance which may be dangerous.

(Applause)

President. — What is the rapporteur's position?

Mr Brégère, rapporteur. — (F) Mr President, this is one of the most important articles of this proposal for a directive. I shall only comment

on the amendment just tabled by Mr Scott-Hopkins with the aim of raising the permissible level of lead from 5 p.p.m. to 7. The Committee on Public Health and the Environment had done its utmost to satisfy the professional organizations, but without endangering the consumer's health. An excessive intake of lead may sooner or later produce saturnism, that is to say quite simply lead poisoning; this dreaded disease has been known since ancient times. The substitution of 7 parts per million for 5 may seem insignificant, but we must not forget the fact that lead accumulates in the organism, yeast representing a constituent of only minor importance in a diet already dangerously overburdened with chemical products. For all these reasons I am firmly against the adoption of this amendment.

President. — I call Mr Hillery.

Mr Hillery. — We have different expert opinions on the toxicity level, but the Commission would accept the figure given by the Committee on Public Health and the Environment. It may be that control procedures will improve and a higher figure would be more acceptable to everybody later, but at this stage we are satisfied with the figure given by the Committee on Public Health and the Environment.

President. — I put Amendment No 5 to the vote.

Amendment No 5 is not adopted.

On Article 4(2) and (3) I have Amendment No 7 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group aiming at the deletion of these paragraphs.

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — This amendment, Mr President, was consequential and I beg leave to withdraw it, as the original amendment was defeated.

President. — Amendment No 7 is withdrawn.

On Article 7 I have Amendment No 8 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group aiming at the deletion of this article.

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — Mr President, it seems to me that the Commission is proposing a very rigid system. Fresh yeasts can only be market-

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ed in 500 grammes or multiples of 500 grammes. We think that this is unnecessarily restrictive; there should be more latitude allowed in the marketing of these particular yeasts, and these weights should not therefore apply. I think it is being extremely restrictive as far as the consumer is concerned. Admittedly, when we get over 450 grammes, we are talking of large, wholesale quantities. Nevertheless, insisting on multiples of 500 grammes is in my view an unnecessary restriction, and I therefore beg to move that this should be deleted and that the Commission should at a later stage come back with a different and more liberal interpretation.

President. — What is the rapporteur's position?

Mr Brégégère, rapporteur. — (F) It is true that the opinions of professional organizations differ on the advisability of prescribing weights. Some are in agreement with the Commission's proposal; others consider that it is sufficient to indicate the net weight, without laying down a weight of 500 grammes or a multiple of 500 grammes. Your committee felt that in the consumer's interest it ought to support the provision proposed by the Commission, and pronounced in favour of maintaining that provision. Consequently, I should like to see this amendment rejected.

President. — I call Mr Hillery.

Mr Hillery. — The only modification which the Commission would like to contemplate at this time is to take into account the Treaty of Accession and imperial measurements.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — May I ask the Commissioner if this means that the Commission will at a later stage be proposing that there should be a wider choice of marketing weights? If so, I will willingly withdraw this amendment before the House has to vote on it.

President. — I call Mr Hillery.

Mr Hillery. — That might be a wider interpretation of what I said than what was intended. There is some discussion with the industry, I gather and I gather also that the British industry could accept Article 7 amended in a way to take account of the Treaty of Accession and imperial measurements, but I would not like to put a wide umbrella phrase on it which might lead us into difficulties.

President. — Does Mr Scott-Hopkins maintain his amendment?

Mr Scott-Hopkins. — Yes, I do, Sir.

President. — I put Amendment No 8 to the vote.

Amendment No 8 is not adopted.

On Article 8 I have Amendment No 9 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group aiming at the deletion of this article.

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — This is a consequential one again. I withdraw it.

President. — Amendment No 9 is withdrawn.

On Article 9 (1) (c), (d), (f), (g), (j), (k), and (l) I have Amendment No 10 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

Amend this article as follows:

- (c) for products which do not correspond to the requirements of Article 4 and the products defined in Article 5 the words 'prohibited in food for human consumption';
- (d) delete this subparagraph
- (f) delete this subparagraph
- (g) delete this subparagraph
- (j) delete this subparagraph
- (k) for products referred to in the Appendix Chapter I (C) their respective contents by weight, in proteins (minimum content) and in water (maximum content);
- (l) for products referred to in the Appendix Chapter II their respective contents, by weight in proteins (minimum content), water (maximum content), oils and fats;

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — Here we are dealing with packaging once again. This amendment follows from the amendment we have just been discussing. I thought that the Commission were going to be a little more flexible in their approach. Certainly here we have a situation where they are laying down rules on packaging and labelling. Obviously one wants to give the consumer the maximum amount of information possible, but once again if the weights are to be as listed in Article 7, then of course the existing subparagraph 1 (d), for instance, will have to stay as it is. I do not think it should; I think it must be amended.

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Subparagraphs (f), (g) and (j) all list issues which I do not believe are necessary at this stage, if we are still seeking flexibility. I wonder how many consumers will actually know what it all means when they look, for instance, at (g). If you look at Chapter I B, 3 (d) of the Appendix, I really doubt whether this information is necessary on the label.

What I am trying to do is to make the labels carry only necessary information apart from weight, which is a separate issue and which I have already talked about under (d). I want to make it clear what the label should carry so that the consumer, who is after all the person concerned, will know exactly what he is getting. I think the essentials are maintained if my amendments are accepted.

President. — What is the rapporteur's position?

Mr Brégégère, rapporteur. — (F) Scott-Hopkins has referred to Article 9 (1) (g). This subparagraph, which the amendment proposes to eliminate, is also motivated by the desire to improve consumer information. It provides for the inclusion, where appropriate, of the word 'with emulsifying agents'. As for subparagraph (j), it prescribes that the origin of the substrate must be indicated.

These items of information in no way infringe the manufacturing secrets of which the producers appear to be jealous. Consequently, we see no good reason for supporting Mr Scott-Hopkins' proposal.

As to his amendment to paragraph 4 of Chapter I B of the Annex, its object, too, is to exempt producers from indicating the substrate on which they have grown the product. We are therefore also opposed to the adoption of this amendment.

President. — I call Mr Hillery.

Mr Hillery. — The amendment makes the directive more unsatisfactory from the point of view of information for the consumer; on that basis the Commission finds it unacceptable.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I do not wish to weary the House. I deliberately have not gone through these amendments line by line, and I am not going to do so now. Mr Brégégère says that the information I am seeking to suppress will not affect trade secrets. Maybe that will be so, and there is no reason why it should not be so, as long as the manufacturer is very

carefully controlled by national legislation as well as by this proposed directive. I cannot really see that there is any justification for these amendments being rejected.

Does Mr Brégégère really think that the housewife, if she is buying a package of yeast, whichever type it is, is going to know what agent or what medium it has been grown on? Will that mean anything to her? That is sheer nonsense; of course it will not.

I would hope that not only our rapporteur but also the Commission will look at these amendments a little more carefully. I fully understand that they are not prepared to accept this as a single amendment. As I said, however, I am not going to go through it paragraph by paragraph, as that would be tedious for the House. My intention is quite clear. What I am trying to do is safeguard that which is vital information for the housewife, so that she can see it, and disregard what would be meaningless to her and which therefore will not be necessary.

President. — I call Mr Giraud.

Mr Giraud. — (F) Mr President, I have the impression that our honourable colleague thinks consumers are idiots. That really is going too far!

President. — I call Brégégère.

Mr Brégégère, rapporteur. — (F) It is perfectly natural that the consumer does not always understand. It is up to us, then, to understand on his behalf. This is why we are against this amendment.

President. — I put Amendment No 10 to the vote.

Amendment No 10 is not adopted.

As Mr Scott-Hopkins has said, Amendments No 11 and No 12 can therefore be withdrawn.

On Chapter I C of the Appendix I have Amendment No 13 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

Appendix — Chapter I C

Delete all words after '... essentially proteins and vitamins'.

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — Once again, Mr President, this concerns the technical and conflicting pieces of advice we have all received. I would like to

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hear the Commission's view yet again on this matter because there is a great deal of controversy over this, which I am sure our rapporteur would accept. This is why I have tabled this amendment.

President. — What is the rapporteur's position?

Mr Brégégère, rapporteur. — (F) Mr President, we have been totally at odds—and for a year and a half at that—although we had managed, as Mr Fellermaier has just recalled, to reach agreement before Mr Scott-Hopkins tabled these thirty amendments or so.

As to the amendment just called, I should like to add that this provision was adopted by the Committee on Public Health and the Environment unanimously and that the minimum content requirements are, in fact, requirements as to quality.

In my opinion, it is useful to have indications of quality standards in this proposal, since anything that goes without saying might just as well be said. Therefore, I do not see why I should agree to Mr Scott-Hopkins' amendment.

President. — I call Mr Hillery.

Mr Hillery. — The Commission thinks this amendment is unacceptable because it would remove the criteria which determine the composition of dead yeasts, and this is of prime importance for the user. If the criteria were not observed, the yeasts would no longer be yeasts pure and simple, but would be processed yeasts. So from the Commission's point of view the amendment is not acceptable.

President. — Mr Scott-Hopkins, do you maintain your amendment?

Mr Scott-Hopkins. — I withdraw it, Mr President.

President. — Amendment No 13 is withdrawn.

We shall now consider the motion for a resolution.

On the preamble and paragraph 1 I have no amendments listed.

I put the preamble and paragraph 1 to the vote.

The preamble and paragraph 1 are adopted.

On paragraph 2 I have Amendment No 3 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

Paragraph 2

Add the following text to this paragraph:

'...but doubts that sufficient flexibility has been allowed for in the drafting of the proposed directive;'

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — I have already moved this amendment in a previous context.

President. — I put Amendment No 3 to the vote.

Amendment No 3 is not adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

On paragraph 3 I have Amendment No 2 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

Paragraph 3

This article should read as follows:

'3. Believes, however, that this directive should include detailed and comprehensive proposals for appropriate sampling procedures, analysis methods and tolerance levels, since without these the present directive cannot be properly implemented by the parties concerned;'

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — Again, Mr President, I think I made the point contained in my amendment to paragraph 3 in my previous speech and indeed in the previous amendments I moved. The Commission must be aware that they have got to do something about appropriate sampling procedures, analysis methods and tolerance levels, if this directive is to have any effect at all. They should have done this, they should have obtained agreement on this, before coming to this House with the directive and with the criteria it contains as it stands. I think they are gravely at fault in not having done so. And therefore I beg to move Amendment No 2 in the name of myself and my honourable friends.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, I believe that we should not leave unanswered Mr Scott-Hopkins' accusation that the Commission has not incorporated analysis methods and tolerance levels in its directive. I am sure that all governments—including the British Government—will apply the necessary tests in the interests of consumer protection as do the Member States in the case of other directives concerning the harmo-

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nization of such legislation and that you, Mr Scott-Hopkins, should realize this fact; in such a connection one should not speak of the Commission being gravely at fault if one's own desires fall far short of those of the Commission and of the majority of this House.

President. — I call Mr Lagorce.

Mr Lagorce. — (*F*) Mr President, I should like to make one very brief observation on the wording of this amendment. I must say that I am rather taken aback by the word 'comprehensive'. The directive is required to include proposals that are detailed—I am very much for this—and 'comprehensive'. Who can claim to make a comprehensive list of proposals? Where does one draw the line; how do we know there can be no other proposals? That is the only remark I wanted to make. The word 'comprehensive' does not belong in the language of law, and its presence in a legal text seems to me inappropriate.

President. — What is the rapporteur's position?

Mr Brégégère, rapporteur. — (*F*) The text which we have submitted to the European Parliament urges the Commission, in a much stronger manner, in my opinion, to draw up in effect a new proposal on the methods of taking samples of the water used in manufacturing yeasts. I think that is all I am going to say. You will remember, Mr President, that it was you who made this proposal when you had us add that the requirements listed in paragraph 2 should correspond from a bacteriological and chemical point of view to the characteristics of drinking water. Of course, this cannot solve all the problems, but we are nevertheless making a fairly important contribution to the protection of the consumer's health.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — One small point, Mr President. It was interesting to hear Mr Fellermaier saying that national levels of sampling and analysis should be followed. He really does want to have his cake and eat it. He wants half of one and half of the other. He wants a mandatory proposal for harmonization from the Commission and yet optional sampling and analyses at national levels. That is what he has said. I think that the Commission must, as I think he would agree and as indeed our rapporteur agrees, come forward at the earliest possible opportunity with more than just comprehensive proposals for sampling procedures and analysis methods. Chapter 1 of this directive

is comprehensive in its content if anything ever was. This is certainly what we need from the Commission and the sooner we get it the better.

President. — I call Mr Hillery.

Mr Hillery. — Mr President, this of course will be done through the procedure laid down in Article 13.

President. — I put Amendment No 2 to the vote.

Amendment No 2 is not adopted.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

On paragraphs 4 to 8 I have no amendments listed.

I put paragraphs 4 to 8 to the vote.

Paragraphs 4 to 8 are adopted.

On paragraph 9 I have Amendment No 1 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

This article should read as follows:

'9. Believes that a revised directive should take effect throughout the Community within three years of its notification;'

I call Mr Scott-Hopkins to move this amendment.

Mr Scott-Hopkins. — On paragraph 9, I wish to restore the original timetable laid down by the Commission, the three-year period. Our rapporteur and the Committee on Public Health and the Environment decided they wanted to speed things up. If by any mischance this particular proposal should get through the Council of Ministers unchanged, and I do not think it will, then indeed at least three years will be required, and this is why I seek to restore the three years rather than allow the two-year period.

President. — What is the rapporteur's position?

Mr Brégégère, rapporteur. — (*F*) Mr President, the committee was unanimously in agreement with the proposal I made. We consider that if the Commission can quickly submit this proposal for a directive, there is no need to extend the period of delay to three years. It seems to me that there is no reason why this provision should be ignored during the two years in which the industrialists will have to bring it into effect. Therefore, we are against the amendment.

President. — I call Mr Hillery.

Mr Hillery. — The Commission is against the amendment.

President. — I put Amendment No 1 to the vote. Amendment No 1 is not adopted.

I put paragraph 9 to the vote.

Paragraph 9 is adopted.

On paragraphs 10 to 12 I have no amendments listed.

I put paragraphs 10 to 12 to the vote.

Paragraphs 10 to 12 are adopted.

I call Mr Kirk for an explanation of vote.

Mr Kirk. — Mr President, I want to make two points very briefly. Firstly, I want to object to the suggestion made by some Members of this House that there is something wrong about tabling amendments in plenary session. My honourable friend had a perfect right to table the amendments, and they had very considerable validity, as the debate has shown. Under those circumstances I feel that it was entirely justified, and not an attempt to delay things. The amendments have been moved with the greatest expedition. They have been discussed with the greatest expedition and dealt with with the greatest expedition.

Secondly, I want to say that in view of the fact that very few of the very valid points put forward by Mr Scott-Hopkins have received an adequate answer from either the rapporteur or the Commissioner, I intend to abstain on this resolution, and I hope my honourable friends will do the same.

President. — Thank you, Mr Kirk.

Does anyone else wish to speak?

I put the motion for a resolution as a whole to the vote.

The resolution is adopted.¹

16. *Second report on the activities of the European Social Fund in 1973*

President. — The next item is the report drawn up by Mr Van der Gun on behalf of the Committee on Social Affairs and Employment on the second annual report on the activities of the new European Social Fund—financial year 1973 (Doc. 380/74).

I call Mr Alfred Bertrand, who has asked to present this report on the rapporteur's behalf.

Mr Alfred Bertrand, deputy rapporteur. — (NL) I would first of all like to apologize for Mr Van der Gun, who has been prevented by national obligations from being present here today to introduce his report. He asked me as chairman of the Committee on Social Affairs and Employment to introduce on his behalf this very important report, which will have to be looked at entirely differently when the present economic situation in the Community is taken into account.

Your committee paid particular attention to the second report on the activities of the new European Social Fund. From the experience acquired during the first year, or rather the first six months, of this fund's existence, we are very pleased to find that the Commission, in drawing up its second report, for 1973, has not only paid special attention to timely submission but also given a very detailed analysis of the functioning of the new fund, of its machinery and the problems arising with the new regulations and their application. I think this is very important, since by making this detailed analysis of the functioning of the new Social Fund the Commission has been able to draw clear conclusions from the experience acquired of the functioning of the fund during the first six months.

We are pleased to find that the Commission has striven to act according to the spirit underlying the new European Social Fund, that care has been taken to ensure that the principle of a fair return has not been allowed to apply to the operation of the European Social Fund, and that the Commission has managed to assign most financial contributions to those Member States most seriously suffering from problems with jobs, retraining and unemployment. This is something we are very pleased to find, and your committee can only hope that the Commission will continue to exert itself in this direction and especially that it will give priority to preventive projects to create employment in the Member States hardest hit by shortage of jobs.

The Commission must therefore—and I should like to stress this today—insist that the Member States do not go on submitting general applications, but go into more detail so as to give the Commission and the Social Fund Committee a chance to apply the criteria better.

In discussing the report and taking account of the present situation, your committee was very disappointed that the Commission and particularly the Fund had not been allocated the necessary financial resources to function properly. We are very strongly convinced that this will count for a lot in 1975. As Mr Premoli has already said, it is then that the Fund has to have the necessary resources available, since it is the

¹ OJ No C 5 of 8. 1. 1975.

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instrument at Community level for promoting employment, implementing retraining of a number of workers from the agricultural, mining and metal-working industries—groups which do have other possibilities under the ECSC Treaty—for migrant workers, the handicapped, in short for all the underprivileged and forgotten groups, for those who are no longer in active life but still have a right to share in the prosperity resulting from the technological and other capacities of the population active at present.

On behalf of the Committee on Social Affairs and Employment, I would hope that the Paris Summit will show the courage not only to make available the 35 m u.a. already obtained through the negotiations with the Council, but also to add a considerable amount to that to make these social plans for the Community really credible. Otherwise, we are afraid—and this idea was very much in the minds of the Committee on Social Affairs and Employment—that all the fine promises made at the various summits will no longer be considered credible by those with the greatest claims to aid.

We would therefore like to take advantage of the discussion of this second report to emphasize that the European Social Fund should be provided with the necessary financial resources, so that the Articles 4 and 5 just mentioned by Mr Premoli can be applied effectively and the Commission not compelled, because of irresponsibility on the part of Member States in submitting so many applications that they far exceed the Fund's resources, to apply selective standards which are not really intended as standard practice.

We would therefore strongly emphasize that in view of present economic developments, the European Social Fund must become an instrument for the Community to combat unemployment and create new jobs. You will also understand that the Committee on Social Affairs and Employment wished to stress that the European Social Fund can only come into full operation if it is accompanied by a Regional Fund. It is precisely the cooperation between the Regional Fund that is to be set up and the European Social Fund that can meet the urgent aspirations of the less favoured regions in the European Community. For these reasons, your committee proposes that you unanimously adopt the resolution which was to have been moved by Mr Van der Gun, so as to make these concerns of the European Parliament clear to the Summit Conference before it closes.

(Applause)

President. — I call Mr Premoli to speak on behalf of the Liberal and Allies Group.

Mr Premoli. — *(I)* Mr President, honourable Members, I am very grateful to my colleagues in the Liberal and Allies Group for choosing me to represent them in this debate, which I believe must be described as the most specifically political aspect of present Community affairs.

The Treaty of Rome states, from Article 3 onwards, that the Social Fund is set up in order to improve employment opportunities for workers and to contribute to the raising of their standard of living.

I think that this is the best possible moment to put this principle into practice, to make a massive and intelligent response to the needs of 3½ million workers who are unemployed, not to mention the structural malaise of underemployment which is particularly noticeable in my own country. If this instrument is not granted the necessary resources, we will be blatantly contradicting our oft-repeated affirmations of social awareness, which will thus become mere wishful thinking.

Some light is shed on this dark horizon by a decision taken by us Members of the European Parliament, who paradoxically are the members of the Community with least decision-making powers. Providing 35 m u.a. to strengthen Social Fund measures for 1973 is the best thing we have done in terms of the budget, and it is a real pity that the limits on the increase of the budget itself, limits which are imposed upon us, did not permit us to give full force to the initial Commission proposal providing for an overall appropriation of 280 m u.a. for the Social Fund.

The political timeliness of this initiative confirms the fact that the European Parliament, even with its present composition and methods of election, represents an ideal forum for meetings and discussions for public opinion in the nine Member States.

But let us without more ado come to the practical theme of today's debate: we echo the words of Mr Van der Gun, who has drawn up an excellent report, in complimenting the Commission on its efforts to direct subsidies to those states which are experiencing the most serious and thorny social and employment problems. For once at least, this institution, whose officials are accused of being Eurocrats, has shown that it can identify itself with the deeply-felt needs of the peoples of the Community. We do not therefore feel that we can share the criticisms of those who affirm that the Commission has paid more attention to the administration of the fund than to drawing an overall picture of the problems to be solved.

Premoli

We hope, therefore, that this attitude will be confirmed in the following financial year, in view of the serious tensions that are becoming apparent in industrial structures and on the employment market.

There is also a question we would like to put to the Commission: we would like to ask it whether instead of attempting to make practical alterations, however worthwhile in themselves, to ill-suited regulations, it does not think it would be more appropriate to reform or rather review them. For in the present state of affairs, the regulations permit applications to be put forward for any kind of measures, with the result that the better organized countries are the ones which receive the subsidies, that is to say the countries which would in any case be able to resolve their problems automatically.

And a word must be said, too, about the unequal division of the costs. To take one example, retraining costs much more in a state with high economic potential, like Germany, than in the south of Italy, with the result that with the same amount of money a job is provided for only one worker instead of three; we therefore ask those responsible in this matter whether they think it right to extend the criteria of differentiating aids essentially on the basis of the number of those needing retraining and the number of people retrained.

We are in full agreement with the rapporteur when he affirms that the Social Fund should give more and more stress to its own special function as an instrument of employment policy, matching selection criteria with the requirements of the regions in real need; the recourse to strictly selective criteria is essential if the best redistribution of the funds is to be achieved since, as you will remember, the funds are small and in spite of our hopes to the contrary, there does not seem much chance of increasing them in the near future. We also find it satisfactory to note that the Social Fund, in addition to the action it has already undertaken to benefit the physically handicapped, workers in declining industries such as the textile industry and farmers leaving the land, has also prepared an ambitious aid programme for migrant workers in which the country providing the labour can submit applications for contributions for its own vocational training; this aid would continue until the worker took his place in the factory in the host country.

Let me, from this Chamber, call on the newly launched Italian Government to make frequent use of this new Community measure, submitting the necessary applications to set in motion integrated aid programmes for migrant workers in their difficult journey, from start to finish.

In conclusion I feel that the Social Fund's strategy should in future be twofold: implementing the Social Action Programme launched in Paris and containing the social reactions to the serious economic crisis which is upon us. But our realism does not permit us to ignore the obstacles that must be overcome such as the lack of sufficient funds and the inadequacy of the legal provisions.

However, since the great feature of the EEC has always been its ability to develop in sympathy with a constantly fluctuating society, we would like to advocate two steps which might brighten the dark horizon.

The first of these measures, perhaps the most important, is the long awaited Regional Development Fund, which should be set up without further delay if we are to salvage any credibility before public opinion in the EEC. The selective nature of the incentives and their concentration in structurally backward regions seem to be appropriate social and economic options.

In this way a number of jobs can be created, which could not only act as a kind of 'starter-motor' for development in these regions, but also permit the solution of related unemployment problems.

Matters should be brought to a head, as regards the time-table for implementing this, by the statement that the Community—so justly conscious of the development efforts of the Third World and especially the African countries—should devote at least as much attention to the progress of some of its own regions which are finding difficulty in getting off the ground; for the gap between the standard of living of the people in the south of Italy, for example, or Ireland and that of the people of Hamburg or Brussels is as great as that between them and the Africans. Further emphasis on the complementary nature of the two funds therefore seems superfluous.

Another proposal aimed at making the EEC's social policy more effective is the setting up of a European integration fund, since the unemployment problem is now going to be shared by all Community countries. However, we are not so naïve as to harbour excessive illusions about this.

Let us at least hope that in the present dramatic state of affairs Community solidarity does not turn out to be an empty phrase and that migrant workers will not suffer from discrimination to the benefit of national workers. Such an attitude is not only contrary to the letter of the Treaty of Rome but even quite immoral, since migrant workers would be used in a materialistic way

Premoli

as a safety valve guaranteeing the constant development of certain national economic plans.
(*Applause*)

President. — I call Mr Härzschel to speak on behalf of the Christian-Democratic Group.

Mr Härzschel. — (D) Mr President, ladies and gentlemen, the Christian-Democratic Group also welcomes the fact that the Commission has complied with Parliament's request and submitted the report on the new European Social Fund for 1973 in good time. The Commission has thus enabled the committee to give careful attention to this report. We also welcome the fact that it is a complete and detailed report of the situation. This makes the work of the Social Fund easier to assess and facilitates the taking of the proper decisions.

We share the misgivings on the submission of general project applications by Member States since we, as indicated in the report, know that the funds are not adequate, and it is very difficult to achieve fair distribution with general requests.

The unsatisfactory thing about the old fund was that the resources went to the country with the best organization, so that the money was, to some extent, allocated primarily to countries with a very sound structure and in the best financial position. It is our feeling that the aim of the Social Fund must be, first and foremost, to help the poorer countries with the gravest problems and the highest rate of unemployment. The Commission has learnt from experience and employed the funds more effectively so that now the poorest countries are being given more consideration.

Community priorities, as approved by this Parliament, must be taken into account in the scrutiny of applications. We also believe that preventive measures must have priority if they prevent situations which would later cause us difficulties. It is also our feeling that the first priority must be employment policy. We must give this task priority in view of the present labour market situation and the structural problems facing us in the countries of the Community since it is our experience everywhere in the Community that all the other social problems are overshadowed by this major task, to which the Community therefore has a special commitment.

Unfortunately, as the rapporteur has already explained, the funds are nowhere near large enough to cover the needs, and we should not be under any illusion that we can provide effective help with the resources at our disposal;

such help can only be provided here and there on a regional scale. In particular, we shall only be able to encourage scattered model projects as an example of what can be done. The Christian-Democratic Group also feels that the great pronouncements made at the Paris Summit Conference have aroused hopes that cannot be fulfilled and that we have been bitterly disappointed. While admitting that the Council has now agreed at least to the additional 35m u.a. which this Parliament requested, we regret that the funds fall far short of what is necessary to fulfil this immense task.

We welcome the fact that the Council's decision means that migrant workers and handicapped persons will benefit from the new Social Fund and that these groups, which are among the less favoured in our countries, will now receive extra help from the fund. It would, however, now be reasonable, if we are taking on new tasks, to be given the extra resources required, since this work will otherwise only exist on paper. Here, too, we must appeal to the Council to make resources available so that these two groups can be accorded the necessary funds.

The Commission has made a sincere effort—a fact that we recognize—to administer the resources as well as possible and to employ them effectively. At the same time this Parliament must consider whether there could not be better scrutiny of the resources approved. We must observe what success the measures have, learn from mistakes and then try to employ the resources available as effectively as possible. It could well be that money is not always used as well as it could be and that public criticism of the Social Fund is justified. We should certainly consider in more detail in the future what success has been attained with the financial resources employed.

The Christian-Democratic Group will, at all events, support the Commission in its aim of building the Social Fund up into an effective instrument of employment and social policy, and we shall also scrutinize the effectiveness of measures in each case.

We do realize that the present difficult financial situation in the countries of the Community will not make the matter any easier, and we must also view appropriations for the Regional Development Fund in this light since these two elements cannot be separated from each other in employment policy. We believe that the Community, if it is really to become a genuine social Community, must do more than it has done in the past. There has not as yet been any concrete evidence of the equal priority given to social policy at the Paris Summit Conference.

Härzschel

We are in favour of the motion for a resolution submitted by the rapporteur and will support the requests which it affirms.

(Applause)

President. — I call Mr Albertsen to speak on behalf of the Socialist Group.

Mr Albertsen. — *(DK)* Mr President, ladies and gentlemen, after hearing the excellent speeches by my colleagues in the Committee on Social Affairs and Employment I shall at this late stage speak briefly on behalf of the Socialist Group. Through our representatives in the Committee on Social Affairs and Employment we have adopted the motion for a resolution before us, and we fully agree with the views expressed by Mr Van der Gun in his excellent report.

We have noted that mention is made of rational and good working methods in the Commission in this respect, and the result is that we can already adopt a position on the report. What the report brings out most clearly is that more money was available in the Social Fund than previously, and like my colleagues I believe there is reason for satisfaction that it has been used to a far greater extent to fulfil the aims and objectives of the Social Fund, in other words that it has been used in countries that were obviously most in need of Community assistance. There is no doubt that we are thinking first and foremost of two Member States, Italy and Ireland. I find it particularly gratifying to note that the procedure used in 1973 was completely different from that used in the first year of the Social Fund, when it was the well-to-do societies that received aid from the Fund, quite possibly because they were more able to propose projects and specific plans. But it is quite clear—especially to me as spokesman for the Socialist Group—that the Community's aim must be to help to reduce the imbalances between rich and poor countries. The Social Fund is a particularly important instrument for achieving this objective and every effort should be made to support the Commission's action in this field. We could perhaps express the modest wish that some of the comments being made here could be communicated to those who are now meeting in Paris to consider the problems we are discussing, particularly the question of action to counter growing unemployment in the Member States.

With regard to the comments that obviously must be made and that have been included in Mr Van der Gun's report on the working year in question, which we discussed recently in Parliament, we must in fairness admit that many of the wishes expressed then have now become a reality, and I feel we should express our

appreciation of the efforts that have been made. But at the same time we should not be so satisfied as to say that everything has been achieved. There is no question of that. It would certainly have been desirable to have shown a little more magnanimity and understanding—especially in the present situation—in order to comply with the fair and just wishes expressed by the Commission, which the Committee on Social Affairs and Employment is unanimously directing its efforts towards fulfilling.

We have not succeeded, but considerable progress has been made and although it is a pity that not all hopes and expectations have been fulfilled, there is reason for satisfaction at the progress made.

As several of my colleagues have said during the discussion, I also feel it reasonable and natural to stress the connection between the activities of the Social Fund and the desire to set up a Regional Fund. It is very much to be hoped that press reports on the subject are correct and that we can assume an announcement will be made from the Paris Summit Conference that the Regional Fund is to be set up to the advantage of Italy and Ireland and perhaps also of the United Kingdom.

Obviously there is a clear and simple connection between the two funds, and I therefore hope that what we can agree on as being logical, will be as acceptable to the participants at the present Paris Summit Conference.

On behalf of the Socialist Group I express approval of the way in which the Social Fund has been managed and the hope that we can jointly work towards increasing it so that it can be used in the future as well and efficiently as in the past.

I feel that if this discussion about the size of the Fund is necessary and proper in crucial situations such as I consider the present to be, it is particularly important that the decision-making bodies, in this case the Council of Ministers, should realize that there is a need to intervene in periods of weakness to promote a more genuine development than is at present the case in the Communities. I repeat that we have two valuable instruments, the Social Fund and the Regional Fund, and that the desire to reduce the disparities between our Member States must be our prime objective. With this in mind I recommend adoption of the report on behalf of the Socialist Group and support the views expressed by my colleagues.

(Applause)

President. — I call Lady Elles to speak on behalf of the European Conservative Group.

Lady Elles. — Mr President, we welcome both Mr Van der Gun's report and the very interesting report that the Commission has produced on the European Social Fund for 1973. We particularly welcome this document, realizing the great difficulties that the Commission has had. It is the first year that the fund has been in operation and we very much appreciate the efforts that all the members of the staff within the Commission have made to try to make it a viable implement of European policy.

Having said this, there are of course one or two comments which I should like to make which I know the Commission will not take in any spirit of criticism, but which are meant as a helpful contribution, in order to make the Social Fund a really useful implement of social policy in our European Communities. First of all, I think the feeling is shared by all Members here, and is certainly expressed in the speeches I have heard since I have arrived, that the fund itself is ludicrously small when you consider the function that it has to fulfil within the European Communities, particularly bearing in mind that there is not as yet a Regional Fund to cope with the many problems which arise in specific areas of our Communities and, within these specific areas, with specific industries which are either in decline or completely finished.

A second point I should like to make in relation to the report by Mr Van der Gun concerns the fact that he deplores the global application of sums in order to assist national policies. Here, Mr President, our group is slightly at variance, since in our country we have a very highly developed and comprehensive national system of aid in the employment field and it is therefore very difficult on a large scale to identify specific, very small areas where help is needed. This of course is easier in a much smaller Member State where the population is smaller, where the areas are more easily identifiable and where the number of people involved is probably very much smaller. But it will be appreciated that it is more difficult in an industrial country like the United Kingdom, where considerable numbers of people are affected even if just one or two factories have to change their methods or have to make people redundant, and where retraining and resettlement and readaptation are necessary. Therefore, Mr President, we hope the Commission will take a slightly kinder view of the very earnest attempts that our country makes in respect of its applications to the Social Fund, which, however, cannot always be as specific as the Commission would like. I hope the Commission will take this in good part and realize that under the system that we have in

our country, it is very difficult to be quite so specific as is requested sometimes.

Another question I would like to put the Commission is what kind of policies they are evolving, in order to cope with the coming financial crises with which we may be beset in the European Communities. What plans have they for dealing with the recession which is coming upon us—I have seen the unemployment figures in Germany—and which is growing in my own country? I would like to know whether they are considering an extension of Article 4 to other industries which are going to be affected and which indeed already are affected, and whether they can consider some positive policy in this field. In our group we feel very strongly that the use of the Social Fund must be flexible in order to deal with crises as they happen and not after they have happened. In this connection also, we should rather like to know whether the pilot schemes that have been supported in some Member States, are selected on any philosophical basis or whether they are completely *ad hoc* and just depend on any old application, so to speak, from a Member State. I think it would be helpful to us to know what kind of pilot schemes the Commission particularly favours, what kind of pilot schemes are particularly helpful in solving problems which are going to affect all Member States of the Community and whether it is on this basis that these pilot schemes are being supported.

One other point I would like to raise is the question of appropriations and application of funds. Could the Commission tell me — perhaps it is only my own ignorance—what kind of delay there is, once the sum of money is appropriated for a specific purpose, in the payment of these sums? I think it would be helpful for members of our group to know what kind of delay there is once the Commission has taken the decision on an appropriation, and once an application has been accepted through the European Social Fund Committee and agreed by the Commission. I would be grateful if the Commissioner would answer this question.

Those are the main points I wish to raise. I know it is late. I would like to express again my appreciation of the Commission's work in this field, to encourage them to do even more next year and to deal not only with the short-term policies which are urgently needed in the present economic situation in the Communities, especially with regard to unemployment, but also to look at the long-term policies of rehabilitation and readaptation in the many fields of employment with which the Communities are involved.

(Applause)

President. — I call Mr Yeats to speak on behalf of the Group of European Progressive Democrats.

Mr Yeats. — Mr President, on behalf of the Group of European Progressive Democrats, I would like to thank the rapporteur Mr Van der Gun for his excellent report on the activities of the Social Fund in the year 1973. I would also like to join with Lady Elles in praising the Commissioner and his staff for the very effective way in which they have administered the Social Fund and for their very informative report submitted to us in Parliament.

We in our group are satisfied with the achievements of the Social Fund, within the relatively narrow limits in which it is operating. We are happy to see that the new fund is finding its way to those Member States which have the most pressing social and employment problems. These are the areas which need the benefits of the fund. This type of distribution is surely the whole object of the Social Fund, and I look forward to seeing this practice continued. However, nothing is so perfect that it cannot be improved. I would therefore like to confine my comments to methods which might be suggested for improving the activities of the Social Fund.

Mr Van der Gun has already made some suggestions in his report, suggestions with which I fully agree. With regard to the slowness and complexity of the process of processing applications, I can understand why this procedure takes a long time. The Commission must after all make a thorough examination of each application to see that it meets the criteria that are laid down in Articles 4 and 5. The Commission must ensure also that any money they are giving out is going to be used for the purpose for which it is intended. However, once it has accepted an application for a grant, there is a long delay before that money is passed on to the successful applicant. I would suggest that such a long delay is unreasonable. It is, I think, clearly unfair to a successful applicant, after his application has been scrutinized, both at a national level and again at a Community level, that he should have to finance his training programme with a substantial bank overdraft. Payments, I think, should begin as soon as a training programme starts, or alternatively the applicant should be allowed to avail himself of advances.

It is noticeable that very few of the applications submitted have been from the private sector, that is from non-state agencies such as private firms and institutions. For the financial year in question, 1973, there were indeed some private

sector applications, but only from two Member States. This seems to me to be a surprising absence of reaction from private firms and institutions to aid from the Social Fund. I would like to know if the Commission is aware of any apparent reason for this and whether or not it is due to a lack of information. I think that applications from the private sector should be encouraged, though of course not to the detriment of state agency applications.

Mr Van der Gun in his report suggests that the Social Fund should be used to resolve common problems arising in frontier regions. Our group fully endorses this proposal. As has been pointed out on several occasions in this Parliament, frontier regions tend to be largely underdeveloped, with a high degree of dependence on agriculture. As the criteria for Social Fund aid already exist, the Commission, and indeed the Members of Parliament as well, should encourage national governments to submit joint applications for training in these regions. Of course, this effort needs to be accompanied by joint development and industrialization of frontier regions.

Finally, in this regard I would like to remind Parliament of the high rate of unemployment which exists in the Communities at the present time and to make some suggestions on how the Social Fund can be used to tackle the problem. The latest unemployment figures for the Communities show that well over three million people are out of work, and forecasts predict that this number will continue to rise for at least some time to come. In the newspapers we read daily of firms closing down and of others laying off workers or going on short-time. Unfortunately, many of these jobs will be lost forever.

The alarming factor is that this recession is widespread. It is not confined to particular regions or industrial sectors, even though certain areas and industries are more affected than others. I do not have to list these industries or regions, but I might mention a few, such as the motor car building, textile, footwear and electrical industries. I think that all of us are only too well aware of unemployment in the industries in our own areas. We must now ask how the Social Fund can be used to alleviate this serious problem.

In the course of his reply to the debate on Miss Lulling's report on the 1972 Social Fund activities, Commissioner Hillery stated that he regarded the European Social Fund as an instrument of employment policy. The Council of Ministers in their resolution of 21 January 1974 concerning a Social Action Programme stated that full and better employment at Community, national and regional levels is an

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essential condition for an effective social policy. And we have here, therefore, the basis of a political will at Community level to use Community resources to maintain levels of employment. The most obvious Community resource available is the Social Fund. However, in its present form the Social Fund is not entirely adequate. It was set up in a period of economic expansion to cope with regional and sectoral problems. We are now faced not with expansion but with economic recession and with universal unemployment. To meet this drastic change of situation, we must apply equally drastic measures. Firstly, I would suggest the Social Fund must be made more flexible in its present application and, where necessary, it must be extended to cover those areas and sectors worst hit by the present unemployment crisis. The present difficulties will provoke vast structural changes and a reassessment of growth objectives. The Social Fund must be ready to meet the demand for training and retraining in a period when few industries are expanding and very few jobs are being created. The role of training and retraining takes on a much greater social significance. The Social Fund must be in a position to meet this challenge at a Community level, and this Parliament must urge the Heads of State or Government who are meeting this week to take some positive action along these lines.

This brings me to the second point. If the Social Fund is to fulfil its role adequately during this present recession, it must be given a substantial increase in funds. The final amounts being proposed for the 1975 budget will certainly not be sufficient, and it looks very probable that a supplementary budget will have to be introduced during the coming months. This is particularly true with respect to Article 5, where the Council of Ministers have rejected the original proposals of the Commission and accepted a parliamentary amendment which results in a total amount of 35m u.a. being available for Social Fund aid in 1975. I would leave you with this question, Mr President. Will it really be enough to fight massive unemployment at a Community level, or will we have to resort to inadequate national measures?

(Applause)

President. — I call Mrs Goutmann to speak on behalf of the Communist and Allies Group.

Mrs Goutmann. — *(F)* Mr President, honourable Members, contrary to what has been said so far, I do not share the optimism of many of my colleagues on the activities of the Social Fund. The debate on the second report on the activities of the European Social Fund in 1973 shows the

Community's difficulties at the social level and its obvious inability to implement a social policy of employment and of protection of workers.

There are two reasons for this: despite the Community's avowed role in the social sphere, embodied in the Treaty of Rome and repeatedly invoked in this Assembly, European social policy is still too often regarded as marginal, considered solely in the context of aid, most usually narrowly defined, to be granted to states or regions finding themselves in the greatest difficulties.

The second reason is that the appropriations allocated to the Social Fund remain notoriously inadequate and have, indeed, been reduced in relation to the Commission's draft budget for the 1975 financial year. And yet employment problems are even more distressing this year.

Unemployment is rampant and increasing in all the Community countries and affects over 3 000 000 people, despite all the attempts at aid at Community level—which is the best proof of the ineffectiveness of this aid. Contrary to what Mr Yeats has just been claiming, this is not a world phenomenon, but one which affects the capitalist countries. This should not surprise us: instead of introducing real anti-inflationary measures, instead of fighting the rise in the cost of living and unemployment and not simply their effects, the Community authorities seem to be more concerned with protecting, by means of the statute for the European Company, the interests of the multinational companies. The governments of the Community countries repeatedly offer subsidies and tax concessions to these large concerns, sanctioning the intolerable activities of the oil companies, promoting capitalist concentration and the dismissals and redundancies it brings in its wake.

They are responsible for the regional imbalances so characteristic of this little Europe. If a Community spirit exists, then it manifests itself in a systematic support for the big monopolies and in the desire to impose austerity upon the workers of Western Europe. This policy aggravates the position of the population of our countries, exacerbates competition and the contradictions which bring Europe into crisis. Understandably, then, the EEC authorities, despite their professions of goodwill, despite the good intentions of the European Parliament itself, are incapable of a real social policy meeting the needs of the workers and of the national economies.

True, the text of the motion for a resolution before us emphasizes the inadequacy of the appropriations allocated to the new European Social Fund and urges the need to improve the criteria for the distribution of these resources. But this criticism is still far too timid.

Goutmann

We should also realize that the various proposals made by the Committee on Social Affairs and Employment in this area are bound to remain essentially a dead letter, in the absence of the means and of a declared resolve on the part of the Community partners to carry through this social policy.

If, as the resolution underlines, the Social Fund's activities should consist not only of a policy of aid but, above all, of a real employment planning policy, a true instrument of Community employment policy, the first essential is for the Community authorities to make up their minds to fight genuinely and effectively inflation, dismissals and unemployment, against the activities of the multinationals and of big capital. Otherwise, any activity of the Social Fund will remain illusory.

In the present circumstances, we note the Commission's resolve to obtain additional appropriations for the Social Fund, to work out a real policy for the protection of employment, but we consider the proposed measures grossly inadequate and, above all, we doubt the Council's and the European Summit's readiness to take all the necessary steps to carry through the social policy. This being so, the Communist and Allies Group will abstain from voting on the motion for a resolution.

(Applause from the extreme left)

President. — I call Mr Antoniozzi.

Mr Antoniozzi. — *(I)* Mr President, honourable Members, I, too, would like to stress the usefulness of the annual report presented by the Commission on the activities of the Social Fund, which permits the European Parliament not only to be informed of the various projects submitted and accepted or rejected by the Commission, but also to evaluate the general progress of the fund, its basic operating principles, the necessity for any revision of its machinery, its future prospects and its effects on the employment situation in the Community.

For the Social Fund at present represents the only measure available in this sector until the elusive Regional Fund, which unfortunately is still awaited in spite of the solemn declarations of the Paris Summit and the goodwill shown by various governments, is set up. Let us hope that at this moment the subject is being happily resolved. The Social Fund must therefore be given the means to operate in the best possible way in the service of an employment policy aimed at solving the most serious problems facing the Community.

To achieve this end, I believe that three items are necessary: adequate financial resources for the fund; improvement of the operating machinery; reform of the present rules.

I need not spend long on the first point, because the European Parliament has already discussed it in the presentation of the budget for 1975, and it is also given thorough consideration in Mr Van der Gun's report. It is clear that without adequate financial means at its disposal, measures under the fund become dissipated in many tiny streams and lose all effectiveness. Moreover, the Commission of the European Communities is obliged to operate strict selection of projects, and to do this it must find and apply selection criteria which are inevitably controversial and perhaps even arbitrary and lead to debatable results or at any rate leave many countries unsatisfied.

On the second point—the improvement of the operation of the Social Fund—if the aim of the fund is to improve employment in the Community, it is clear that all its machinery must be geared to this end. And here the selection criteria I have just mentioned come into play: the Commission has to choose from among the mass of applications submitted by Member States those which fulfil this aim. But was this the case in 1973? It was not, or at least not sufficiently so.

The main criterion which the Commission should apply is that of the greatest need, but this is in no way mentioned in the Commission's report. The fund's resources should be directed as a matter of priority to those regions of the Community where unemployment and structural long-term underemployment are most serious.

On the last point, that is, the appropriateness or otherwise of amending the regulations at present in force, the Commission maintains in its report that in spite of the objective difficulties existing in the operation and management of the fund, there is no necessity at present to carry out such a revision.

However, during the debate on the report of the activities held on several occasions in the various bodies of the Council, some delegations, in particular those from Italy and Ireland, held that an immediate adjustment of the rules in force should be carried out. This would not mean a complete reform of the fund or the introduction of new regulations, but simply a retouching of those already existing.

The Commission, I feel, should examine all these problems and give a practical answer as soon as possible. The reform of the Social Fund which took place in 1972 constituted a very important initial step forward, but we must

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continue along this road if the fund is to become an effective and useful instrument in the employment sector. 1975 will be a difficult year, perhaps a year of recession; there will be many thousands, perhaps millions of unemployed throughout the Community. The Social Fund can make a contribution to preventing or at least reducing the size of this phenomenon; but this depends on the will and the ability to use it properly.

(Applause)

President. — I call Sir Brandon Rhys Williams.

Sir Brandon Rhys Williams. — Mr President, I wish to congratulate the Commission on its proposal and Mr Van der Gun on his useful report, not as a new but enthusiastic member of the Committee on Social Affairs and Employment, but rather from the point of view of my long-standing interest in the economic affairs of the Community and the evolving strategy of economic and monetary union.

At the present time it is unfortunately a commonplace that the Community is facing an economic crisis. Some people see the roots of the crisis in mounting inflation and others in the piling up of the unusable petrodollars. To me it seems that these are both aspects of the same problem, namely the elementary definition of inflation as 'too much money chasing too few goods'. How can it be that all of us are bracing ourselves to face mounting unemployment and loss of business confidence during 1975 at a time when the underlying economic difficulty is one of finding enough production to match the enormous available demand? I think we have to recognize the nature of the paradox, and the Social Fund is in fact a small and still very humble beginning on the road to finding solutions. The problem, it seems to me, is due to the fact that in our industrial society now we are not quick enough to adapt ourselves to change, or if market mechanisms do respond, then they are too cruel to be borne in a caring and responsible society. So all countries are aware of the need to intervene to protect and assist the weaker economic elements, particularly in the regions which entered this new and frightening economic phase with the fewest advantages. I believe that it is now a Community priority to act in accordance with a continuing overall policy and not to respond spasmodically or wastefully. The Commission, I think, would do well to bring forward the publication of their report on the activities of the Social Fund and also speed up their procedures in dealing with the administration of applications for funds so that the dialogue with Member Countries could be more topical and realistic.

In general, though, I want to congratulate the Commission on the way it is administering the Social Fund. Of course in the United Kingdom it has been noted how generous an allocation was made from the fund last year. In the field of activities of the Social Fund a far larger effort will be required in future and in the light of experience the Commission will no doubt be granted and will find good uses for a much weightier endowment.

(Applause)

President. — I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, ladies and gentlemen, may I thank Parliament and Mr Van der Gun for his report and for the support which has been given to the Commission. This support is all the more welcome since the Commission in its second report on the new Social Fund did not hide the difficulties which it had met and indeed in no way flattered itself that it had surmounted these difficulties. The difficulties are enormous. I would like to take this opportunity of telling Parliament how useful the tripartite Social Fund Committee has been in the operation of the fund. I would like to thank Parliament for the considerable and indeed indispensable aid which it has given to the Commission in the management of the fund. I say this because it is a recurrent theme with the Commission how much we wish for this tripartite consultation and cooperation, which in this particular instance is very effective and very welcome. I should hope that the months ahead will see developments in other areas of this idea and the implementation of this consultation.

I would like to thank Parliament for Amendment No 55 to the Community draft general budget which aimed at increasing by 35m u.a. the appropriations under Article 510 of the budget, that is, expenditure under Article 5 of the Social Fund. Up till now Article 5 has had very many more applications than we had money allocations, and for two years Article 4 did not seem to attract from the Member States a sufficient number of applications to use the fund. But this year the applications coming in under Article 4 are showing the same pattern as those under Article 5. We will have many more applicants than we have money, so that anybody who has any doubt about the lack of access which existed for two years in Article 4 can be assured that it was due to the fact that there was no way of estimating what the national applications would be. The money has been used otherwise within the Social Fund. Applications due partly to our extension of Article 4 and

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largely to the interest of the Member States in this particular instrument are now coming in to use up the full amount of money available.

There are some points raised in the debate which I would like to answer. One is the crisis. We do see the Social Fund as an instrument of employment policy, and for that reason, in the preparation of the Summit, the Commission has shown that it believes that a substantial increase in the resources made available to the Social Fund for 1975 would constitute a significant contribution to Community solidarity. Indeed the sum considered by the Commission was not very great—200m u.a.—but sufficient, if wisely used, to promote schemes to help the sectors and areas worst affected by the crisis in employment.

The fund is not yet an adequate instrument, not as responsive as we would like to have it: but it certainly has shown, as noted in the report, no major defect which we think should be changed as this time. The Commission has the right to introduce at any moment reforms which it thinks desirable and which are politically possible. It requires nine Member States in agreement to reform the Social Fund; and while from time to time individual Member States may see the possibility of the fund being better used under different circumstances, I have to say that I do not see the possibility of the fund being so changed at the request of one or two Member States alone. But, as I say, the Commission can, when it sees the possibility and desirability, bring forward proposals, and proposals for opening Article 4 have been brought forward in the last year which were adopted at the June Council meeting, and I hope quite soon again to have new proposals for opening Article 4.

One of the things that has bothered me is the time it takes to pay out the allocations. I have had a study done of this and the time is longer than I would want. The fault is everywhere. There is a certain delay in the examination of the proposals. Naturally it requires a certain staff, a certain expertise, and the examination can only be done by those equipped to do so, and such numbers as we have can operate at a certain speed only. But this is not the only reason for the delay. The delay also lies in the Member States' applications for the money. 10% of the money we have is still waiting because Member States have not applied for it. There are delays at Member State level and of course there is the delay—I think Parliament would want it to be so—at the level of checking that the money is properly spent. I think that if we reduce our standards of financial control we could have very much accelerated payment, but we would risk

having difficulties in the expenditure of money which was not properly applied.

Somebody also asked about efficacy, efficiency. We do have follow-up examination now of the different schemes, so that in the future we will have experience to draw on to say whether a particular scheme would be useful or not. I would like to say that we are taking all the steps that we can safely take to accelerate the procedure for paying out money because one of the last things we want is to have people paying large amounts of money through bridging loans and so on.

To answer Lady Elles, I cannot give a length of time for an application, but it has certainly been longer than we would want, and we are accelerating the procedures.

We will endeavour to meet the deadline of 1 July laid down in the regulations in response to the wish expressed by the governmental delegations for the elements of the report on the activities of the European Social Fund in the preceding year to be presented to the Council before the deliberations on the budget take place. We will do our best to meet that deadline and also to win the approval of Parliament.

I would like to finish by saying that if the Summit Conference does not see fit to give the added money which the Commission sees wise to seek, I do hope that they will provide a Regional Fund because, as has been said here, the Regional and Social Funds must be able to act together to counter the difficulties in employment which we are now facing. It is within our power, and there are possibilities for us. The recovery from other recessions was often characterized by the absence of adequate trained skills, and I think that whatever period of recession exists, we should concentrate on training and making available the necessary skills for jobs which will be available in the future. And these future structural changes will be dependent on adequate coordination of a Regional Fund and a Social Fund so that, if the Summit does not give us the extra 200m u.a., we do hope that it will give us a Regional Fund at least. It will be a concrete step in terms of European progress.

Again I would like to thank Parliament for the support it has given.

(Applause)

President. — Thank you, Mr Hillery.

Does anyone else wish to speak?

We shall now consider the motion for a resolution

President

I have no amendments listed.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

I propose that the agricultural reports now on the agenda should only be considered if they do not give rise to a debate. As an amendment has been tabled to the Howell report, it will be placed on Friday's agenda.

Are there any objections?

That is agreed.

17. Regulation laying down additional provisions for the common organization of the market in wine

President. — The next item is the report drawn up by Mr Della Briotta on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Annex IV of Regulation (EEC) No 816/70 of the Council laying down additional provisions for the common organization of the market in wine (Doc. 375/74).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

18. Decision on the financing of certain measures in the field of animal health

President. — The next item is the report drawn up by Mr Hunault on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council on the financing by the Community of certain emergency measures in the field of animal health (Doc. 374/74).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

19. Decision extending the period of operation of the system of minimum prices for potatoes and vinegar

President. — The next item is the report drawn up by Mr Bourdellès on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision extending the period of opera-

tion of the system of minimum prices for potatoes and certain vinegars (Doc. 389/74).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

20. Regulation of prices for sugar beet in Ireland and the United Kingdom for 1974/75 - Regulation on the intervention price for butter in Denmark

President. — The next item is the report drawn up by Mr Martens on behalf of the Committee on Agriculture on the proposals from the Commission of the European Communities to the Council for

I. a regulation fixing for the 1974/75 sugar marketing year in respect of Ireland and the United Kingdom the derived intervention price for white sugar, the intervention price for raw beet sugar and the minimum prices for beet

II. a regulation altering in respect of Denmark the intervention price for butter

(Doc. 396/74).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

21. Agenda for next sitting

President. — The next sitting will be held tomorrow, Tuesday, 10 December 1974, with the following agenda:

10 a.m. and 3 p.m.

— Presentation of and debate on the draft general budget of the Communities for 1975;

— Report by Mr Lagorce on ECSC levies and operational budget for 1975;

— Report by Miss Flesch on negotiations between the EEC and the ACP countries on enlargement of the Association;

— Oral Question with debate to the Commission on relations between the Community and the Arab States.

The sitting is closed.

(The sitting was closed at 7.45 p.m.)

¹ OJ No C 5 of 8. 1. 1975.

¹ OJ No C 5 of 8. 1. 1975.

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 10.20 a.m.)

President. — The sitting is open.

1. Approval of the minutes

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

Are there any comments?

The minutes of proceedings are approved.

2. Documents submitted

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

- (a) an Oral Question with debate by Mr Terrenoire on behalf of the Group of European Progressive Democrats to the Commission on oil companies (Doc. 408/74);
- (b) a request from the Council of the European Communities for an opinion on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 950/68 on the Common Customs Tariff as regards the exchange rate to be applied in respect of the tariff classification of certain cheeses (Doc. 409/74).

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

3. Forwarding of an opinion on a petition to the Commission

President. — On 31 October 1973 I received a petition from Mr Bourgeois and eight co-signatories concerning industrialization projects in the Toul region. This petition was entered in the register under No 4/73 and referred to the Committee on Regional Policy and Transport and the Legal Affairs Committee for consideration.

Both committees declared the petition admissible and on 27 November 1974 the Committee on Regional Policy and Transport adopted an opinion on it.

At the request of this committee, this opinion and the text of the petition have been forwarded to the Commission of the European Communities.

4. Draft general budget of the European Communities for 1975

President. — The next item is the presentation of and debate on the supplementary report by Mr Aigner on behalf of the Committee on Budgets on action taken by the Council on the proposed modifications adopted by the European Parliament and on the draft general budget of the European Communities for the financial year 1975 (Doc. 410/74).

I call Mr Poncelet.

Mr Poncelet, President-in-Office of the Council of the European Communities. — (F) Mr President, ladies and gentlemen, at this time when the Heads of our nine countries are meeting in Paris I should like to say immediately that it is with pleasure that, once again as President-in-Office of the Council of the European Communities, I have to give your Assembly, meeting

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in this pleasant town of Luxembourg, an account of the results of the Council's deliberations on the draft budget for the Communities for 1975.

Before I do that, I would like to say to your President that I read with interest the letter he was kind enough to send to the President of the Council in which he expressed his regret at the absence of the latter at the votes taken by your Assembly on 16 November last. I should like to assure him at once that this was not intended as an unfriendly act on the part of the Council towards your Assembly but purely and simply, unfortunately, a matter of physical impossibility because of the very heavy workload on our President because of the French budgetary procedure which is taking place at the same time as the Community procedure. I present my apologies to your President and the Assembly and hope they will accept them. I can, incidentally, assure them that I shall be here next Thursday.

I will now give you an account of the positions taken by the Council at its session of 28 November. Before going into the various points in detail I shall take the liberty of making certain general remarks with regard to the dialogue between us and also with regard to questions of procedure.

Regarding the dialogue that has come into being between us and in which, as you know, I am particularly and personally interested, the Council has, for its part, been extremely attentive to the points made in your resolution. It shows that, for your Assembly too, this is the essential corollary to the new balance of power now held in your Assembly.

The Council has also noted that your resolution, even when it contained views on matters of substance or procedure which varied from its own, referred to the need for cooperation in order to arrive at a joint interpretation. In this connection, the Council was very grateful, particularly in Mr Aigner's detailed report, to find all the facts it needed for its own information and very much appreciated the compliments paid, when it was presented, by Mr Aigner, Mr Spénale and Mr Gerlach.

On 28 November, the Council listened with a great deal of attention to the speeches by the members of the Assembly's delegation. The delegation, you will remember, consisted of Mr Spénale, Mr Aigner and Mr Gerlach, whose names I have just quoted, and who, I may say, helped considerably in clarifying our discussions. They helped the Council to form an opinion which, incidentally, was immediately given at the end of the first part of the Council's work and which I shall now have the honour of explaining to you.

It would give me great pleasure, and this I will not attempt to hide, if your Assembly and the Council were now on the point of meeting in their converging approaches to their interpretation of the provisions of the Treaty. Of course I do not say that all difficulties are ironed out, but I believe that, from now on, a procedure whereby these basic difficulties are to be solved should cease to be a subject of controversy between us in the present framework of the Treaty. In reality, difficulties are in process of disappearing only because they were less serious than certain phraseology used on either side might have led one to believe.

The first difficulty was bound up with the fact that the Council, in a formula which perhaps went further than it really intended, had stated that it wished to see certain expenditure kept under the heading of 'unclassified expenditure'. Throughout the budgetary procedure I had, at that time, told you that it was easy for the Council to act in this way because there were no appropriations against the items concerned. On the other hand the Council immediately understood that if your institution wished to exercise its rights with regard to the items in question, the Treaties gave it a choice between only two possibilities, that is to say to propose modifications, which would have implied that you accepted items of expenditure which you did not consider to be compulsory as you have done in a number of cases, or to table an amendment which would have implied that you regarded the item concerned as non-compulsory.

The Council readily understood this necessity. After thorough consideration, therefore, it gave its agreement to continuing the procedure on the basis of the classification adopted by your Assembly. I should like to stress this point of agreement. It means that the Council accepted that it should state its position on amendments for items of expenditure that it had itself qualified as unclassified in the same way as on the other amendments.

However, the Council would not like any misunderstanding to arise on the scope of this decision. It is, of course, a decision on procedure which does not affect the content of the expenditure itself. The point is, and your Assembly is well aware of this, that it is only on sight of the texts governing each item of expenditure, that its compulsory or non-compulsory nature may be determined. It is therefore certain that the Commission, the Assembly and the Council will find it necessary to have further consultations on the interpretation of the regulations once the item of expenditure is firmly established by them.

Poncelet

These regulations will be adopted as the result of a procedure of consultation, which promises that their interpretation will create no further difficulties thereafter. And if a regulation stated that an item of expenditure was wholly automatic or, on the contrary, that it was wholly predetermined and its limits and ceiling preset, it is difficult to imagine at this stage that it would be non-compulsory. There is no more I can say. I should not like to enter into a discussion on the future, I would merely like to make this point very clear now because there was, I would repeat, no ambiguity in the Council's mind on this point. In other words, in the framework of the procedures of this year, whilst the Council for its part would have preferred to leave certain future actions aside, it considered that it was not up to it to obstruct the Assembly's initiatives in this field, at least not in terms of the principles involved. Under the heading of non-compulsory expenditure, it is possible for the Assembly to propose any expenditure which it feels to be necessary. It will then be simply a matter of deciding by common consent when the time comes whether the original basic classification should be retained or not. And you know very well that in practically all cases the classification will be retained since practically all that has been decided for many years now has come under the heading of non-compulsory expenditure. So much for this first procedural point.

There is a second important point of procedure. The Council had read with considerable care that part of the resolution pointing out that the maximum rate fixed by Article 203(8), of the Treaty was not applicable to the following two categories of expenditure: new expenditure entered as a new item and that relating to major developments of earlier actions.

Our jurists explained the problem to us in legal terms pointing out that this position could not be held to be in conformity with the Treaties. I must say that, for my part, I had fully understood that your Assembly had set down this principle as a political rather than legal principle. I am very grateful to the delegation of your Assembly, which, at the Council session held on 28 November, also took pains to dispel the confusion that could have been created in certain minds by too cursory a reading of your resolution. Once the position taken is understood as a political position it appears to me to be very little removed, in principle at least, from what the Council had indicated to you, that is to say that the maximum rate should not, of itself, form an artificial obstacle to the development of Community action.

The only point on which we may have not shared your opinion is that you wished all new expen-

diture to be considered en bloc without regard to the rate, whereas the Council, on its part, thinks that the possibility should not be ruled out of incorporating expenditure relating to certain new actions or certain major developments of old actions, in expenditure to which the normal maximum rate applies, without it being necessary to arrange a procedure of consultation in order to fix a new rate.

Winding up these questions of procedure, which are I admit somewhat dry, I should like to express in all sincerity the feeling of satisfaction that I, and I think each one of you, will feel if, at the outcome of this present procedure, there remain no other difficulties between the Assembly and the Council than these somewhat theoretical and abstract procedural difficulties that are meat and drink to the specialists in Community law surrounding us but to which public opinion is totally indifferent.

This does not mean that we may not come up against other difficulties of substance. This is perfectly normal and the problems still to be settled will need to be tackled in political dialogue. I shall now endeavour to show you, and the delegates of your Assembly will be able to confirm this, that the Council clearly committed itself to such a dialogue when, on 28 November, it considered the draft budget as amended by you.

Let us first consider the amendments. The Council wished to lend a ready ear to the views of the Assembly. This it did firstly in relation to 12 amendments which it accepted without proposing even the slightest modification. It accepted, for example, the additional 35 m u.a. for the Social Fund, an item on which the President of the Council feels particularly deeply. But it also appeals to the understanding of your Assembly in the case of certain amendments where it has not modified the sum proposed but has asked, purely for reasons of standardization or presentation, that the appropriations be transferred to provisional appropriations. This applies, for example, to the social programme and also to the education programme. This I would like to stress in order to prove to you that there has been no systematic attitude on the part of the Council since these actions to promote education were the subject of one of the well-debated items included under the unclassified heading. The Council was prepared not only to classify these actions but also to make appropriations for them.

Finally there were a few rejections. Some have no major political implications. This applies to the rejection concerning staff representation, building loans and the amendments relating to the Joint Research Centre. Others, however,

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relate to new developments and, first and foremost, the Regional Fund.

It was impossible for us to do anything at all with regard to this eight days before the Summit Meeting. On the other hand this will certainly be one of the first subjects that we shall consider together immediately after the Summit. I would simply ask you, in view of the stage already reached in the initial budget procedure, to accept with the Council that it will be through a supplementary budget, and not in the framework of this initial budget, that it will be possible to take account, in full knowledge of the facts this time, of the effects of decisions being taken at this very moment, I hope, in Paris.

Also, the Council has again looked at the matter of Community contracts and has unanimously taken up a negative position on this subject. This is a question in which all the available facts prove that it is not one of the best Community activities at the present time and is not a matter for priority at this stage of budgetary procedure. I am, of course, perfectly prepared to discuss this with you during the course of our proceedings but I must say that the opinion of the Council on this point is quite clearcut.

I should now like to say a word with regard to the proposed modifications. For the most part, I agree, they have not been adopted. But they were considered very, very carefully. Also, in reply to a criticism often levelled by your Assembly with regard to budgetary powers, I would like to point out that there was not one single case in which a minority prevented your proposals being taken into consideration. The position taken by the Council was practically unanimous in all cases and it seemed, to me, to be important to tell you this without committing any breach of secrecy with regard to the Council's deliberations, because this is a particularly thorny point in our relations.

Without spending further time I would merely like to remind you that the Council has agreed to cease to include appropriations for denaturing and has maintained the total appropriation for EAGGF, Guarantee Section, at the Commission's evaluation. For EAGGF, Guidance Section, it will be necessary to wait for the regulations regarding the new actions before knowing whether the so-called 'Mansholt reserves' will have to be used. These are the subjects, Mr President, ladies and gentlemen, concerning the budget of the Communities for 1975 which I wished to deal with here this morning. I should like to repeat that I consider it is possible to continue this debate on the basis arising out of the Council session of 28 November and in particular of our dialogue.

We have on both sides perceived the possibility of completing our work without disagreement on the procedure itself.

We are still, it is true, divided on certain problems of substance. But the Council, for its part, has tackled them with all the gravity and seriousness that you could expect of it. I would therefore say to you that I now look forward with confidence to the continuance of our discussions and thank you most warmly, in advance, for the interest you are about to take in our problems and the understanding that you will be showing with regard to the position that I shall be explaining to you on behalf of the Council.

(Applause)

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, Mr President of the Council, ladies and gentlemen, we are now, particularly if Parliament adopts the view of the Committee on Budgets that we should keep within the maximum rate, in the last phase of establishing the Community budget for 1975. According to this procedure we have the final say in fixing the budget.

I would, however, like to say at the same time that the procedure which we are using for the first time in accordance with Article 203, nevertheless throws up a spate of problems which cannot, I think, be solved all at once. Legal terms are not clearly defined. Council and Parliament sometimes take opposite views. However, in spite of this difficulty in interpretation and in the legal terms of the new procedure, there has been a clear determination on both sides, Council and Parliament, to dispose of any possible conflicts by real political dialogue and in this way to overcome any difficulties on a pragmatic basis and to reach a unanimous policy.

I would like at this point to offer my warm thanks to the Council for the satisfactory climate that has prevailed and for their, in my view, new readiness to enter into real political dialogue. I would like to thank Mr Poncelet personally for he has certainly done everything that lay within his power to dispose of any possible conflicts. Through his own personal efforts he has created the conditions in which it may be possible for the budget to be finalized in the course of the next few days. At the start of the procedure I did not originally believe that I would be able to make this observation so soon.

Now to our objectives. As your rapporteur I have primarily expressed the views of the Com-

Aigner

mittee on Budgets. Our objective was not, say, to use up our financial availabilities at all costs. I believe that the discussions have shown that this House, and in particular the Committee on Budgets, has applied very strict criteria and rigidly adhered to the principle of economy since naturally we had to take full account in our considerations of the situation and difficult financial conditions of Member States. We were thus not only concerned with handing out money, we also wished, using the little margin of manoeuvre given to us by the new procedure, to prompt the Council to take binding decisions on political actions where it had fallen into arrears because it had been unable to reach agreement. This is why your rapporteur and the Committee on Budgets have attempted to see the margin in this general political light and then, naturally, exploit it to the full. The fact that the Council has fallen into arrears in its political decisions not merely in one item but in many, many items, has I believe begun to become known throughout the Community.

We had a second reason for attempting to force our policy, if forced it had to be, out of the Council. It is unacceptable for this Parliament to introduce a policy of supplementary budgets purely because the political decisions of the Council cannot be taken in time. Moreover it was from the Council that the severest criticism of supplementary budget policy as such primarily stemmed. I believe that we could, with the amendments, avoid at least a large part of the planned supplementary budget schemes.

In what sense did Parliament and its rapporteur for the Committee on Budgets wish to force a policy out of the Council? In the fields of research, information, environmental protection, social action and regional policy; the computer centre needed to be made operational. In the areas of education, development policy and industrial policy, new directions needed to be taken. Mr President, in many points our political resolve has helped to cause the Council to think along different lines.

On the basis of Doc. 400/74 I would now like to deal with the individual proposals submitted by the Council to the Parliament for second reading, and I shall give you the comments of the Committee on Budgets with regard to the Council decisions.

In Amendment No 38 the Parliament proposes that three posts be added for Commission staff representatives. The Council has rejected this amendment. The Committee on Budgets takes the view that this question is not finally resolved by this decision and that the suggestion of the Council should be taken up to the effect that an

inter-institutional working party should be set up and the question of staff representation settled on the same footing for all institutions. When the Council explained this to the Committee on Budgets and to your Parliament we took the view that this provisional decision of the Council should be accepted.

Amendment No 39 relates to the 2 m u.a. for building loans. This amendment was also rejected by the Council on the grounds that the Community has to set a ceiling for this activity. The reasoning is certainly valid to the extent that regardless of the amount allocated for this activity the appropriation will always be very quickly used up because the demand for cheap building loans is naturally larger than any programme can satisfy. Your committee therefore accepted the view of the Council on condition, however, that the Council should deal, at an early date, with a report drafted by the Commission on this subject and that, in this case too, a solution should be found on an inter-institutional basis, i.e. that the ceiling now fixed on the basis of the ECSC appropriation be increased and the programme diversified to some extent, so to speak, so that it is not the holders of the highest A posts that get prior consideration in the distribution of this appropriation but that it is broadly spread over the entire Community staff pyramid.

Your Parliament also took the view that parliamentary officials should be fully involved in any new settlement. On this condition your Committee on Budgets proposes that you should agree provisionally with the view taken by Council.

Amendment No 26 concerns the information units in Cardiff and Edinburgh and the mobile units in France and Italy. The Council has approved the appropriation proposed by Parliament but asks that this appropriation be left under Article 980 until a final decision has been taken.

In Amendment No 68 Parliament proposes an increase of 1 m u.a. in the information appropriation. The Council has modified our amendment. It took the view that only 380 thousand should be entered under Article 272 in order to strengthen existing activities in the area of information policy, and 620 000 u.a. should be entered under Article 980 in order to ensure here that new Community activities are thoroughly worked out and agreed between the institutions. Mr President, I myself support this proposal. Your committee and your rapporteur agree with this policy of the Council since we too take the view that this appropriation must remain earmarked for new activities in the field

Aigner

of information policy and I should be very grateful if the Commission would tackle, in particular, the question of the mass media, which must be used more intensively than in the past. We shall have no success in Community integration policy if we do not recruit public opinion to support us and we shall only have it on our side if it is fully informed and therefore motivated in favour of our policy. Your committee therefore proposes that the Council modification be approved.

I now come to Amendments Nos 42, 42a and 43. These concern the research programmes on labour market trends, and the contribution towards pilot projects on better housing for handicapped workers, and in general an increase in the provisional appropriation under Article 980 for expenditure in the social field. Mr President, here again your committee proposes that we should go along with the view of the Council that a clear explanation should be given to us by the Commission regarding the provisional appropriations. We have, in all, 2.5 m u.a. in reserve under this heading so that we shall be able to push ahead with more intensive action in the individual fields, as proposed in the drafts.

I now come to Amendment No 23: Community system of guaranteed incomes for workers during retraining. This we had proposed as a token entry.

Mr President, the Council has not accepted this token entry and asks Parliament to withdraw the amendment. Yesterday we discussed this matter at length in committee and are of the opinion that even if the Council is unable at the present time to agree on a Community action or a Community programme in this area, this particular task remains a Community duty and a token entry underlines this special duty of the Community. Your committee therefore takes the view that we should not agree with the opinion given by the Council but that we should reinstate this token entry.

Now I come to research expenditure, Amendments Nos 35 and 34. Both have been rejected by the Council. We had proposed to use 2.8 million, under Article 330, for expenditure on research and investment. The Council rejected this proposal on grounds, Mr President of the Council, that caused us some amusement and I would not like to keep their reasoning a secret from this House. The Council states that research expenditure is non-compulsory expenditure and is therefore classified. However, the Council says literally in its rejection that it may not exceed the limits of the funds laid down by the programmes and the amount of such

funds can be altered only by adapting the programme decisions themselves.

Mr President of the Council, if we were to accept your grounds in this case, this would be tantamount to a new classification. We would have non-compulsory expenditure in research, on which we would have the last word, but we would be unable to alter the margin of manoeuvre because you have stated that the Council must first alter its programme and then Parliament can alter its estimates. This would be a new category that we should on no account accept. We are of the opinion that if Parliament enters non-compulsory expenditure in this case, then the Council is under an obligation to create, jointly with the Commission and the Parliament, the necessary conditions for this, in other words to alter the programmes accordingly and to take the decisions enabling these appropriations to be entered in the way Parliament wants—and here it is the Parliament's political will that is given expression through its having the final say. Taking a different view from the Council, we have entered 1 244 000 u.a. and on Thursday we shall have to vote on a new amendment. We propose that this amount of 1 244 000 u.a. should be re-entered because this is the minimum programme and because the security of the Joint Research Centre is involved. How the Council, in spite of the discussion and in full knowledge of the situation, could have arrived at this total rejection is completely incomprehensible. We need substantial resources merely to keep things going as they are. This is not a question of new programmes; to keep the Joint Research Centre in being as it is, at least 1 244 000 u.a. are necessary this year and we in the Parliament cannot simply offload the whole responsibility to the Council.

With reference to Amendment No 34 your Parliament is of the opinion that we should withdraw the 13.7 million u.a. from the provisional appropriation and enter it directly into the budget because the Commission rightly explains that this money will be necessary by March-April at the latest in order merely to pay the staff costs in the Joint Research Centre on the basis of the research programme. Here the Council, on what I consider to be astonishing grounds, is seeking to retain this sum in the reserve. The Council's argument is that if it remains in the provisional appropriations under Chapter 98, there will be greater pressure in the deliberations on and the approval of the programme in the Council because these staff costs must be paid. I have never heard that, in the case of money in the provisional appropriations stronger pressure arises than if it is directly available in the budget and I therefore take the view that we should enter this appropriation directly into

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the budget in spite of the view taken by the Council, so that the money can be paid out when it is needed.

Allow me however, Mr President, one last word on this matter. I believe that the point at issue here is one of the most fundamental points of conflict between Parliament and Council not only in connection with the deliberations regarding the budget but in general. The way in which the Council has allowed the problems of Euratom and the Joint Research Centre to slide is—and I use this harsh wording in full awareness—simply irresponsible. In my view it is a blot on the Community's record that the Community cannot hammer out a clear approach in this field where it is essential, for economy reasons alone, for the Community as such to cease fragmenting its efforts and instead to combine them and to ensure that Community research progresses.

Mr President I now come to Amendment No 29 'Expenditure on educational measures'. Here the Council has accepted our amendment. Whilst agreeing with this, however, it asks that we should include this appropriation in Chapter 98 until a clear definition is worked out between the three institutions. Only then would a decision be taken about the appropriation.

Mr President, I now come to the main point of our discussion, the 2×150 million u.a. that we have included for the Community's regional policy. First of all I should like to thank Mr Poncelet for all the efforts that he has made in order to prevent conflict arising between the Parliament and the Council on this subject. The Council has stated, with some justification in my view, that it would be wrong, only a few days before the Summit Conference, and one, it should be noted, that takes the institutional form of the Council and is not therefore meeting only as a conference of Heads of Governments, to force an *ad hoc* decision from one institution, and that we should wait for a decision from the Summit Conference.

Mr President, your rapporteur and your delegation have harkened to this political appeal from the Council but on one condition and that is that this appropriation should be classified by the Council as non-compulsory. The Council has, admittedly after many difficulties and long discussions, and as a result of admirable handling by its President, agreed to this request. For my part I explained to the Council that there would certainly have been a confrontation, a conflict between Council and Parliament, if this minimum requirement of Parliament had not been granted. The Council therefore, has accepted this classification of this appropriation. But this pre-decision naturally has a con-

sequence, that is to say that if this Parliament were to be informed tomorrow of the summit decision, a decision on this appropriation and therefore on a Council Regulation in this field could be taken only by agreement between Council and Parliament. The consequence of this policy therefore means that Parliament and Council will have to lay down, in a supplementary budget which in this case is inevitable, the criteria, programme and expenditure to be applied for the Community's regional policy.

I now come to Amendment No 28 'European Vocational Training Centre' involving 1.1 million u.a. The Council has reduced our amendment to 600 000 u.a. Mr President, your committee and rapporteur propose that Parliament should accept this reduction because the Commission has explained that it will endeavour to make do this year with the 600 000 u.a. as a starting-up operation. Since we are no less committed to the economy principle than the Council we should not raise the rate. I therefore take the view of the Council that 600 000 u.a. are sufficient in this case.

Now for Amendment No 57. Here the issue is the 10 million u.a. for innovation. Mr President, this amendment and the next amendment, No 60: 10 million for additional development policy activities of the Community, have been rejected outright by the Council. Why has the Council rejected them?

It is not—and here we come to a fundamental observation—because it does not want to have these Community activities; on the contrary it is constantly in arrears with its own decisions, at least as far as innovation activity is concerned, i.e. industrial policy. But it must be understood, that if these 20 million u.a. were approved then the maximum rate of the total figure would have risen so much that Parliament would have availed itself of its right to amend and Parliament and Council would have had to begin a second round in order to establish a new maximum rate.

Why do I put this so plainly? Because, Mr Poncelet, this House needs to be told clearly once for all that—with all the political activity and with all your readiness to conduct a political dialogue with Parliament—there is no escaping the fact that you have not granted one more unit of account for our proposed amendments than we ourselves have the right to claim under the Treaty. I do not say this in depreciation, but it is a sober thought that even if we had the worst possible climate even if there had been no political dialogue between Council and Parliament, we would nevertheless have arrived at the same margin of manoeuvre, that is to say that all our proposals, as now approved by

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Council and Parliament, would have gone through in exactly the same way.

Mr President, I do not say this in disregard of our joint efforts but in recognition of the fact that the margin of manoeuvre is in fact smaller than both of us had perhaps thought. This broaches the question of financial autonomy and, Mr President, I ask Parliament to do everything it can to prevent the financial autonomy of the Community, through the substitute system of financial contributions based on gross domestic product, from being postponed *de facto*—not *de jure*—for years to come. It is not possible that, for example, the finance ministers in the Council should be so tied by cabinet decisions that they have not even one unit of account to play with. I know that several finance ministers in the Council bring such restrictive cabinet decisions with them to discussions in the Parliament. It is my view that this shows that the Community cannot, in the end, stay alive if it does not exercise its financial autonomy exclusively within the framework of the Community. It should not be possible for the veto of a national cabinet to silence discussion and to all intents and purposes block every new Community activity. Now, these two sums of 10 million u.a. for development policy and innovation policy respectively have been turned down by the Council.

Mr President, your committee is thus faced with the problem of what to do about these two rejections by the Council. Here I would like, once more, to deal briefly with our margin for manoeuvre. And here a point arises that is a matter of dispute between Council and Parliament, that is to say the question of the classification of non-compulsory and compulsory expenditures. Mr President, the Council has rejected the Parliament's definition to the effect that we should not apply the maximum rate to new Community activities. In this case we wanted a classification that would not be covered by the maximum rate. In a letter from the Council to our President dated 29 November the Council takes the view that, in the interests of the smooth conduct of the budgetary procedure, all expenditure must be classified and all non-compulsory expenditure should, if increased, fall within the maximum rate. Determination of this rate is provided for in Article 203(8) of the Treaties. In view of the result of the vote on the amendments submitted by the European Parliament, the maximum rate laid down need not, for the present time, be exceeded.

We have no alternative but to accept this Council interpretation but, Mr President of the Council, here too your statement has certain consequences. We shall have to determine these

consequences, in the form of the new legal rate, at the latest in the second round when the supplementary budget arises.

I would ask for your understanding of the fact that your rapporteur cannot simply fall in with the view of the Council just because of the climate, but that he also has a duty to safeguard the legal position which Parliament held in the first procedure of these new budgetary powers for future deliberations as well, and to allow nothing to be lost. If, therefore, the Council does not accept our classification outside the maximum rate and if we fall in with this view, this will have consequences for the second maximum rate procedure since Parliament still retains its margin for manoeuvre in the case of non-compulsory expenditure and we would be discarding it if we were to lose any of it in a supplementary budget for, according to our budget regulations, every supplementary budget must be accepted and put through in accordance with the same rules of procedures as the budget itself.

Mr President of the Council, out of our margin for manoeuvre which we put originally at 62 million u.a., you have settled in practical terms about 44 million u.a. by your agreement. This leaves us with a margin for manoeuvre of 18 million u.a. if I include the 'Cheysson fund' in the supplementary budget. Here however we have a real matter of dissent between Council and Parliament. The Council declares that this appropriation is a compulsory one, whilst Parliament has stated in its decision that this so-called Cheysson appropriation is non-compulsory expenditure.

If, Mr President, we now fail—and this I have to say purely by way of safeguarding our legal position—to use up all of what we consider to be our outstanding margin of manoeuvre, this is in no way because we fall in with the Council's view on the classification of this appropriation. We say specifically that we want to know that this appropriation will also be treated as non-compulsory expenditure in a forthcoming supplementary budget. This, then, leaves us with a 9 million u.a. margin of manoeuvre. Yesterday, Mr President, your committee asked that a decision should not be taken at the late hour on these 9 million u.a.—which in fact, are only 7 million because we are additionally accepting the 1.2 million u.a. for research. We first wanted to have a discussion in the political groups so that we could reach a conclusion this evening or tomorrow.

I myself am of the opinion that we should not use up the full amount of 7 million but that we should assert and make manifest our political intentions with a smaller amount. The Com-

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mission now says to us, and rightly, that we may only allocate resources to innovation if the Council has effectively agreed on a programme. In the view of the Council, which I incidentally dispute, this would mean that if we allocate a few million u.a. to this heading we would still fail to achieve any political breakthrough because the Council can then simply refuse to decide upon the programme. Regional policy activities of non-governmental organizations cover a wide spectrum and in the case of requests to the Community, immediate Community action would be possible. For this reason I personally suggest that we should use up to 5 million of this final margin of 7 millions for these regional policy activities.

Mr President, this is the outcome of the deliberations between Council and Parliament regarding non-compulsory expenditure.

The token entry 'Revenue from coinage' which is a particular concern of my group, and also of my own, has been rejected by the Council but for reasons that cannot be accepted in any circumstances, although I do not intend to maintain the proposal. Mr President, if there is economic and monetary union in the Community, the currency windfall should not remain exclusively in the hands of the Member States, it should also be transferred to the Community, even if only to a limited extent, although I cannot imagine that a Community monetary union can be created without there being a European currency for our European citizens in this Community. I know that the time for this has not yet arrived but at all events we should reject the reasoning of the Council in this respect.

One last word on non-compulsory expenditure. I can only say that the Council has rejected all our proposals except two. It has accepted the deletion of the denaturing premium in the case of sugar and cereals, but has reinstated the amount by adding it to the Guarantee Section, which I can understand in view of Community policy, particularly in the sugar sector. I have only one request, and that is that the Council and Commission should state categorically, since our proposal for the so-called honey-producers' sugar—if I may use this expression—has been rejected, that the sugar subsidy, now without denaturing instruments, should not only be maintained for these activities as well but also expanded and given clearer definition. Mr President, with the catastrophic decline in our bee populations, honey-producers' sugar has become another question of survival for our agriculture and I therefore ask that a declaration on this subject be made by both the Council and the Commission.

Mr President, this brings me to the close of my remarks and I would like to thank you warmly for your patience but a 1975 Budget, in which we have the final say, has a claim on our time even if only to help to make the processes in which Council and Parliament are linked clearer to the public.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, after this very full review by the rapporteur of the Committee on Budgets, the Commission can be short in what it has to say and confine itself to a few points that have arisen since the last part-session of this Assembly.

Since then, Mr President, we have had the second reading of the draft budget by the Council on 28 November. I would like to join previous speakers in their expressions of pleasure at the understanding shown by the Council with regard to the Assembly's draft amendments and the approval of amendments amounting to 44 million u.a. proposed by this Assembly.

With regard to these amendments, which I do not propose to go back over one by one, I would like to say to the rapporteur that his approach will, of course, be adopted by the Commission with regard to our information policy.

More important is the fact that, to the credit of this cooperation between Parliament and Council, two basic problems have been settled to which the Commission attached considerable importance and to which it had called the attention of the Presidents of Parliament and Council in a letter dated 21 November. Firstly the principle of exceeding the maximum rate, which had been adopted by the Assembly and which had led the Commission to express the most definite reservations, has now been adjusted. Secondly the Council has accepted the principle, recommended by the Commission from the start, of classifying all expenditure without exception.

Let there be no misunderstanding between us on this subject. When the Commission insisted on this point it was not in order to say that certain expenditure was more important than others. There is so-called non-compulsory expenditure relating to imperative obligations. It is not therefore a question of saying that some expenditure is important and another is not; it is a question of defining Parliament's margin of manoeuvre.

It is, in any case, your right to the final say that needs to be brought home, and the increase that we all hope for, of this Assembly's budgetary

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powers. In this field, therefore, there has been definite progress which the Commission has the greatest satisfaction in noting.

These comments having been made, however, I am compelled to put forward a number of reservations on behalf of the Commission. They do not relate to the Regional Fund—although the Commission regrets that it has not been possible to approve its initial proposals—but concern, primarily, the very important meeting held yesterday and today between Heads of Government, and the Commission understands perfectly the attitude taken by the Council and then by Parliament as the rapporteur has just explained. Like the rapporteur the Commission is pleased that the Regional Fund should have been classified as non-compulsory expenditure by the Council, even though this is only provisional until the texts of the regulations enable the final decision to be taken. Since the Council has, from the outset, admitted that expenditure shall be classified by agreement between the institutions, we have here a basis for discussion with is extremely useful and which enables the Commission to give its full support to item 14 of the motion for a resolution, that is to say that the classification is to be confirmed in accordance with the basic decisions.

Nevertheless, during the Council meeting, the Commission felt obliged to make three protests and wishes to reiterate them to this Assembly with the utmost seriousness.

First of all we regretted that the proposal made by this Assembly for a change in food aid appropriations was not accepted by the Council and it is not, Mr President of the Council, because the latter has taken this stand unanimously that the Commission will withdraw this observation.

It seems absolutely paradoxical to the Commission that all the nine member governments, when attending the World Food Conference at Rome, should emphasize the distress in which one part of the world now finds itself and that, fifteen days later, the same governments meeting in the Council should reject almost out of hand proposed changes which had nevertheless been approved almost unanimously, by your Assembly. This appears to us to be either bad procedure or—I will not go so far as to say hypocrisy—playing a dangerous double game. I prefer the first theory, that of bad procedure; the Council has blithely taken the path of supplementary budgets. It has, incidentally, noted with reference to food aid that this would already be a supplementary budget item.

The same is true, for reasons which are less pathetic but just as bad from the procedural

standpoint, of the decision taken by the Council not to approve Parliament's proposed modification to the effect that a standing appropriation should be provided in Chapter 98 and therefore in the form of frozen appropriations, enabling the necessary transfer to be made to EAGGF (Guarantee) at the time the new prices are fixed. I protested on behalf of the Commission to the Council and made the point that in this way the Council was creating the necessity to have a second supplementary budget for EAGGF (Guarantee).

I also had Council note the fact that the Commission, in making its proposal for appropriations to a value of 200 million u.a. had wished to pledge its responsibility with regard to the financial effect of the proposals made on the increase in prices; the Council has, of course, released us from all responsibility since it has entered 'zero' which is an illogical figure, and since we shall therefore now be able to make such proposals as appear to us to be appropriate.

It is not only on these two points that the hateful procedure of supplementary budgets appears to have been adopted by the Council and, allow me to say so, sometimes by this Assembly. Of course, if this Assembly takes a decision giving an appropriation for innovation contracts, or if the Council confirms that it does not wish any further progress to be made in this area in 1975—and this is what I thought I understood from a particularly stinging phrase of the President of the Council a little earlier—there will be no supplementary budget in this connection.

However, this would mean to say—and this should be recognized—that in the absence of a regulation enabling us to act, the idea of innovation contracts, approved by the whole of this Assembly and approved in principle by the Council, will have no sequel. However, let us admit that perhaps in this case there will be no supplementary budget since there will be no action.

By the amendment which the rapporteur recommends the Assembly to accept with regard to the security of the research centre, we shall avoid a supplementary budget which the Council was prepared to accept. Conversely, there are still five foreseeable supplementary budgets, not only foreseeable but foreseen, not only foreseen but written into your texts. This is, I repeat, an altogether extravagant procedure.

I have mentioned two cases: food aid and EAGGF 'Guarantee' on the occasion of the price review. There is also, of course, the supplementary budget for the Regional Fund but this may be explained by its scale. We thus have three.

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I would also point out that the appropriations for the European Regional Development Fund will have to be approved in the Community budget, or outside it if the Council so decides, since our negotiations will come to an end in the next few weeks and since we intend, I think, to honour solemn international undertakings to provide the necessary money for their application. This brings us up to four.

The fifth and last relates to emergency action in which we are associated with the United Nations. I do not know how much this will come to next year, this will depend on what other countries in the world are doing, but however much it is there will be one; the 'token entry' will not feed many people in India or in Mali.

This gives five supplementary budgets on the horizon amounting to several hundred million u.a. which will have to be added one by one to our budgetary estimates for 1975.

Turning now to Mr Aigner's report I propose, since I have just referred to emergency action, to begin with a reference to item 6 of the motion for a resolution as it stands at present with regard to the classification of the emergency action. Mr President, classifying emergency measures as non-compulsory expenditure creates a real problem for us. It creates a problem, firstly because it could possibly absorb what is left of the margin of manoeuvre available to Parliament under the Treaty but particularly because, if these emergency measures are classified as non-compulsory expenditure, the second stage in the emergency measures—about which we shall have to decide before the end of January—will, whatever its amount, exceed the maximum rate for non-compulsory expenditure and will therefore, for the first time, involve the very cumbersome procedure of Article 203(8) and require a joint Council-Parliament vote in conditions which will certainly take a long time to achieve.

In other words, classifying the emergency measures as non-compulsory expenditure means that you are not giving yourself a supplementary margin of manoeuvre but have decided not to use it. You are saddling your non-compulsory expenditure for next year with a very heavy handicap and, finally, creating a complication in the way of adopting the second stage which, it must be said, will make such adoption highly improbable.

Thus, if the intention of the Assembly is to say that there should be no second stage, then it should say so. But I know this is not your intention; you have stated this solemnly on several occasions. I would therefore ask you to think carefully before adopting the decision to classify

these emergency measures as non-compulsory expenditure. I would in any case point out that the importance of this is only circumstantial in view of the fact that these emergency measures will not be repeated and that we should not therefore be establishing a precedent in this connection.

Talking of our disappointments, I must say with just the same forthrightness, that we are very surprised at the recommendation by the Committee on Budgets that the three staff representative posts should not be entered. I would remind you that we had asked for eight. I would remind you that this Assembly, which is a wise Assembly, had adopted the amendment proposed by the Committee on Budgets at the first reading by the very large majority of 121 against only 1 member who, incidentally, voted against everything, which suggests that his negative vote in this particular case should not be taken to mean any special disregard for staff representatives.

I would be sorry if the Assembly reversed such an overwhelming vote—121 to 1—and I must make the point to this Assembly that the staff would find it very difficult to understand such a decision. Particularly since it would be difficult to understand how the Assembly—and very rightly too—should decide to have a representative for its own staff and enter this in its own budget, but refuse to enter one in the Commission's budget. How do you expect a Commission doorkeeper on the bottom rung, or even a secretary, even an office manager, to understand such an attitude? There may be matters for inter-institutional discussion between us on this subject I agree, but if these 49 000 u.a. are not entered, the staff will have the impression that you are denying it the right to have representatives; gentlemen I ask you to think again on this.

My other comments will be very brief. First of all I would like to support Mr Aigner with regard to the amendment concerning coinage that has been rejected by the Council. Whatever the decision of the institutions on this point, the Commission, having taken up no position, does not recommend action in either direction but it wishes to repeat here what it stated before Council which is that such an amendment may be rejected, certainly, but it cannot be qualified as inadmissible since Article 4 of the 1970 agreements, called the 'Luxembourg Agreements', allows for the creation of miscellaneous revenue.

Similarly I would like to point out to Mr Aigner that the Commission has indicated to the Council its very great interest in the proposed modification submitted by the Assembly regarding the

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honey industry, and whilst not recommending its approval, since it had not submitted it, has assured Council—and I wish to assure the Assembly in its turn—that it would be submitting proposals on this subject very rapidly and that if decisions were taken in favour of the honey industry by Council or Assembly, within a short space of time, the 'sugar intervention' chapter appearing in the budget and to which funds have been allocated could well be used in order to provide the necessary appropriations.

So much, therefore, for the progress that has been achieved. It is very considerable. You will soon be coming to the end of this debate and then you will finalize the budget. On this point, may the Commission be allowed to say that one of the three alternatives envisaged by the Committee on Budgets disturbs it greatly. It seems to the Commission that when you finalize the budget you should finalize it once for all. A budget finalized with reservations seems to us to be a disturbing innovation, not in accordance with the Treaties. The Treaty states, in Article 203(7), what when the procedure has been completed, the President shall declare that the budget has been finally adopted.

To complete the procedure is to finalize once for all the budget. Either you finalize the budget as of the day after tomorrow, or else you have a further procedural stage to settle with the Council and you postpone the finalizing of the budget for two to three weeks; but however this may be, when you finalize the budget it must be finalized once for all.

This procedure therefore, is being completed in conditions which, politically, have been very encouraging and I consider it to be highly significant that the second reading of the budget should take place on the very day that the Summit Conference is to take place within the framework of the Community, since it demonstrates that Parliament has now reached, not merely a high degree of maturity, since it has always had that, but that level of effectiveness enabling it to be made one of the prime movers in the building of the Community.

This confirmation is particularly valuable and is a particularly great source of satisfaction for the Commission at the very time that the Summit Conference is under way.

(Applause)

IN THE CHAIR: MR BEHRENDT

Vice-President

President. — I call Mr Pêtre to speak on behalf of the Christian-Democratic Group.

Mr Pêtre. — *(F)* Mr President, ladies and gentlemen, I would first like to thank and congratulate the rapporteur, Mr Aigner, for his supplementary oral report on the action taken by the Council with regard to the proposed modifications adopted by Parliament to the draft Community budget for 1975.

At the time of our last meeting at Strasbourg, our Parliament discussed at length the problems and amendments relating to the 1975 budget and Mr Lücker took the opportunity to deal with this subject at the last part-session when he underlined the position of the Christian-Democratic Group with regard to the budget for the next year. We now know what Council has done about the proposed modifications adopted by our Parliament. Mr President, in view of the time I am allowed, I shall not dwell further on this point since Mr Aigner and Mr Cheysson have discussed it with great clarity and because, moreover, the discussion of a budget leaves little room for rhetoric. When all is said and done, what is important is to find, consider and analyse the financial resources, that is to say the figures appearing in a budget, the purpose of which is to allow indispensable and necessary expenditure to be committed, without which the Commission would be incapable, however much it so willed, to implement the policies that come within its province.

With regard to the information and arguments given by the Council in answer to the proposed modifications that we had adopted earlier, the Christian Democratic Group supports the thinking and proposals of our rapporteur. In this connection, whilst expressing its understanding towards the Council which has accepted modifications proposed by Parliament—the figure was quoted a little time ago—the group wishes to express its disappointment on the position taken by the Council in rejecting the proposed modifications and in particular, and this we would stress, those put forward by the Committee on Budgets for the Regional Fund and for the fund for aid to developing countries.

It is true, Mr President, that the Council has accepted a token entry for the Regional Fund. I think that it has already been sufficiently stressed that this entry without a figure was inadequate and that, at all events, Parliament intends to return to this special problem to which we attach the utmost importance, on another occasion.

Without wishing to go back over everything that has already been said in this House regarding these two points, we would also like to urge the Council to take the necessary steps for the European Regional Development Fund to be instituted as soon as possible, in other

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words for agreement finally to be reached on an amount and on its distribution. Also in this connection, we await with much interest the final communiqué to be issued after the present Summit Meeting being held in Paris.

Similarly, Mr President, we urge that more consideration be given to development policy, in which our Parliament also shows considerable interest, and we regret that the 10 million u.a. which the Committee on Budgets had requested under this heading, should also have been rejected by the Council. The Christian-Democratic Group has decided to return to this point, which Mr Aigner also raised, because Parliament's margin of increase, which is still some 7.8 million u.a., allows this Parliament to allot an amount which has been evaluated at 5 million u.a. and which would enable the Commission, whom we thank for its policy and perseverance, to work out a concept for its activities under the heading of development policy, particularly as regards this amount of 5 million, and under the heading of assistance to private development aid organizations.

We are aware that these few remarks by no means exhaust so important and so complex a subject as the budgetary problem. We know it is true that on this subject, perhaps more than on many others, it is essential to consider realities and to be prepared to tailor the actions to be undertaken in terms of the resources that are available. I would also like to say that the group has expressed its satisfaction at the way in which the delegation of our Parliament and the Council worked together. In this respect particularly, Mr President, it is desirable for the future of Community relations that co-operation and understanding should supersede confrontation. I think that this is indispensable and that we should stress it.

In conclusion, the Christian-Democratic Group supports the proposals of the rapporteur of the Committee on Budgets to whom it expresses its renewed congratulations.

(Applause)

President. — I call Mr Spénale to speak on behalf of the Socialist Group.

Mr Spénale. — *(F)* Mr President, everyone knows the difficulties through which we are living: the oil crisis and the escalation in the price of raw materials which raise all the big problems of inflation, unemployment and industrial adjustment in new and difficult terms. New, difficult and varying terms since, with the dissimilar development of national economies, the advent of Economic and Monetary Union becomes more remote, whilst the Common Agri-

cultural Policy is suffering from the effect of monetary disparities. Even just harmonizing the policies that need urgent implementation against inflation and unemployment—two main dangers—appears to be practically impossible.

These are the main reasons why the Heads of State or Government are meeting in Paris in a summit conference which we wish every possible success because—whilst it is not the last chance, for Europe has a tougher skin than that—the Community would nevertheless be left in a critical situation if the conference were to fail.

It is in this context of crisis that we have had to bring our 1975 budget into being, the first budget from own resources and featuring the implementation of the Parliament's new budgetary powers. It has not been an easy process.

These new budgetary powers are still in the preparatory stage. The initial delay and the priority concerns imposed on the Council by the crisis meant that the joint consultation on this fundamental problem came insufficiently early for its results to be applied to the discussions under way. The first result was that, in the end, we had to discuss this budget in conditions that were, Mr President-in-Office of the Council, sometimes less favourable for us than during the previous period: there was the restriction of non-compulsory expenditure by a statistical coefficient which did not exist during the transitional period, the application of the highly restrictive quorum conditions, and the reversed majority, pending amendment to Article 203, for proposed modifications which do not increase the total of appropriations for an institution. I think that the fact of having agreed to discuss in these conditions, which were often less satisfactory than those in the transitional period, shows the extent of the goodwill with which this Assembly was prepared to face the difficulties of the moment. We felt that we should cooperate in drawing up this budget even though we said at the outset that we would not. We hope that this will be borne in mind and we say quite firmly that we shall not be doing this again.

I shall return in a moment to the very fruitful cooperation that developed between Council and Parliament and to which earlier speakers have already referred.

But first I would like to put the following question: what has happened, during this consultation procedure, to the general requests that we expressed in the first phase of the budget debate? We wanted all expenditure to be classified; we hoped that there would not be too many supplementary budgets and we did not want all non-compulsory expenditure, particularly that for new policies, to be kept within the framework of the maximum statistical rate.

Spénale

For the fact that all expenditure is classified we should at this point express our satisfaction. The Council has agreed to classify practically all, or I could just say all, expenditure, as the Commission had proposed, and no points of discussion are now outstanding between the Council and us apart from the classification of the expenditure which has been called 'the Cheysson fund' and which Mr Cheysson calls, modestly, 'emergency expenditure'.

But with regard to the Regional Fund for example, I note that the Council says that classifying Regional Fund expenditure as non-compulsory should be regarded merely as a decision in the current procedure and that this does not mean that such expenditure would be regarded as non-compulsory in the future. In this connection I would like to say most firmly that our wish is that the principle which should prevail in classifying expenditure as compulsory or non-compulsory should be modelled on the text on page 8 of volume 7 of the draft general budget giving the Council's reasons, namely:

"the only expenditure to have been classified as compulsory was that for which no budgetary authority be it the Council or the European Parliament, was, because of the texts, free to determine an appropriation."

I am well aware that this is, if I may say so, an *ad hoc* provision since the Council does not say "undertakes to classify as compulsory only such expenditure as..." but I hope that what has been the practice this year will become dogma for the future. Any compulsory expenditure must apply to all the Community institutions and the remainder is not compulsory expenditure.

Regarding the proliferation of supplementary budgets, eight of these were announced at the outset. Mr Cheysson has told us that five would remain. In this connection we might well feel a certain dissatisfaction. I hope that a way may be found, as far as this is possible, to group together some of the supplementary budgets listed by Mr Cheysson and it occurs to me, for example, that if we could combine those concerning food aid, the EDF—if it has to come in the budget—and the emergency fund, since all these things refer to the same subject, namely Community aid to the Third World, this would have the advantage of showing everything that we are doing for the Third World. By dispersing our action we are giving others the impression that we are not perhaps doing enough. It is true that one never does enough but we are the ones who are doing most and that in itself is a considerable mitigation. I think, therefore, that if these three budgets were grouped together, for example, we would then only have

two or three supplementary budgets, and in this case, Mr President-in-Office, this Parliament could deem itself to be relatively well satisfied.

The third problem that we had was that of the statistical rate. On this subject, I would like to confirm for the future that, even though we have complied with the most restrictive rule, we took this step of our own free will and I would like to insist, for the future, that we could not accept any proposition to the effect that new policies or policies in full development might be accommodated within the margin of increase allowed by the statistical rate. But I would also like to be very honest, Mr President of the Council, and I would add, speaking in this case on my own behalf, for I have not discussed this with anyone, that the converse must be true. That means that if tomorrow we have 200 million in the Cheysson fund, and if next year there is no Cheysson fund, we should not consider that we do not have at our disposal either the 200 million or the factor of increase applying to this 200 million. We shall have to think about this question but what I wanted to say, in any case, is that it is not possible to launch new policies with the statistical coefficient and that means finding a *modus vivendi*, since the application of Article 203(8) after the budgetary procedure would cause doubt to be cast on the legitimacy of the budget at the conclusion of the normal procedure. In these circumstances we must find a solution to this question and I feel that we should do so as rapidly as possible.

I agree that the present texts do not allow this problem to be solved as we would wish, but that merely means that the rules do not fit reality, that our position has not merely a political value as has been said, but also a logical and, consequently, restrictive value, and that the rules should be improved.

Now the Council has, I have to note, left open this question of an exceptional rate to be fixed at the end of the procedure, but the Committee on Budgets, and I hope that Parliament will support it, has in its wisdom decided to remain within the limits of the rate foreseen, thus demonstrating its concern with regard to inflation, despite the scale of the new requirements generated at the same time by the employment crisis.

This having been said, how does the 1975 budget look in the light of the proposals by the Committee on Budgets?

The rapporteur has gone into the details and done so excellently. There is therefore no need for me to dwell upon them. The Socialist Group thinks that, overall, this is a serious, honest and

Spénale

already better balanced budget. I am, of course, speaking mainly of the 'free' part of the budget. It is a fact that compulsory expenditure, both for the Council and for ourselves, continues to form the largest part in terms of budgetary funds.

But this budget appears 'serious' to me in other ways, since an attempt has been made to take social needs and the dangers of inflation into account. The Social Fund will in fact have, including the sums brought forward from 1973 as requested by the Commission, about 70 million, and we have noted the Council's intention to make proposals immediately after the summit as regards the Regional Fund. Here there will be considerable resources for taking action.

The budget is 'honest' because it has greater transparency than previous budgets and because it has been given a more logical basis by all those who have had to explain the reasons for it. It is 'better balanced' because the Regional Fund and the expenditure entered under the heading of non-compulsory expenditure show that the ratio between compulsory and other expenditure is appreciably improved and will improve still further in the future, a fact that is not without interest for our real budgetary powers.

Overall the Socialist Group is in agreement with the Committee on Budgets with regard to the entries adopted and proposed for approval by the Assembly and which I shall not recapitulate.

I shall confine myself to raising a few points. I cannot leave unanswered what Mr Cheysson said just now on a point of detail but which may have symbolic value and some psychological implications.

I refer to the three staff posts entered by Parliament 'in the first round' and deleted by the Council. Mr Cheysson has said that he did not think that Parliament would want to deny to the staff of the Commission the right to have representatives. Mr Cheysson, this expression goes too far. No-one is pretending to deny this right to the Commission's staff. Staff representatives are not entered as such in the establishment plan. On the other hand, Parliament itself has created a post in its establishment plan for a staff representative. This shows clearly the way Parliament is thinking. But once Council told Parliament that this was a problem which should be tackled in the same way for all the institutions, we agreed to organize a consultation on this point in order to harmonize positions. This I believe to be a wise view to take. We were not prepared to force the hand of another institution which felt that we should

wait and consider the matter. However that may be, we have never wished to deny to Commission staff the right to have representatives.

At the end of our discussions in the Committee on Budgets, there remained three essential points: firstly the question of the 53 millions that Parliament had available, in addition to the appropriations of 3 945 million u.a. which Council asked us to enter for Parliament staff. We felt that these appropriations were still available for Parliament's use and were not to be taken out of the 7.3% it had available. Otherwise, all that the Commission or the Council would have to do, in order to destroy for all practical purposes Parliament's power of amendment, would be to leave inevitable supplementary expenditure for staff for the following year out of the preliminary draft or the draft itself. In these circumstances I think that we are in agreement in thinking that these three million are available.

As regards the Cheysson Fund, I would like to say that our position, which this Parliament has already expressed, has not changed. For us, this Fund consists of non-compulsory expenditure, even if we are not in agreement with the other institutions; we shall merely have to come to an agreement on this point. In our view we thus have under this heading an additional availability of 8.5 million u.a. However, whilst firmly stating our position of principle so that the discussion should remain open, the Committee on Budgets has proposed that these 8.5 million u.a. should not be used at the present time and that therefore we should be able to use them in the future only on the occasion of a supplementary budget if inter-institutional agreement is reached on this point. In short, we did not wish to define a *de facto* situation in this case and state the problem in terms of conflict.

Lastly, for the Regional Fund, there are two approaches. The Summit may give figures for a two-year or a three-year programme or may not. In the first case we are proposing to enter the sum that will have been foreseen for the year 1975. I would like to stress the resounding effect that this entry, if it becomes possible, might well have since, if the Summit decided today to earmark a sum next year for the Regional Fund and if, the day after tomorrow, that sum appeared in the Community budget, while of course not becoming operational until a regulation had been adopted, I think the psychological effect would be considerable. In the second case, we note your proposal to table a supplementary budget for the Regional Fund as rapidly as possible.

Spénale

There remain 7.8 million u.a. about which our rapporteur has spoken and for which proposals have been made. One is a suggestion to leave 2.2 million u.a. in reserve in order to show that we are not scraping the bottom of the barrel and that we have kept within our possibilities in order to take inflation into account, and to enter the 5 million u.a. that are left either against innovation contracts as proposed by the Committee on Budgets or against development, through the agency of private organizations.

The Socialist Group considered this problem this morning and its proposal was that these 7.8 million u.a. should be allocated to a conjunctural reserve.

I put the following question to the Council without being sure that it would be able to give me a satisfactory answer. May we say that 7.8 million u.a. remain available and that the Council leaves the right of their disposal to us, particularly in view of the freedom which Parliament had to allocate these 7.8 million u.a. hitherto, giving us the possibility of using them through the supplementary budgets? I am not sure whether there is a point of law enabling you to reply in the affirmative, but I think that everything is possible within the framework of a gentleman's agreement between the institutions. If your reply is positive, we shall draw the necessary conclusions. If it should be negative we shall also draw the conclusions and propose that these 7.8 million u.a. should be entered, unallocated, in Chapter 98 and we shall ask you to be kind enough to accept that these funds be released during 1975 on Parliament's request, which raises no difficulties.

I would not like to conclude without expressing a few thoughts on the course of the budgetary procedure. It has given us very many reasons for satisfaction. The first is the practice of consultation, with the Commission of course—we are used to this—but also with the Council. At all stages of the discussion our contacts have been exceptionally frank and I would like, Mr President of the Council, not to express our gratitude to you—since we consider that this frankness and joint approach are our due—but rather to stress the advent of such relations which promise so well for the future. If the truth be told I must say that the credit for this, to a large extent, must go to the President of the Council and the efforts he has made, and therefore to you Mr Poncelet and to your officials, some of whom have participated very fruitfully in all our work. And mutual confidence has not been the only feature of this consultation. It has been fruitful and has enabled many new points to be brought closer together during its course.

I would, however, wish to make one remark. It is clear that the Council has shown itself to be reasonably understanding with regard to the amendments on which Parliament has the last say, up to the ceiling of the maximum rate. On the other hand it has been far more dictatorial, and far less understanding with regard to the proposed modifications on which the Council has the final decision. It is apparent, therefore, that even within the framework of cooperation on a basis of mutual trust, the behaviour of the two partners is largely determined by the question of which has the final decision. This we should remember when, in the discussions on budgetary powers, we have to establish, by exchanges of letters, the consultation procedure.

Another—and huge—reason for satisfaction has been the behaviour of Parliament itself throughout the budgetary procedure. I think this needs saying, ladies and gentlemen, since we are scattered from Jutland to Sicily; we are harried, all of us having a double mandate and some having even a three-fold or even four-fold mandate; we are shackled, as there is no voting by proxy in this Parliament and we have imposed extremely difficult quorums on ourselves.

There were many who consequently doubted—and it is easy to understand them—whether we would be capable of exercising our present budget powers and were already sharpening up the arguments they could therefore use when it came to extending our budgetary powers. This showed how little they knew the spirit and belief that is alive in our Parliament and the determination not merely to shoulder its present tasks but to justify its claim for wider powers that will give to Community decisions the true democratic legitimation it sometimes lacks and which will outline, for European union, the framework of a parliamentary democracy that is the wish of all of us.

This debate and this moment, Mr President, Mr President-in-Office of the Council, Mr Aigner, will appear retrospectively as having decisive significance and, without exaggeration, a certain historic value. I trust that the Council is already aware of this. I hope that the Summit itself is also aware of it and that in the initiative that we are expecting from the Summit this will be taken into account for the greater good of Europe.

(Loud applause from all groups)

President. — I call Miss Flesch to speak on behalf of the Liberal and Allies Group.

Miss Flesch. — *(F)* Mr President, ladies and gentlemen, with this part-session we reach the

Flesch

last or next-to-last act of a new and lengthy budgetary procedure which has not wholly deceived our hopes in the way it has gone. On the analysis of the appropriations proposed by the amendments now under discussion I have nothing to add to what has been said by the rapporteur, whom I would like to congratulate for his excellent report and also for all the work that has been done throughout the preparatory procedure for our deliberations on the budget.

For the first time, our Parliament has been closely involved in three-sided consultations with the Council and the Commission of the Communities in drawing up the budget and it has been so involved from the earliest stages of budget preparation and not merely called upon to give its *a posteriori*—and therefore simply formal—approval of action taken in the two other institutions.

This consultation will have helped to eradicate any doctrinal habits. It has also shown itself to be an important pragmatic instrument for giving material form to the real strengthening of Parliament's powers. The Assembly has—this needs to be said and Mr Spénale has just pointed this out—also shown that it is ready to assume its new responsibilities that it is increasingly called upon to exercise, particularly by the very large participation in the voting on 14 November which I believe was a pleasant surprise to all of us, but also by the substance and balance of its amendments which have been adopted, at least partly, by the Council.

For our part, we regret as others do, the fact that the Council has rejected some of these amendments, particularly that regarding the Regional Fund. It must of course be admitted that delay has built up in this field and that there was no question of doing everything at one stroke and in a very short space of time, since the regional development programme is highly complicated. I will not dwell further on this subject because my friend Mr Johnston will be setting out the viewpoint of the Liberal Group on this item.

I would like, for my part, to approve the thinking of my colleagues in the Committee on Budgets who, pending the outcome of the Summit meeting have preferred to leave blank the item in the budget concerned. With regard to agriculture, if our understanding is correct, we are sorry that the Council should be reluctant to constitute a reserve of 200 million u.a.

Regarding the restriction on appropriations for scientific research I will repeat what Mr Durieux said on behalf of our group at the last part-session. We consider that, in the present economic situation, hopes of recovery depend on the

progress that we are able to make in the field of scientific and technological research. No-one will be surprised, therefore, to hear that I support the amendment proposed by the Committee on Budgets to the effect that 1.2 million u.a. be allocated to research on the security of the Joint Research Centre.

We have heard that the Council has decided to classify appropriations for the Regional Fund as non-compulsory expenditure. This is a real success for Parliament which has always insisted on the need for strict control to be exercised over all new expenditure whose effects are spread over several accounting periods.

This being so, may we interpret this decision as a measure designed to correct the 'balance-of-power' of the Community institutions? We hope so because we are completely powerless with regard to compulsory expenditure, whereas national Parliaments have some means of influencing them through the agency of their traditional legislative prerogatives.

Our elation, however, could well be short-lived because we are reminded that as soon as the fund is set up the commitment then becomes automatic, as for the EAGGF. For my part, I think that when the time comes we should again have a broad and frank consultation with the Council, since Article 203(8) of the Treaty confers a large field of action on Parliament, particularly with regard to fixing the new maximum rate which, in the extreme case, we could refuse and thus oblige the Council to think again.

The next encounter, therefore, will be that for settling this first supplementary budget for which we should not have long to wait. However, in passing, I would like to stress again my group's opinion that the multiplicity of supplementary budgets is hardly compatible with the transparency which should be the main feature of any valid instrument of forward policy.

Since I am dealing with the points that we regret, I should like to express the disappointment of my colleagues in the group that the date of 1975 is not to be met for financing the budget wholly from own resources. Even if we increase from 60 to 70% compared with the previous year, we shall still be at the mercy of Member States for the remainder which, in fact, amounts to more than 30%, taking into account the appropriations to be allocated in order to launch the Regional Fund.

The major part of the increases in non-compulsory expenditure coming under the authority of Parliament has been allocated for improvements to social infrastructures in EEC countries

Flesch

faced with a difficult cyclical situation for which 3 million workless are footing the bill. Of course, 35 million u.a. will not be enough to cope with all the redeployment and vocational training problems, which promise to be formidable. But the appropriation is important because it shows that our Parliament constitutes the appropriate forum for public opinion in the nine Member States and that it is concerned to give the aspirations of the working classes material expression in budgetary terms. Because of its sense of responsibility, to which I have just referred, our Parliament has so far committed only a part of the 53 million u.a. available. We should keep to this approach and avoid giving the impression that we want to use up the whole of the amount at all costs. Several possibilities have been considered for using up the balance. The most immediate of these is the part-implementation of industrial innovation actions for which the Committee had proposed an appropriation of 10 million u.a. This approach has the part-assent of the Liberal Group because, as I have said, it is on research and long-term initiatives that we should rely to help us out of the blind alley in which we are jammed.

Even so, I wonder whether this is not an idea which has, to some extent, grown old even before coming to flower since this programme, which has always been entered in the budget as a token entry, is already three years old.

If this Assembly, therefore, failed to approve this approach by qualified majority, there is the other possibility, that of allocating these few outstanding units of account to the private organizations actively engaged in development aid.

On this point, please permit me to depart from my role of spokesman for the Liberal and Allies Group which is somewhat hesitant on this point, and to state, in my other office as chairman of the Committee on Development and Cooperation, that, for my part, I can but stress my unconditional approval for any measure of aid supplementing the schemes and actions that already exist at the level of the Community in favour of development. Do I need to remind the House that, as a result of the higher cost of energy products, the share of the countries of the Third World in the world's GNP has again fallen in real terms, so that the term 'developing countries' is, unhappily, becoming more and more of a euphemism.

To wind up these remarks, I would like, Mr President, to express my satisfaction at the dialogue that has been established between the Commission, Parliament and Council and which constitutes a satisfactory development in spite

of the imperfections which remain and which have been pointed out by the chairman of the Committee on Budgets. This development appears to me to be particularly important at this critical time in our economic history when all of us, politicians, ministers and members of Parliament, find ourselves responsible for what I might call managing the unforeseeable, and when we have to hold fast in a society that is evolving at an ever-increasing pace and often in an independent and even anarchical manner. It is up to us to see that anarchy is brought under control.

(Applause from all groups)

IN THE CHAIR: MR MARTENS*Vice-president*

President. — I call Mr Shaw to speak on behalf of the European Conservative Group.

Mr Shaw. — Mr President, I do not propose to speak at any length because several members of my group wish to speak briefly on specific subjects connected with the budget. I would like to deal with the budget in general, recognizing that this year has been an historic year so far as the handling of the budget is concerned, and by the budget I mean the 1975 budget.

Mr President, whilst the total expenditure of nearly 6 000m u.a. may be only small when compared with the gross national product of the whole Community, such a sum must be regarded in its own right as substantial and, as we are taking on new powers and responsibilities this year, must show that we are fully aware of that fact. This, of course, is my first year in the Committee on Budgets and in Parliament, and I would suggest with all diffidence that even to a newcomer the new procedure shows that it leaves a considerable area in which agreement must be established between the three institutions.

Obviously Parliament must be disappointed that none of the proposed modifications has been accepted by the Council. Nonetheless, I believe that there has been during the course of the budget through this House an improving accord between the Council, Parliament and its Committee on Budgets. I believe there has been established a relationship in which discussions can continue and can develop between the Council and Parliament, and I believe that there has been shown that there is a clear desire and indeed more than a desire, a determination that there shall not be, certainly this year, a head-on collision between the Council and Parliament. Of

Shaw

course, this does not mean that there never will be a head-on collision, but I think it is important that there should not be one this year because what we are doing this year is planting a tree, and we have to establish the root and see that they are healthy so that in the future the tree may grow and may prove of the necessary strength to maintain our organization in the years to come. As has rightly been said, Mr President, this is therefore an historic year, and consequently I think it right to say we have spent a lot more time on procedure and its interpretation this year than I hope we shall spend in the future. This, I think, was inevitable, and I hope that we shall, as a result of the discussions that have taken place, so establish procedure that we can proceed with the actual amendments and necessary details of the budget at a quicker rate in the future.

Mr President, one thing does stand out, and that is that we have been this year very, very short of time. Time has been our enemy. Although we felt at the outset of our deliberations that we had allotted plenty of time for our discussions, we have found that at the end of the day we still have much to discuss. Therefore we must somehow get greater flexibility into our programme. I will not develop this point: I developed it last time I had the honour to speak here, Mr President. All I wish to do is to emphasize the need—as Mr Spénale has himself said—for more time to carry out our deliberations and perhaps even more time for consultation.

We spoke at the outset of our debates on the budget this year about the need to keep down the number of supplementary budgets. First, we accepted that on occasion supplementary budgets were necessary, yet we felt that it was so often too easy a way out, a way of escaping our responsibilities. Looking at all foreseeable expenditure for the coming year and coupling it with foreseeable income, I think experience has taught us in our deliberations the difficulties of sticking to our own beliefs and made us realize that sometimes supplementary budgets are necessary.

I believe that we should do our best to keep them down in number and I must say I was depressed when I heard Mr Cheysson tell us that he already foresaw quite surely that there would be five supplementary budgets. Unlike an earlier speaker, I did not interpret his remarks as being that there were likely to be five, but that he already foresaw five and from that I assume that there could well be more. I would like to take up and support wholeheartedly Mr Spénale's point about grouping supplementary budgets in order to increase their impact and, at the

same time, to lessen the number of occasions on which we have to go through the drill. I believe that, like so many of his remarks, that is a thoroughly helpful and constructive suggestion.

Mr President, I would like to say, in conclusion, that we have been very fortunate this year: we have been fortunate in having as our rapporteur Mr Aigner, who has put a tremendous amount of skill and time at the disposal of this Parliament to carry forward our budget proposals. How wise Parliament was to choose him as rapporteur in view of the tremendous changes taking place this year. We would like to thank him very much for all that he has done to help us. I believe, Mr President, that this is an historic budget.

I believe that we have shown wisdom not to meet head-on in any respect but, by way of conciliation and discussion, to reach agreement on all points—well, practically all points—and I hope that what we have done during our budget deliberations has been to set a course that will be of benefit to the whole Community in the future.

(Applause)

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

Mr Terrenoire. — *(F)* Mr President, Mr President of the Council, ladies and gentlemen, for the first time in the existence of Parliament we have had a real budgetary discussion on a real budget in this Assembly.

This year, for the first time, harmonious consultation has been established between this Parliament and the Council.

We are pleased at this real resolve to cooperate shown by the two budgetary authorities and we should like to address our special thanks to the President of the Council and in particular to Mr Poncelet, who has manifested, throughout the consideration of this budget, his keen desire for cooperation in a spirit of frankness and exchange.

Our congratulations also go to the Commission and particularly Mr Cheysson who always shows a spirit of cooperation with regard to the European Parliament. The Group of European Progressive Democrats also wishes to express its thanks and compliments to the rapporteur, Mr Aigner, for the vast amount of work he has so skilfully and successfully carried out, and to the chairman of the Committee on Budgets who has enlightened our discussions with his customary clearheadedness and skill.

Terrenoire

Through these new powers which are beginning to develop, and through the new respect that is at last being shown to us and which we have generated ourselves, our Parliament now occupies a new place in the building of Europe. Of course we still have a long way to go. How many obstacles are yet to be overcome, what tenacity and willpower shall we need in pursuing our efforts? Yet I believe, ladies and gentlemen that we are on the right road. As we all know, it is its budgetary powers that make a Parliament. From the budgetary powers we confer upon ourselves today will stem our legislative powers tomorrow.

Today, the European Parliament has the satisfaction of seeing the scope of its budgetary powers extended a little further. Actually, the basic factor, that is to say the concept of non-compulsory expenditure, a matter of so much controversy incidentally, is the category on which Parliament's rights are wholly based. Initially restricted, this category is becoming broader and broader, and embracing an increasingly large number of items of expenditure. The definition which Council itself has given of compulsory expenditure, namely expenditure for which no budgetary authority, whether Council or Assembly, is free to fix the appropriations, should enable this category to be gradually extended to all expenditure which does not automatically arise from earlier long-range decisions.

Our Assembly thus has, jointly with the Council, the right of co-decision in determining a new maximum rate of expenditure, even though the negative aspect of this right—which is more equivalent to a right of veto—is a matter for regret. Here we have confirmation of the gradual increase in the powers of our institution. We have reason to be pleased with what the new budgetary procedure has brought us, for it has allowed us more or less to lay the real foundations for our future powers and thus to bring an end to the inertia of our Assembly by breathing into it new and reviving vitality.

Even so, as we have heard this morning, some differences of view persist, some reasons for dissatisfaction remain, we still have certain fears. The Council must not take from us with one hand what it gives with the other. In granting us budgetary powers it should not, at the same time, rob the budget of its political value and its forward-planning character by reducing it to a mere piece of book-keeping. This is why, Mr President, ladies and gentlemen, my group considers that the absence of a Council decision on a given action need not prevent the European Parliament from entering an item in the budget, or even an appropriation, for the action con-

cerned—on the contrary. It is precisely this which enables Parliament to exercise fully its role of activator. It is by using the budget as an instrument of Community policy that Parliament will shoulder that share of responsibility which it is its duty to assume. This is the principle underlying our opposition to the practice of supplementary budgets, these too well-known supplementary budgets condemned this morning by so many speakers, which leave a double threat hovering over our institution by robbing the budget of any planning character and at the same time taking over some of the powers devolving to it.

Next we have to record our satisfaction at the broad measure of agreement that has been the outcome of the fruitful consultation between our two institutions and our pleasure at the Council's acceptance of a series of amendments relating to the computer centre, whose satisfactory operation will help to provide a secure basis for Community administration, and relating to information policy which has, up to now and therefore for too long, been one of the weak points in our Community. We can also be satisfied at the understanding shown by the Council towards social action, so necessary in our present times of hardship, which threaten to become worse, and action on the environment, a field that will become one of the equilibrium-building factors of our countries in the next few years.

However, duty demands that we express certain regrets. Firstly, with regard to the somewhat restrictive attitude of the Council towards research—in this connection the Committee on Budgets has accepted our proposal to enter an appropriation of 1 244 000 u.a. for the Joint Research Centre—but particularly with regard to the Council's inflexible attitude in relation to the Regional Fund. Our eyes, however, are now turned, Mr President of the Council, towards the Paris Summit on which we place great expectations.

Our determination will not flag. We will not fail to counter inertia on the part of Heads of State in this area by the energetic action of the European Parliament, nurturing the hope which they do not have, a hope which, we trust, will not, in respect of the Regional Fund, suffer the cruel disappointment of seeing these same states which yesterday raised their voices in favour of Europe, refusing tomorrow to other peoples in the Community the right to a better life in the equality which the Community must bring about.

Today, facing the economic and social crisis which they see and suffer, our peoples expect our political leaders who are meeting today to

Terrenoire

find joint and vigorous answers to their problems. They would find it difficult to understand that, in the critical situation facing us today, no way could be found of arriving at concrete and positive results.

The Paris conference must not be a disappointment. The nations of Europe, the governments which control them, can today find the means. They have today an opportunity to find concrete and practical answers, provided that they are all prepared to work together in the same direction.

This Paris conference has brought great hopes into being and I trust that these hopes will not be disappointed, otherwise one might have the gravest fears for the future of our Community. But let me end on a note of confidence: the way in which the Council has worked with our Assembly in the preparation of the budget augurs well, in my view, for a satisfactory outcome tonight.

(Applause)

President. — I call Mr Poncelet.

Mr Poncelet, President-in-Office of the Council of the European Communities. — *(F)* Mr President, ladies and gentlemen, I should like to thank you for allowing me to reply immediately to the speakers whom we have heard because I am unfortunately unable to be present at this afternoon's proceedings. In France, the budget is now being discussed and this means I have to be in the Senate Chamber at 3.0 p.m.

I would like, straight away, to thank Mr Spénale, Mr Aigner and Mr Gerlach and the Commission most sincerely for the kind and effective help they gave to the Council in the presentation of this budget. For my part I much appreciated the way in which they hoped that the new procedure might go forward in the best possible spirit. I would also like to thank all our staff for the speed with which they were kind enough to prepare the various documents necessary for drawing up this important budget.

A recent speaker referred to the conditions, which are not always satisfactory, and he was right; the best proof of this is the fact that I have to be present in two places at once.

This lack of time sometimes forced us to prepare rather hastily the documents that we are to examine.

I listened to the various speakers this morning with considerable interest. Each of them was intent on making his own contribution to the construction of this budget and to do what he could in order that it should be solidly founded

so that what we built should be strong. But in this field the manner in which we proceed counts for just as much as what we do.

I would like to thank you most sincerely, Mr Aigner, for your kind reference to the climate in which the work was done and for having stressed the excellent relations established between the Council and the Assembly through the delegation chaired by Mr Spénale.

You have been kind enough to express your satisfaction at the Council's acceptance of many amendments made by the Assembly. This corresponds with what I told the Assembly on an earlier occasion when informing you that the Council wished to fall in, as far as it possibly could, with the proposals that were made to it. You then reviewed in detail the amendments rejected by the Council. Amendments have been rejected, but I do not need to remind an experienced parliamentarian like Mr Aigner that, in a discussion where compromises have to be found, concessions have to be made on either side and proposals have to be turned down, because if everything was accepted as it stood, one might well wonder about the conditions in which our discussions are held.

I would also like to thank the Committee on Budgets for its very close and often understanding scrutiny of our budgetary proposals.

I have noted that you wished the Council to give you its assurances as regards staff representation and building loans for the staff. I would be very happy to be able to give you these assurances. The basic problems raised by this question will, I assure you, be considered as quickly as possible and in a spirit of consultation between our two institutions. We have no desire to evade these two problems which are certainly important but which cause the Council certain concerns to which it has not yet found the answer.

I thank your Committee for having left the social action appropriations in the reserves. This will allow more flexibility in their use, depending on the action that is organized.

With regard to the research appropriations, where you would have liked the Council to make a greater effort, I would repeat what the Council pointed out, i.e. that the programmes now under way represent a financial framework which could not, for the present at least, be exceeded.

Since everyone is in agreement that these programmes need to be adjusted, the Commission has made proposals on the subject and is currently preparing new ones. The Council preferred to keep part of the research appropri-

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ations in the form of reserves. Your Committee on Budgets suggests that they be definitely allocated. I have no doubt that this is simply a mere question of presentation and not a desire on the part of this Assembly to disregard the financial ceilings set by the programmes.

With regard to the Regional Fund, an extremely important point on which all speakers dwelt and which, today, is the subject of important discussions at the Summit meeting, it is indeed jointly that we shall have to determine the consequences of the decisions in principle being finalized at this very moment in Paris.

This will call for consultation on the regulations themselves and on the supplementary budget that clearly will have to be drawn up for this Regional Fund.

As regards Community contracts and aid to developing countries I would like to say to Mr Aigner that the Council has stated on many occasions that its position was not determined by a wish not to exceed the maximum rate. The Council has taken its stand with regard to the substance of these two questions and not their consequences in terms of the possible margin of increase in the maximum rate.

Lastly, with regard to the problem of classifying the 'Cheysson' Fund, there is no question of the Council now asking the Assembly to relinquish its position of principle. But it does not seem to me desirable that this debate, which by force of circumstances cannot be brought to an end today, should prevent the adoption of this initial budget. Before moving on to the next speaker I should like to pay my compliments again to Mr Aigner and to say how much I appreciated the kind words that he felt should be directed towards the President of the Council. He said that we had not perhaps succeeded in changing this draft budget sufficiently yet; for my part I would assure him that I also regret not having been able to give him complete satisfaction. Nevertheless, with him, I would put on the credit side the spirit and climate in which our work of examining this 1975 draft budget for our Communities has proceeded.

Mr Cheysson also described the climate in which our budgetary discussions have gone forward as excellent. He felt, however, that he should raise three objections. Firstly with regard to food aid, an important point. A few moments ago I was moved by the words of the Member for Luxembourg on the subject, but I would like to say to Mr Cheysson that I am persuaded that a supplementary budget will be unavoidable in this difficult matter. The fact is that if Europe wishes to give the impression of a great and generous Community it cannot remain too

remote from the countries suffering from hunger. Such an attitude, too selfish by far, would, in the end and perhaps more quickly than some might believe, be our condemnation.

With regard to the 200 million u.a. for agricultural prices, I would like to point out to Mr Cheysson that the additional financial resources for the EAGGF Guarantee Section cannot be calculated solely in relation to price decisions but also in the light of general market trends. Any observer of European agricultural problems would confirm this view but I know that Mr Cheysson is too much in touch with these questions not to know it himself.

On the question of the five supplementary budgets to which he referred and which disturbed one of the members of this Assembly who, in his case, could already foresee a dozen, the Council recalls that it will be relying—and this is not an empty phrase—on the Commission and its good management sense to have no more than one or two supplementary budgets grouping together the various appropriations listed by Mr Cheysson and covering various actions.

For my part, I should think that in a normal procedure a collective supplementary budget introduced early in the summer would be a normal and reasonable measure of good budgetary administration.

I therefore think, with Mr Spénale, that the Assembly and public opinion will have no objection to supplementary budgets being presented this year, particularly as regards the Regional Fund, perhaps, and development aid even more so.

Mr Pêtre, who spoke on behalf of the Christian Democratic Group, regretted that the Council had rejected the Regional Fund appropriations. As you see, this question keeps coming up. I would like again to reassure him immediately, as I have done for other speakers. I sincerely hope that the supplementary budget procedure, particularly after hearing the conclusions of Mr Terrenoire, will provide him with the proof that the Council will, for its part, do everything possible to enable the decision of principle taken by the Summit to be implemented in the optimum conditions and with the maximum of speed. For the rest I would like to say to Mr Pêtre how much I appreciated his closing remarks. He recalled that his group had said at the beginning of our work that they would judge whether the consultation on which we were embarking was fruitful or not. At the end of his address he was kind enough to give his view that it had not been wholly fruitless. I thank him for this even though some of the

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fruit may not have been as luscious and sweet as one might have hoped.

Mr Spénale, your dedicated chairman of the Committee on Budgets, made a major contribution to our discussion, continuously anxious to avoid in any circumstances the onset of the slightest conflict, fearing that this might slow down our forward progress which, on both sides, we unanimously agree to be insufficiently fast.

I am grateful to him for having taken such care to see that these relations, whose satisfactory nature is a matter of such gratification to us, should at all times correspond with our deepest wishes. I believe that if Europe develops in the way we hope, and if we make substantial progress, we shall owe it largely to Mr Spénale. And I listened with much attention, and even some emotion I must admit, to the wishes he was kind enough to express for our Committee on Budgets and for the success of the Paris meeting. I would like to say to him, of course, that I share these wishes; I am sure that they express the feeling of the whole of our Assembly and that all of us, as Mr Terrenoire said in his closing words, hope most ardently that this conference will help Europe to take a big step forward.

In this matter, apart from the efforts that we shall be making, "may God kindly lend his aid" as the poet has it.

Mr Spénale will perhaps allow me to thank him again for the excellent manner in which he has chaired the Committee on Budgets; for although some of you have just been kind enough to make some kind remarks about the Council and its President let me assure you that, without the personal intervention of your chairman, Mr Spénale and your rapporteur, Mr Aigner, I would not have been able to perform my task in the way I did and succeed in presenting this 1975 budget in a climate that we are happy to describe as excellent. This is the reason why, at this point of my address, I would like to express my gratitude to both of them.

I would not, of course, want to go back point by point over the very interesting and frank speech of Mr Spénale. I would say that our points of agreement and the differences that still exist have been brought out very clearly and very fairly. I would like simply to reply to the questions put by Mr Spénale to the President of the Council.

To begin with the Regional Fund, this is an important problem and we would have been the first to be surprised if he had not mentioned it. I think that I have already had occasion

to speak at length on this item but I also think, however that may be, that it is advisable to leave the answer to this problem to a supplementary budget procedure. I think that even if the Paris conference reaches agreement in principle on a figure for 1975, our initial budget procedure should be terminated, under the terms of the Treaty, by next Thursday. This would be impossible if you were to enter Regional Fund appropriations, even frozen, since we would still have to have consultation in order to determine the resultant rate. As regards what I will call the Cheysson Fund affair, all I can do is give you an assurance that the Council will take into account the reservations of principle that you have expressed with such vigour. In any case, once the supplementary budgets are determined, by means of a similar procedure to that applicable to the initial budget, it seems to me that the guarantees you have on this matter are sufficiently sound.

And now I should like to reply to Miss Flesch. Like Mr Spénale she has, most opportunely in my view, stressed the difficult economic situation facing Europe and which we have no right to disregard when drawing up this Community's budget. She has stressed the obligation incumbent on us to do everything possible to secure the workers in our different countries against the threat of unemployment. On this point I would like to say that personally I fully agree with her. In terms which none of us could have heard unmoved, Miss Flesch stressed, after Mr Cheysson, the need to help developing countries. She roundly denounced the anarchy prevailing with regard to the distribution of wealth. Echoing her thought, I could quote to her the words of Jean-Jacques Rousseau in *The Social Contract*, "Do not therefore forget that the earth belongs to no-one but that its fruits belong to all".

Mr Shaw, I had considerable pleasure in being associated with you in a budget that you have described as historic. It is indeed. And it marks a turning point in the powers of your Assembly. I am also pleased that you found cause for satisfaction in the good relations existing between our different institutions. I consider that this is the direction in which we should continue our work—and it was you, precisely, who more or less protested, although your protest was elegantly phrased, about the shortage of time in Parliament—and I have no doubt that you have various duties to fulfil. Tasks pile up in front of you, questions have to be settled one after the other, and I am sure too that you must be wondering whether a better way to organize your work might not be found. I think this item must have been on the agenda ever since assemblies were formed.

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What I want to say is that we shall need all our perserverance to improve the organization of our work if we wish to increase our effectiveness and, as is desirable, to go more deeply into matters. I would therefore ask you kindly to excuse the Council and myself if we demand a rate of work that is not, I am well aware, always reasonable, but is the result, precisely, of the difficulty we have in controlling our work schedules and distributing the various tasks allotted to us.

But this does not prevent me from concluding by saying that good and sound work has nevertheless been done and that those who are in a position to watch and judge us will find that all and sundry, each one doing his own job, have had the will to serve.

In conclusion I would like to thank your last speaker, Mr Terrenoire. In his address it is evident that confidence in the future of Europe overrides the regret that he might fairly feel in certain respects. I would like to say to him that I share this confidence and also that the Council will, as he himself has said he hoped it would, so act that the Assembly will have fewer and fewer reasons for expressing its regret to the Council. Our initial budget is obviously a launching budget. With the supplementary budgets—which I hope, Mr Cheysson, will not be as numerous as some have suggested—on which we are agreed, the 1975 budget will certainly have the political significance that Mr Terrenoire wished that it would assume. But however well constructed it may be, however thoroughly it may have been prepared—and this applies to the 1975 Community budget—a budget is not enough to achieve that united and fraternal Europe to which every one of us is attached. For this we shall need the continuing efforts of men, their will and above all their faith and, to borrow an expression frequently used where I come from and admittedly simple but sincere, if we have the faith—and we have it—and if it is true that it can move mountains, then we shall succeed.

Victor Hugo said: "Those of us who live are those who struggle". These obstacles, these reasons for our struggle, will be swept away because this faith will help us to reach the goal that is the object of our hopes: the construction of that united and fraternal Europe that, as I have always hoped, will truly be the inspiration towards which the developing peoples and nations enamoured of freedom will turn to find their ideal.

(Applause)

President. — Thank you Mr Poncelet.

The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1.20 p.m. and resumed at 3.5 p.m.)

IN THE CHAIR: MR BORDU

Vice-President

President. — The sitting is resumed.

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

Mr Fabbrini. — *(I)* Mr President, ladies and gentlemen, this final stage of the complex budgetary procedure has been preceded by a long and interesting debate, first in the Committee on Budgets and then in this House. This makes my task easy and reduces my contribution on behalf of my group to a simple political statement.

I shall, therefore, be very brief. I shall not even take up the time available to me, for a number of reasons, one of them being that since I am myself no legal expert, I do not intend to plunge, as other colleagues have done, into the intricate labyrinth of interpreting Article 203 on the budget procedure. I shall confine myself to giving a political viewpoint on certain aspects of the budget and on the budget as a whole in order to explain the reasons why we shall be voting against it.

It has been already pointed out at some length this morning by other colleagues who have spoken in the debate that the important feature of the new financial year, unlike preceding years, is the fact that for the first time in our entire history our Parliament is formally adopting the Community budget. This is a fact of undeniable political value and is naturally acknowledged as such by my group. For us Communists, as I have already said many times and wish to repeat today, any act which is designed to transfer to Parliament powers previously held by the Council is a positive one, and this is indeed one such act.

I feel, however, that we must guard against exaggeration and that it is essential to reduce this new feature, however positive it may be, to its true dimensions. I say this because this morning the spokesman for the European Conservative group, with a certain dash of rhetoric, hailed the 1975 budget as a historic one. I feel that a statement of this kind cannot but be

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considered exaggerated when compared with the real degree of change that has taken place. Before we allow ourselves to indulge in rather rhetorical statements of this kind, we must not forget that, in spite of this small step forward, in spite also of that other small step forward which I hope will be taken very shortly with the revision of Article 203 on the basis of the resolution adopted last year by our Assembly, in spite, I say, of those small steps forward which have already been taken and those which it may be presumed will be taken before very long, the institutional structure of the Community retains, I would say almost entirely, the centralized character which it has had from its very beginning and which has been continually criticized by the democratic forces of Europe but has never been breached except to a very insignificant degree.

We must not forget all this, otherwise we run the risk of failing to see the tasks that still await the forces of democracy and our own institution in the process of making the entire Community structure a democratic one.

I should like to say first of all that the very act of adopting the 1975 budget, which we are summoned to ratify by our votes of Thursday next, is more a formal act than one with any real meaning. One reason why I say this is the very small room our Assembly has in which to manoeuvre, that is to say, the 50% of the maximum rate laid down along the lines indicated in Article 203 of the EEC Treaty, which in the 1975 budget comes to a figure of approximately 53 million u.a. out of a total budget of over 6 thousand million, which means that Parliament can bring its independent decision-making power to bear on less than 1% of the Community's entire expenditure, truly an insignificant amount. Furthermore, where the maximum rate fixed in May by the Commission is exceeded, Parliament and Council are obliged to agree on the new maximum rate, which gives the Council excellent opportunities to bring influence to bear on our Assembly. Indeed, in my opinion, we have seen proof of this in the course of our present budget debate, though I trust that the days that remain until Thursday, when we shall proceed to the final adoption of the budget, will see some changes.

The Council has told our Assembly that expenditure which up to now has not been classified, should be classified from now on. This restores order in what we all criticized during the first debate as a crazy situation, since we could not understand how certain headings could be entered without any distinction between compulsory and non-compulsory expenditure. This is certainly a step forward, but the Council,

having accepted the principle insisted upon by us that all expenditure should be classified, has asked that the maximum rate fixed on the basis of the Treaty should not be exceeded.

Consequently, as a result of our docility towards the Council which I criticized during the November debate, we now find ourselves today in a situation where important, in fact I would say vital expenditure, such as the Regional Fund and the 'Cheysson Fund', will be re-entered in the budget under a simple token entry, unless there is some change before the vote on Thursday morning or unless some new factors arise in the situation.

Bearing in mind the Council's viewpoint and the fact that part of our Parliament seems to be leaning towards the idea of a token entry for these two items without any indication of the amount, it must be concluded that we have not profited by the opportunity we have had of entering a precise amount in the budget. Unless new factors arise between now and Thursday, I repeat, the Regional Fund will be simply a token entry in the budget without any appropriation being indicated. And again, unless there are some changes, the same thing will apply to the Cheysson Fund.

This produces the result which the Council intended when it revised the Commission's proposed budget and made many cuts in it. The consequence, which has already been mentioned in this House and seems in practice to have been welcomed by many people, is that from now on we shall be approving the use of supplementary budgets, which we have often roundly criticized in our debates and which have even been criticized in this morning's debate. Commissioner Cheysson said that there would be at least five of these supplementary budgets, but there may even be eight, if we are to judge by the Council decision on the preliminary draft submitted by the Commission.

I know well that the Regional Fund is being debated at the Summit, and it may well be that the Summit has already decided on the size of the Regional Fund for the coming years, including 1975. I also realise that in addition to the confusion caused for some people by the whole matter, there is the additional doubt as to whether this is the opportune time. I should like, however, to remind the House that if, as I already had occasion to say during the November part-session, our Assembly had consistently defended the views always expressed in our resolutions, if it had consistently translated these resolutions into a precise figure, an appropriation which we proposed once again in an amendment

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only to have it rejected, we would find ourselves today in a favourable political situation.

Mr Spénale asked this morning that a certain sum should be re-entered in the budget on the basis of the decisions to be taken by the Summit. I agree with Mr Spénale. We will shortly be made acquainted with the details of the decisions taken and the guidelines laid down by the Summit, but I think it would be wise for us to enter under the heading 'Regional Fund' a precise appropriation rather than a token entry, to correspond to that indicated by the Summit.

But even if this were not the case, that is to say, ignoring anything that the Summit may decide, I still hold that we cannot merely make a token entry for the Regional Fund and that it is our duty to set down a clear and precise figure for this purpose. I should like to inform you in advance that my group has already tabled an amendment on this matter which will be considered tomorrow by the Committee on Budgets and which, unless new factors arise to prevent this, will possibly be discussed also by our Assembly.

These are the points that I wish to make with regard to the budgetary procedure and certain views of it which seem to me to be exaggerated.

I should now like to explain to you the fundamental reasons why we are opposed to the 1975 budget also and why we shall be voting against it.

What I have to say is not new, but this can hardly be held against us, because what I have to say merely reflects positions already advanced by my group during previous debates on the budget. What I have to say is not new because there is nothing new about the structure of the budget and, above all, there is nothing new about the way in which the vast bulk of the expenditure is to be deployed.

I should like to sum up briefly here the reasons why we are opposed to it. The first is the need for an overhaul of the entire machinery for financing the Community, so that the present rules governing budget revenues may be done away with, in view of those inequalities of which many newspapers in our own country have been speaking and which are one of the reasons for the opposition of the British Labour Party, or rather their demands for 'renegotiation'.

In short, therefore, there is a need for a complete revision of the financing machinery.

The second reason is the need for a complete revision of Community policies and above all

of the agricultural policy, which succeeds only in making virtually everybody unhappy without solving the problems of our agricultural system. The third reason is the need for a thorough revision of the budgetary procedure itself with a view to giving truly increased powers to our Parliament. For these reasons, both particular and general, my group feels justified in voting against the 1975 budget.

(Applause from the Communist and Allies Group)

President. — I call Mr Cointat to speak on behalf of the Group of European Progressive Democrats.

Mr Cointat. — *(F)* I shall confine what I have to say to two brief observations.

The first is general in nature. On 14 November the European Parliament passed the budget on first reading in spite of very strict quorums. Many gloomy spirits thought that it would be incapable of taking a clear stand on this important problem. It has proved that the opposite is true and I think that we may take some pleasure in this fact. I hope that the same will be true the day after tomorrow and that our institution will again be able to demonstrate that, when problems that are important and vital for Europe are involved, it can take a position, deliver a reasonable opinion and make known its decision, in spite of extremely difficult voting and majority conditions.

My second comment is of a more specific nature. It relates to the research appropriations. The Committee on Energy, Research and Technology has proposed two amendments to the Committee on Budgets and to Parliament, one regarding the transfer of 13 million u.a. from Chapter 98 to Chapter 33 so that the research scientists might have the whole of their appropriations as from 1 January 1975 and be free of any worry regarding the progress of their work. This amendment has been rejected by the Council, which has nevertheless given an assurance that it would reconsider and reassess the five-year plan as soon as possible. The purpose of the second amendment, proposing an appropriation of slightly over 2.8 million u.a. was to prepare the future and to safeguard the present. With less justification, this amendment has also been rejected by the Council. I took the liberty of asking the Committee on Budgets to review this question and in particular to propose the entry of a supplementary appropriation of 1 244 000 u.a. in order, at least, to ensure the security of the equipment of the existing research establishments, because I cannot think that Council or Parliament could be made responsible if there

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were an accident of any kind. The Committee on Budgets has been kind enough to consent to my request. I thank the Committee for this and hope that Parliament and also the Council will agree to the suggestion of adding 1 244 000 u.a. in order to ensure security and environmental protection at the existing research centres.

President. — I call Mr Marras.

Mr Marras. — (I) I have been given a cue for this speech, Mr President, by the statement made by my colleague, Mr Spénale, when he proposed this morning that the 7.8 million units of account which remain at Parliament's disposal should be set aside for measures to be taken at Parliament's discretion to combat unfavourable economic trends, possibly when we shall be considering the supplementary budgets. However even if Parliament has succeeded, in the social field, in wresting something from the Council, this is in reality nothing more than a drop in the ocean of problems being posed for our Community by the new social realities. Who can deny that, in the twelve months since we considered the 1974 budget, the situation has been completely reversed?

The characteristic features of this dramatic year of 1974 have been falling production, galloping inflation and a frightful increase in unemployment, all of them phenomena which to a greater or lesser extent affect all our Member States but which, as far as the social classes are concerned, particularly affect the working masses, while other social groups have taken advantage of the inflationary process to enrich themselves even further. The main problem is that of unemployment which is by now rushing headlong towards figures of astounding magnitude.

There will probably be from four to five million workers registered as unemployed during this winter, including in particular hundreds of thousands of migrant workers, young people, women and older workers.

This situation is, however, not reflected in the Community budget. In fact, the modest changes in the Social Fund accepted by the Council of Ministers are certainly not such as to induce us to change our basic attitude to this budget, which is one of unflinching opposition. We realize that the Community cannot take it upon itself to deal with a problem so enormous as that of unemployment and of guaranteeing adequate incomes for unemployed people, which, from the financial point of view, would be a problem of enormous magnitude. We realize that this is the specific responsibility of the Member States, and in some of these Member States

excellent results have been obtained. But the question that we ask ourselves is this: Why can the Community not lay down some guideline of its own in this matter, why can it not try to work out some harmonizing measures and show some spirit of Community solidarity? In the draft budget, the Commission had inserted a heading 3051 worded as follows: 'Community system of guaranteed incomes for workers during retraining'. In making this entry, even though it was only a token entry, the Commission was clearly thinking of the implementation of one of the actions set forth in the Social Action Programme adopted by the Community.

But what actually happened? The Commission made this token entry in the budget, the Council of Ministers deleted it, the Parliament had it reinserted and once again it was deleted by the Council of Ministers. It gave me great pleasure to hear the rapporteur, in his speech this morning, warmly supporting the retention of this entry, at least as a token entry. And this brings me back to the proposal made by our colleague, Mr Spénale.

Speaking of the 7.8 million u.a. which remain to us below the increase rate and which we can dispose of, he said that we can use these for measures to combat unfavourable economic trends in various directions. Our group would like to point out one of these directions: it is precisely that set forth in the budget entry which has now become, if I am not mistaken, Item 3052. We would insist that this should remain in the budget as a token entry, and, when we are able to avail ourselves of these financial resources, let us insert them under this heading so as at least to show the unemployed workers and the countries which are suffering most from this situation the Community's resolve to contribute to a solution of this problem and to act in a spirit of solidarity towards those States and those categories of workers most severely afflicted by this phenomenon.

(Applause from the extreme left)

President. — I call Mr Johnston.

Mr Johnston. — Mr President, this is the seventh time I have addressed this Parliament about the need for a Regional Fund and a Regional Policy within the Community. Surely it must be conceded at once that the fact that I have done this so often and that there is still no entry in the budget for a Regional Fund, is a measure of failure. I hope that the summit meeting will produce a Regional Fund. I understand that there have been reports already on the German radio that an agreement has been reached for the

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establishment of a fund on the basis of the Commission proposal. I hope very much that this is true; but whether it is true or not, it is certainly necessary. We in this Parliament must emphasize again the need for it and also, Mr President, emphasize the role that Parliament has played in the long discussions leading up to it.

The failure to have a Regional Fund is not the fault of this Parliament, it is the fault of the Council of Ministers. It is not a failure on the part of the elected people to understand and be aware of the need for it, it is a failure of those who exert nationalist pressures within the Council itself. In this context I really feel I ought to draw the attention of this Parliament to some remarks made by the British Prime Minister, Mr Harold Wilson, last Saturday, or rather which he repeated last Saturday, having originally said them following his meeting with Federal German Chancellor Schmidt.

He said, and I quote him: 'I would like to see the negotiations (he is talking about the so-called British renegotiations) coming under much clearer political direction by politicians who know what is important to their own country, their own electorate, as well as to the countries with whom they are negotiating, and their electorates.' This in fact, Mr President, is what has been happening, and happening for a good many years, in this Parliament.

I have been in this Parliament since the beginning of 1973. Certainly during the periods that I have been here—and from what I have read, before 1973 too—this Parliament, going right across parties and party groups, has consistently taken a very strong positive supranational view regarding regional policy. And this is in some ways a surprising thing when one takes into account the way Members are appointed to this Parliament.

If someone was hypothetically working out a constitution and said: 'Right—how will we have the European Parliament elected?' and then somebody said: 'Well, we'll have it appointed in the way used at present.' I think a lot of people would say: 'But no, that would be a bad thing, because it will not, if it is so composed produce an adequate opposition to national parliaments.' And yet it has—it has done so—although there is no doubt that the political muscle is absent and the political muscle will only come when we have direct elections. Only then, I think, will this Parliament be in a position in which it will exercise real power.

Therefore, I would say this, Mr President: I understand that at the Summit, President

Giscard d'Estaing is urging most strongly that we have direct elections by 1980. I say to him, good luck, and I only wish that the British Prime Minister had a similar democratic and progressive view.

It is always said, mind you, of people who criticize their own governments, particularly those who, for political reasons, criticize their own government at a moment of negotiation, that they are undermining the negotiations and, therefore, that they are letting the side down, in the English phrase.

This, Mr President, is the only elected body in Europe with powers and responsibilities where men and women count ideas of more value than geography. The achievement of rational political solutions is of more lasting significance for the individuals within their countries than the blurred and fleeting chimera of nationalism. I believe therefore, that here we do not 'let the side down' if we speak about the things we believe in, and I think that it is worth restating that in this area Parliament has an impeccable record of pressing again and again for the introduction of a Regional Policy, and for having done it across party boundaries.

I think, further, that it is a very significant thing that it is the democratic supranational Community institution which has most clearly seen the value of diversity, and the need to look beyond economic equations to the things which are themselves beyond value in terms of human resources. And it is significant I think, for all our countries, that this has been said here. The argument against the Community in all our countries is that it produces great centralized institutions, which are only concerned with begetting more centralization. Yet here, in this Parliament, we have been more concerned with this need than any other institution within the Community. The Commission has done great work, but we are the only elected institution which has recognized this need.

I would like to conclude by making three short points about the nature of the Regional Fund. First of all, it is almost exactly a year ago today that I said last December, 'regional policy is not simply about sharing the prizes of expansion, it is also about sharing the burdens of adversity'. And I think that what was said a year ago is even more pertinent and evident now. Mr Wilson, when he spoke in Britain on Saturday, said: 'I made clear earlier in the week that what we are concerned to do (in regard to regional development) is to redistribute employment opportunities in industrial expansion as between prosperous areas and those most in need of development within Britain.'

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I believe, as a British Liberal, I believe as a Member of this Parliament, that our common political task is to be concerned not only with redistribution within our own countries but to think of others as well.

That leads me to my second point, which is that if, indeed, it is true that agreement has been reached on the establishment of a fund, its operation must not be based on the *juste retour*—it must not, I repeat, be based on the *juste retour*. My own Prime Minister, Mr Wilson, and again I quote him (You are getting a fair measure of 'Wilsonian' quotations this afternoon), made as one of his conditions for renegotiation: 'new and fairer methods of financing the Community budget, so that our contribution to Community finances is fair in relation to what is paid and what is received by other Member States'. Now, the Community will never work if it is simply operated on the basis that you get back the same amount that you put in. It will never work on that basis at all. I think it is important to say to you from Germany, from France, from Belgium, from the Netherlands, from Luxembourg, from Italy, from Denmark, that the view that the British Government appears to be taking at the moment—i.e., we will take as much as we can get and give as little as we can give—is not the view of all the British political parties and is not the view of all the British people, and I think it is important to say it.

(Applause)

For my third, and last point, I would quote a speech that I made in this Parliament in July of last year, in which I said that Community Regional Policy will be judged and will be effective according to its capacity fairly to identify the areas of real comparative need within the Community according to objective criteria, not according to its capacity to respond to the best promoted parochial demands. That is why I, and indeed my group and the Committee on Regional Policy and Transport—in which the work of Mr Delmotte is particularly significant—have all always supported the attempt by the Commission to seek objective criteria in the disbursement of the fund. Unless it is operated on a basis of objectivity, the exercise is valueless.

In conclusion, Mr President, I say that regional policy, the establishment of a Regional Fund, is really at the very heart of the future of our Community.

It is all about doing together what we cannot do alone. It is certainly about retaining and rejoicing in our own individuality. Indeed, I am very proud to be a Scot, as perhaps Mr Durieux is

to be a Frenchman, but we must look beyond this to our common political problems and our common political objectives, and the most effective way of doing this is through a Regional Fund. Do not forget, Mr President, it is the fit man who takes out an insurance policy; if you are sick it is already too late. And therefore, I would say, to Germany, to the Netherlands, who have been doing reasonably well in the Community so far: you have much more right to talk about the *juste retour* than Britain, but knowing the unpredictability of economic matters, you may not be doing so well tomorrow either. And I would equally say to the United Kingdom: all right, we have found oil by good chance in the North Sea. We were lucky, but that oil will only last so long. In Britain, in Scotland were I come from, some people say that if we have oil we can say no to everybody else. I do not believe that is the right attitude at all.

Therefore I would say that without a Regional Policy the Community will perish and will plunge back into the nationalist internecine warfare that we saw in the past. Without a recognition of supranationality, we will not have a regional policy either. The two things are linked. And on behalf of the Liberal and Allies Group, I am pleased again to say to Parliament and to the Council meeting in Paris: you must have a Regional Fund if our Community is to move forward in the way that all we politicians want it to do.

(Applause)

President. — I call Mr Gerlach.

Mr Gerlach. — (D) Mr President, ladies and gentlemen. The President of the Council, Mr Poncelet, has said today in his speech on the positions taken by the Council of Ministers that the debate on the budget is a dry subject.

I think that anyone following the discussions with attention would have to concede that it is in no way a dry subject but rather has reached the stage when Parliament is able, finally, to thrash things out with the Council of Ministers in a genuine way, and that we have done today.

Personally I cannot help—and for this I ask your indulgence Mr President—looking back 8 years. Everything that has been and is being said today is heeded, quite automatically; but previously, eight years ago, it was automatic for no-one to take any heed of us, neither the Commission, nor the Council of Ministers. In the meantime we have, I believe, achieved institutional progress showing clearly that the Parliament, even if it has no legislative powers

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and even if it has not been directly elected—incidentally I nevertheless feel I am a directly elected representative—can impose itself, provided it has the heart for it, and this is what we have done.

By and large this is the background to what has been said today in detail regarding the European Parliament's budgetary powers. I would not like to lapse into repetition and—although this I would like to do—analyse the question of compulsory and non-compulsory expenditure. There is only one suggestion I would like to make, specifically directed to the Council. In future the Council should, and this is my request to it, guard against presenting Parliament with accomplished facts—in acknowledging that the expenditure now entered as non-compulsory is provisional—but should, as stipulated in the Council's introduction to the budget, establish the classification of expenditure as compulsory and non-compulsory by agreement with Parliament. This means, in other words, that there should be no repetition of what has happened this year for the 1975 budget but that we must find a basis for cooperation in this question as well—and we certainly shall find it—giving us the right to work jointly with the Council on establishing compulsory and non-compulsory expenditure.

Mr Johnston, you spoke with warmth regarding the Regional Fund. Here I would like to make it clear that, in agreement with the Commission, it has already been established that the Council of Ministers has unanimously classified the Regional Fund as non-compulsory expenditure and I can confirm your information that the Summit conference has decided to allocate a sum of 1 000 million u.a. to the Regional Fund for the first three years. That was decided today. I believe that we may take some satisfaction in this news and underline the unanimous decision of the Council to the effect that this expenditure is not compulsory so that, for 1976, we shall be in a position to concern ourselves to a greater extent with this Regional Fund.

I have, ladies and gentlemen and Mr President, no doubt that we have been and are well advised to classify the Cheysson Fund among the non-compulsory expenditure. Mr Cheysson himself has referred to this point again today and we should give a little thought to the question of whether we are not, if we uphold Parliament's decision, cramping ourselves in our margin of manoeuvre.

We shall certainly be discussing this further in the Committee on Budgets.

I would also like to bring up again the question put by Mr Spénale to the Council: what will be

the situation with the 7.8 million u.a. if we enter it as a reserve for us? Would the sum remain available, even if we have to agree with the Council on a rate of increase, because we now have the Regional Fund on top of it, no doubt in the first supplementary budget. If we are given no clear assurance that the 7.8 million u.a. remain to us as a margin of manoeuvre then we would be induced—and this I must say quite clearly to the Council—to enter the 7.8 million u.a. in the budget. Mr Spénale had made the proposal to enter the amount, in this case, in Chapter 98.

I would like to add a small question mark to this because, in certain circumstances, we lose the right, once the budget has been passed, to influence the way in which appropriations under Chapter 98 are transferred on Council decision to other budget items. This we need to check again closely.

Now a last point. As Parliament's rapporteur on the budget I would like to state clearly to the Council that the 3.9 million u.a. that the Parliament, at the wish of the Council, entered in its budget for increases in staff costs come into the first margin of the 14.6% rate of increase and that therefore the Council may not assume that we would agree to accommodate this rate of increase in our 7.3% margin. By no means, since the Council was unable to decide to inform us of the correction factor—as worked out by the Council and as applied by the Commission—early enough. We thought a more proper procedure would be not to anticipate the correction factor but to wait on the assumption that the Council would inform us of the amount in good time. This, however, it did not do but urged us, in connection with its own budget, to take this step on our own initiative and meet the wish of the Council.

To repeat, the 3.9 million u.a. for the increase in European Parliament staff costs, including the increase in cost for the Audit Board and for the ECSC Auditor should ideally be classified in the first 14.6% rate of increase. Here, Mr President, I feel that I can speak to the Council in the name of the whole Parliament as rapporteur for the budget of the European Parliament, so that no uncertainty should remain with regard to our position and I would like, even so, to consider that this will not be a point of dispute if the harmony between the Council and ourselves is to be maintained.

(Applause)

President. — I call Lady Elles to speak on behalf of the European Conservative Group.

Lady Elles. — The European Conservative Group welcomes the Council's approval of the amendments and modifications to the budget proposed by the European Parliament and in particular to those items relating to the implementation of social policies, all of which amendments were supported, if not originally tabled by my group. The Council has at last, if I may say so, shown some awareness of the deep concern felt by representatives of the European Parliament, indeed by all parties from all Member States, noting with regret of course the absence of my Parliamentary colleagues from the British Labour Party. We all in this Parliament have supported action to be taken in the social field, and this concern is evidenced by the figures in the modified budget before us. Over three-quarters of the amount on which the European Parliament has some say in expenditure is to be devoted to social action, something like 37.5m u.a. out of, as I understand it, about 48m u.a. If proof were ever needed that the European Parliament is concerned with the human aspects of our life, we have proof in these proposals today. We do not say that this is enough: no amount of money in the social field ever is enough. We can never attempt to cure completely the poverty around us. But I think that the budget proposals we have made from this Parliament are evidence of our deep concern to alleviate poverty and furthermore to have some means of combating the inflation and economic situation facing most of our Member States, if not all of them.

The flexibility provided by this non-compulsory section of the budget enables the European Parliament to respond immediately to the needs of the Community. We are now seeing delayed action, if I may put it like that, to combat the effects of the rise in price of oil last November, and if we are now going to be faced with a considerable amount of unemployment, we in this Parliament have been able to take immediate action through these proposals in the non-compulsory section of the budget to try and meet these particular problems. We do not of course pretend that we will solve the problems, but we are able, at least, to show our resolve by demanding that money be spent in this particular field to assist those who will suffer unemployment and poverty as a result of the external economic pressures affecting the Community from all sides. And so it is on behalf of my group, Mr President, that I express approval of the Council's action. In particular, of course, we are more than pleased that the 35m u.a. have been restored to the European Social Fund, so that the Commission, together with the European Parliament, can implement the necessary policies.

I know the European Parliament will tolerate it if I say how delighted I am that 50 000 u.a. have been devoted to a documentation centre on conditions of work for women, a very much neglected part of the Community, but nevertheless representing over 50%, and therefore I, in particular, do commend that this money be spent towards improving the working conditions of women, who do so much towards the progress and development of the European Communities. Thank you.

(Applause)

President. — I call Mr Lenihan.

Mr Lenihan. — Mr President, I would like to join with my colleagues who have spoken about the consistent attitude adopted by this Parliament and indeed by the Commission towards the Regional Fund since the original decision was made at the Paris Summit to establish such a fund. Certainly, there were differences of opinion between the Commission and Parliament on the nature of the fund, the size of the fund, and the manner in which it should be distributed. But at all stages, both the Commission and the Parliament have been consistent in their view that it was imperative to establish a Regional Fund on a Community basis.

The frustration of the past twelve months has been caused by the attitude of the Council of Ministers.

I understand from the latest press reports that at last, after twelve months, this has been remedied and that the Council of Ministers has now agreed to establish a fund in the region of 1 000 million u.a. This bears out how right this Parliament was to have a sum entered here in the budget for 1975. This proposal was rejected by the Council of Ministers, but the matter can be rectified between now and Thursday, as Mr Spénale and others have emphasized, by entering in our budget for 1975 an appropriate amount of the sum that emanates from the present Summit Conference. My group intends to put in an amendment, setting out what sum we feel should be entered for 1975. I understand other groups are doing the same thing. Then we can consider the matter tomorrow and decide by way of vote on Thursday, what specific sum we here at Parliament decide should be entered for the first year of the three-year operation of the fund. This is the way Parliament should work.

I will not go into the details of how the fund should be administered, or the criteria that should be adopted. I fully agree that need should be our criterion rather than merely allocating funds to particular states within the

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Community. As long as need is the criterion established in regard to the fund, I think the wishes of this Parliament, as expressed by all the groups in the Parliament, will be fully satisfied.

I would like, in conclusion, to suggest that, in the future, we adopt more efficient budgetary mechanisms and indeed I am reiterating here what has been said this morning by the Commission. The whole notion of supplementary budgets and non-allocated budgetary expenditure is totally wrong. It is very bad budgetary policy when, after consideration by the Committee on Budgets of this Parliament, after a number of debates in this Parliament, after consideration by the Commission, we cannot have sums of money entered for each aspect of the budget that this Parliament and the Commission consider needs to be attended to. The amount can be a matter for consideration by the Council of Ministers. If this Parliament and the Commission agree in principle that a particular area of social or regional or other activity needs to be attended to by way of the budget, a token sum should be entered in the budget.

That is the proper way to do business rather than have a situation where, as the Commissioner said this morning, we will have five supplementary budgets after this final budget. These five supplementary budgets will extend into several hundred million units of account of expenditure over various areas of Community administration. At the present time we do not know where we are going in these areas of budgetary activity.

The situation has been rectified in one area, I understand, by the Summit decision today but we must not allow this situation to arise again. In the future we must present to the Council a complete budget with realistic sums entered in that budget, sums we consider to be necessary and adequate, and leave it then to the Council of Ministers, giving them the responsibility of saying what monies should be allocated under the various heads which we think appropriate.

I would like to say, in conclusion, that I hope we have a constructive attitude towards the amounts that we will be putting forward from our various groups on Thursday and that we will reach a constructive decision in that regard. I might say that, as far as our group is concerned, we propose to table an amendment this afternoon entering a sum of 300m u.a. for the first year of operation of the Regional Fund. Thank you Mr President.

(Applause)

President. — I call Mr Hill.

Mr Hill, chairman of the Committee on Regional Policy and Transport. — Mr President, it is a great pleasure for me today to rise as chairman of the Committee on Regional Policy and Transport, because we have reached a day that comes not too often in our Parliament. I understand from the telex from the Paris Summit Conference that they approved 1 150m u.a. for the first three years of a Regional Fund. I quite agree with Mr Lenihan that we should indeed insert a supplementary budget for whatever sum is appropriate for the first year of operation of this fund.

In the Committee on Regional Policy and Transport we have many experts, experts on transport problems in the regional programmes and industrial and farming experts, and today it is a source of great satisfaction that at long last we have a Regional Fund.

In my experience of Community work so far, I realize that we have suggested time and time again that the Fund should show to the people outside the Community the unity that is growing within the Community itself. If here today, or certainly in Paris, the establishment of a Regional Fund had once again been delayed, it would have meant almost a death blow to the ideas of unity, certainly for those nations such as the Republic of Ireland, Italy and the United Kingdom who, as peripheral areas, do need a great deal of help from the Regional Fund.

This Fund of course is only a back-up support for Member States' own programmes, with only a 15 to 30 % grant to these regional policy programmes. But the sum that the European Parliament, the Commission, the Council and all those that are interested in the unity of Europe have subscribed could certainly multiply 10 or 15 times over and could mean a great blossoming of our regions throughout the Community. It could be used for such projects as the Messina Bridge or for the development of certain areas in Ireland that so desperately need a regional policy development fund, and it could, I am sure, be used in the United Kingdom for some areas where there is great industrial decline.

Mr President, today is a happy day for me and my committee. It has meant the end of much work. We are proud indeed to be associated with the decisions made by this European Parliament and I hope that at the end of this debate the Council will reaffirm that there is indeed a very large Regional Fund now in existence and that we can go forward from there. Thank you very much Mr President.

(Applause)

President. — I call Lord O'Hagan.

Lord O'Hagan. — Mr President. I think all the signs are that all of our countries are in for a bad time economically. All the economic indicators are going down and only the ones that we hope will never go up, such as unemployment, are going up. Looking ahead to this sort of future, it becomes even more important that the EEC should change its nature, from being a successful market, into something with more of a human face, and into something more like a genuine community.

Since I've been a Member of this Parliament, I've watched with great interest, and I hope made a small contribution too, to the development of the social policy of this Community. And I've noticed that since Britain became a Member, the Community as a whole has gradually begun to spend more money on its social policy, so that in 1973, we were spending £93 million, in 1974 £128 million and in 1975, what with the amendment submitted by the Parliament and recently accepted by the Council of Ministers, we should be spending £160 million.

Mr President, I hope you will excuse me giving these figures in my own currency but it is very important that these figures should become better known to people who think in terms of that currency. Now the Social Fund, which will receive and has received the money about which I am talking, is the only active instrument of the Community for dealing with employment and for combating unemployment. I am sure Chairman Hill, if I may give him that Maoist title, would agree with me, in saying that social policy and regional policy, if they are to work at all, must go hand in hand, so that if the Regional Fund is now to take off and to become something that is really going to play a major part in helping the underdeveloped regions of the Community, the Social Fund will need more money to boost the Regional Fund's activities. I, as a member of the Committee on Social Affairs and Employment of this Parliament, am therefore especially grateful to this Parliament's Committee on Budgets for the successful efforts that they have made, in persuading the Council to reinscribe the money that the Social Fund was originally intended to have by the Commission.

Now Mr President, there are many people in my own country—at least there are quite a few of them in parliamentary circles in my own country,—who regard members of the British Parliament who come here as traitors. I don't take that view; I take the view that the concept of parliamentary democracy is too important to be left to the nation state. I am sure, Mr Presi-

dent, that most of us in our own countries are aware that national Parliaments have suffered difficulties and are perhaps not so strong as they used to be. In my own country this is not the fault of the British Parliament; it is the result of the growth of modern bureaucracies, the complexities of modern government, the increasing interdependence of economies and the whole gamut of problems which now confront individual governments, which have become almost inextricably complex. So the parliamentary ideal needs reinforcement, if it is to continue, especially in times of economic crisis. I do not want to see the end of national parliaments. It's not my job to come here and subvert the British Parliament. But to those who say the British parliamentarians who are coming here are undermining the British Parliament, I would say that we are reinforcing the concept of parliamentary democracy by proving that that concept can be made to work at a wider and more far-reaching level, not replacing national parliaments, but acting in concert and in parallel with them.

It has been said at home that this place is either a menace or a farce. It's not a farce, Mr President. The budgetary procedure of this Parliament as conducted by the members of our Committee on Budgets has shown that this institution has a growing capacity for being taken as seriously as any other institutions of the Community. As I mentioned briefly, this Parliament has played an important part in changing the nature of the Community to something more concerned with human actions and has stressed the social side of the Community's activities. And so I would answer the above criticism by saying that the European Parliament may not be perfect, but it is not a menace, and it is certainly not a farce. I believe it to be the best hope for European democracy.

If my presence here is explained by the absence of the British Labour Party, as perhaps it may be, and if one day direct elections come, and through their coming it is not possible for Members of the House of Lords to come to this place, I hope that what little I have done will have been as part of a contribution to show that those who believe that the future of the parliamentary system lies only with the national parliaments are really prophets of a golden past, who are looking into the history of this system and not its future. It is as a servant of the future of the parliamentary ideal, that I am proud to be here today, witnessing the major success of this Parliament in dealing with its new budgetary powers. Mr President, thank you.

(Applause)

President. — I call Mr Deschamps to speak on behalf of the Christian-Democratic Group.

Mr Deschamps. — (F) Mr President, ladies and gentlemen, the problem on which, in the name of my group, I would like to speak to this Assembly this afternoon, is obviously that of this margin of 7.8 million at our disposal and of which we should make the best possible use. A proposal has been made and, as far as our group is concerned, it takes the form of an amendment to the effect that five million should be used for operations in favour of developing countries by the agency of private organizations.

When our budget was being discussed at Strasbourg last month, you know that on behalf of the Committee on Development and Cooperation I spoke in favour of the entry of appropriations for the Cheysson Fund, part two, and the entry of appropriations amounting to 10 million u.a. precisely for actions of the type of those to which I am referring again today. At that time, you will remember, this proposal received 92 votes in this Assembly, that is to say one less than the majority required for it to be entered in the budget. I think that this is a clear sign of the firm resolve of a very large part of this Parliament that these sums should not be withdrawn from an action in favour of the developing countries to which, it must be admitted, we have not been over-generous in the general drafting of the budget.

I have bowed, and I said this again yesterday in the Committee on Budgets, to considerations put forward by your rapporteur in favour of positions of principle which had at all costs to be safeguarded, and I understood these reasons. But I said that they could not be upheld against and to the detriment of the developing countries and that, therefore, in view of this understanding position that we took, we in the Committee on Development and Cooperation, given this essential position of principle which Parliament was upholding, expected that everything that could be done for the developing countries in the present context would be done — without adversely affecting this position of principle. It is for this reason that I revert to this use of the 5 million. I think and insist that we cannot go back on undertakings that we have entered into and to which, only last month I repeat, we displayed so great an attachment. The fact is that if we were to break faith with our declared intention, if we failed to translate it into figures corresponding to what we had intended, at least within the limits allowed to us without affecting our position of principle as Parliament, we would — and this we should consider carefully—lose our credibility in the

eyes not only of the other Community institutions—and I am thinking particularly of the Commission, which has shown itself to be very understanding in this field—but also of all the developing countries. I think we should be logical with ourselves. It is our duty to make proposals and those that I am going to make on behalf of my group are concrete, realistic and objective proposals for using the money.

They are concrete since the actions to which I propose these sums should be allocated are actions which can have an immediate effect, undertaken without loss of time and for which projects for utilizing them exist. They do not involve studies or the finding of formulae. They are not a question of spending for spending's sake so that we can say we have done something for the developing countries. All too often actions are undertaken which do not appear to have any beneficial effect on the countries for which they are intended. Some, which look as though they ought to be put into effect, cannot be. Even though everybody agrees that they would be useful in cultivating conditions of progress in the developing countries or even vital as a means of safeguarding the lives of these countries' populations, they cannot be put into effect because the slowness involved in applying the funds, using official procedures, means they cannot be undertaken in time.

Conversely, and experience has proved this on many occasions, initiatives taken by private associations and organizations can, because of the flexibility of such organizations, achieve the objectives quickly enough to be really effective. I would add that the actions we have in mind are objective, that we have none of the ulterior and partisan motives that some people charge us with, and that, in proposing this, we are thinking not only of an organization which, in Belgium for example, is called Socialist Mutual Aid, but also of the Red Cross which includes organizations with more specifically charitable features. No, we are proposing actions which are at once concrete, realistic and objective. And here I should like to put a very specific question to the Commission and in particular to Commissioner Cheysson. We believe that immediate possible uses exist for these five million and I would like him to give us just as specific an answer on this specific question because I think that in this matter, in arguing for this project, we are defending a position that has always been that taken by the Commission itself.

This is why, Mr President, I hope that on Thursday, when we table this amendment, we may be able to say to you that not only does the use of this sum correspond to the general

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wishes expressed by this Parliament, not only does it enable objectively sound and realistic actions to be undertaken for all concerned, but also—and this I would like to hear from Mr Cheysson's mouth—actions that can be immediately put into effect.

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, I believe I should be failing in my duty if, after this interesting and long debate, I were not to say a word of thanks; a word of thanks for the many bouquets that have been handed to me, whether by Mr Pêtre, Mr Spénale, Mr Shaw, Miss Flesch or Mr Terrenoire. I would like to express my sincere thanks, but I would also like to pass these bouquets on, for I am no more than the rapporteur of a committee; I do not even call myself general rapporteur, lest attributes should be ascribed to me which I do not have.

I am rapporteur and have endeavoured to reduce the differing opinions of Parliament to a basis for negotiation with the object of achieving a satisfactory result. I would like therefore to pass on these thanks, first and foremost to the Commission, and not only to Mr Cheysson but also to his officials, Mr Van Gronsveld and Mr Strasser. They have held themselves available, day and night, to the senior officials of the Council and I believe that, without this concerted action, such a harmonious result—although here and there this is still a matter of doubt—would not otherwise have been attainable.

Mr President, allow me however to say one word which I believe to be particularly necessary at this moment when considering the various contributions to the debate with regard to the Regional Fund.

The firm decision was taken in the committees, groups and also the Committee on Budgets that we would adopt this budget this year and would not therefore embark on the second maximum rate procedure, provided, and this was the condition, that we could be assured of a clear decision by the Council regarding regional policy activities—and here we naturally based ourselves on the twice 150 million proposal. The information that we have received today justifies us in assuming that this will materialize. Tomorrow we shall receive the relevant declaration. But I would beg you—and now I am also pleading in the interests of regional policy activities—to bring this budgetary procedure to an end now, since otherwise we shall delay the whole procedure which would serve no-one's purpose.

Mr President, I also say this for another reason. As your rapporteur I had to use and propose to you for the first time a procedure that is not definable in the essential legal provisions; a procedure for which, to use a proverbial saying, if you have four fully-qualified lawyers you need not four different legal opinions, with such an inadequate interpretation, but five. This is the situation. I am a lawyer too but I cannot, and this I would ask you to understand, prejudge legal interpretations to the disadvantage of Parliament no matter how favourable the climate of the negotiations between Council, Commission and Parliament. For I do not know what the climate will be like tomorrow; it may be said: you yourself interpreted the procedure in this or that sense. You have yourself undermined your legal position. For this reason I beg that the second maximum rate procedure and these words I address to Mr Spénale, my friend of many years—should not be made subject to the pressure of time.

We should therefore adopt this budget and ask the Commission to table the draft supplementary budget as quickly as possible. In this case there will be no adverse effect on our national Parliaments, and our national cabinets, since they know that the passing of this budget is, to a certain extent, in accordance with the decision of the Summit conference, that is to say, of the Council, and that this expenditure must be taken into account in the consideration of their own budgets. To this extent I therefore ask you that here we should be careful, simply on account of the basic discussion over a new procedure which will present us with many more difficulties.

Mr President, I would like to close with two comments addressed to two speakers. I would like to thank Mr Fabbrini sincerely for his excellent, detailed and expert collaboration in the work of the committees. This makes me all the more surprised at his general approach today. He says that we should not be talking of an historic procedure or a breakthrough. Will Mr Fabbrini please forgive me if I suggest that you listen for once to Moscow radio or read the Moscow papers. A little time ago they contained the following words: the divided mini-Europeans have succeeded in making the breakthrough and now they can take decisions over the heads of national cabinets by majority decision of a supranational body. That is Moscow calling. I feel therefore that they have clearly understood that, with this budgetary procedure, a new structural element has appeared in the Community; we are not divided mini-Europeans, Mr Fabbrini (and it is not, incidentally, only to you that I am speaking) but, and here I would like to repeat what Lord

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O'Hagan said—we are sworn to make the European Community effective where national governments can no longer be effective because their structures are out-dated. Europe has never been a geographical term for me or for anyone of us present—at least this is what I believe; it is a concept of order and I would like to quote the words of the late French President General de Gaulle who once said “We want a Europe stretching from Vladivostok to Lisbon”. Right, such a Europe must not be a mini-Europe, but there is one thing that is indispensable to it: it must have no concentration camps and must really respect the dignity of man. That is our principle and it is why we here are no mini-Europeans and why we regard these actions as a breakthrough for our Community.

Now a word to Mr Johnston. I was very pleased to hear your speech. It was no diplomatic speech but that is not what is wanted from a parliamentarian. We should say what we feel, what we think and what we want and I am very grateful that Mr Johnston, precisely in connection with regional policy, has referred to the question of solidarity. And he has appealed to certain countries and to the parliamentarians of certain countries. Mr Johnston, I can say this to you and the representatives of the Council will confirm it; I have threatened the Council as your rapporteur, that the outcome will be total conflict between Council and Parliament if a positive decision is not taken on this subject by the Council and ourselves together.

Without solidarity, in any case, we cannot build Europe and this fund is, once for all, an essential expression of this solidarity. It is simply not true that, in the Community, there are only those that pay and those that collect. If this Community achieves its goal everyone in the Community will share enormously in the gains of this Community. And everyone who hinders this Community will share in the Community's loss.

And therefore the question of a *juste retour* should be reduced to the question: to what extent has a national government the capacity really to carry through certain things under the banner of solidarity? we have to establish where the limits to this capacity lie and see how far to go.

And you are right—and now I am speaking not as a German but as a European delegate—naturally it provokes trouble, among German public opinion as well, when a Prime Minister who only a few years ago said: “We are joining the Community even if we have to bludgeon them into it”, then, because he believes he will

be able to get better results in his home policy with another formula, suddenly does an about-turn. Naturally you cannot expect just to demand things from a Community and then refuse to give anything. And if this Parliament—I am no diplomat either—had to award a badge for the most unreliable politician of this year, I would have a proposal straight away.

Mr President, what I have to say now, it should be noted, is outside my role as rapporteur, but without solidarity the Community will not be built and therefore we should also be happy at the decisions of the Summit conference which means that, in the regional fund, we have at last achieved a breakthrough to this solidarity within this procedure as well.

(Applause)

President. — I call Mr Spénale.

Mr Spénale, chairman of the Committee on Budgets. — (F) With regard to the procedure in relation to the entry or non-entry of the appropriation for the European fund in the budget, Mr Aigner has stated his position; I myself do not have one yet. I think that there are already a fair number of proposed amendments in circulation, which we cannot yet define—neither he nor me. Tomorrow morning the Committee on Budgets will be meeting. We shall weigh them up.

I should now like to deal with the notion of a *juste retour*; here we need a brief analysis, in passing, at doctrinal level. There is no fair return. It is exactly as though you took a ticket to go somewhere and do not go because you want to stay where you are, and because you want to keep in your pocket all that you would have spent on going, because you don't want to go! We have adopted the own resources system in order to get rid of the fair return idea. But it still keeps worming its way back.

I remember the case tabled by the German government after we had harmonized customs revenue and when it was found that, with customs revenue being the same everywhere, products which entered the Community could come in anywhere and then find themselves ‘in free circulation’ throughout the Community: in other words they paid no further customs duty when leaving the country through which they had entered and going into the next. Then it was noticed that large quantities of products which were going to be consumed in Germany came through the large ports in Holland and that it was the Dutch budget which received the revenue whereas the German taxpayer was paying for it. The German government then put in a request that Holland

Spénale

should pay it back the money... on the basis of a fair return, or the everyone-for-himself principle. We then looked at this case and said firmly: "We shall never give it back! There are European customs duties, there is a European budget and there is a European taxpayer. Pay the customs duties into the European budget and there will be no redistribution problem".

So, now that we want to institute a system of own resources we again have people obsessed by the fair return notion. But there is no fair return! There is no one country paying for another.

There is external trade, there is V.A.T. with a base which is harmonized or at least in process of being so. There is revenue collected in proportion to levels of economic activity and living standards in Community countries. This revenue comes from Community taxpayers to be returned to the Community. But there are people who still have in their heads the idea that the taxpayer is the government, the French government, the German government, the Italian government and so on. There are no more taxpaying governments. There is Europe and there are taxpayers. And with revenue being re-used in accordance with policies that we have decided upon and which we have defined as common policies, what government can say: "I have given so much money and I demand that it is paid back to me, because this is a fair return"? If we have not yet outlived this viewpoint I have been deceiving myself for the past ten years. But I say that we have outlived it and that this notion has to die! Thank you Mr Aigner for having given me the opportunity to make this point clear.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, after the very long debate we have just had the Commission would like to reply to a number of questions and also to add a few general comments.

Firstly, regarding Parliament's margin of manoeuvre in terms of the non-compulsory expenditure, I omitted this morning to say that the Commission considers that the Parliament is fully justified in taking the position that corrections to the remuneration of European Parliament staff should not be charged to this margin of manoeuvre. As early as 12 August we drew attention to what was clearly an arithmetical error.

Here, therefore, we have a Parliament with a certain margin of manoeuvre at its disposal. And at this point, with his permission, I would like to return to the question raised this morning by Mr Spénale. He asked the Council and the Commission what they both would think of a procedure which would result in reserving, so to speak, that part of the margin of manoeuvre unused by Parliament, and arising out of the application of Article 203, for the future. Legally the subject is not simple, but even so I would like to give the chairman of the Committee on Budgets our first reaction, since he asked for our opinion.

It seems to us that the wording of Article 203 (8) admits the possibility of action in the way that you recommend since it provides for the possibility of fixing a new rate when, in exceptional cases, the Assembly, the Council, or the Commission consider that the established rate is exceeded in the activities concerned. Now, the adoption of the Regional Fund constitutes such a case if it is a matter of non-compulsory expenditure.

In this exceptional case, the institutions may take a decision enabling this appropriation to be fixed at a higher rate than that provided in Article 203, or I would almost say outside the rate. At the present moment therefore there is nothing to prevent the adjustment thus made by the institutions from leaving the previous situation exactly as it was, i.e. with the margin of manoeuvre which Parliament reserved to itself by virtue of its budgetary rights as defined in Article 203. In other words it appears to us that, legally, there is no objection to the case argued by the chairman of the Committee on Budgets this morning. Of course this is purely a negative reply. If there are no objections, the guarantee for the Parliament could exist only in the framework of consultation with the Council, supposing that the latter would accept taking such an approach, i.e. that of a gentleman's agreement between the two institutions.

In brief, it seems to us that this approach is worth investigating, that—legally—there should not be any objections (which we would like to confirm in the next few days) and that there might result from this consultation, which is now going to be our daily diet, between the two components of the Community's legislative power—the Council and the Assembly—a political decision taken by these two institutions paving the way for the establishment of the procedure suggested by Mr Spénale. I have not yet consulted the Commission but I may say that I shall recommend to it that it should very warmly support this approach.

Cheysson

I shall also make the point that practically all the speakers who have taken the floor, including Mr Lenihan the last of them, have recognized the soundness of the observations that we have been making from the outset regarding supplementary budgets, which rob the budget of its planning value and which therefore, in a certain way, even reduce your powers since they do not allow you to take an overall political view when adopting the budget.

Of course, as has been recommended by Mr Spénale and other speakers and by Mr Poncelet, President-in-Office of the Council, we shall endeavour to group requests for supplementary budgets together.

Nevertheless, I would not like to leave the Assembly under any illusions; this grouping has its limitations. When the President of the Council suggests that we might have a single collective supplementary budget in July or August he forgets that we shall be obliged to make proposals as early as next month on the regional fund, in February on emergency action and in March or April on agricultural prices. We shall endeavour to group them together, certainly, but have no illusions: you will have to consider several supplementary budgets this year, perhaps not the five that I have referred to. It may be possible perhaps to group some of them, but there will be a certain number.

This will cause me particular concern in cases where the supplementary budgets relate to non-compulsory expenditure. I remind you that you will be approaching the limit allowed by the rate and that it will therefore be necessary to apply Article 203 (8) for any major new item of non-compulsory expenditure in the framework of a supplementary budget and that, therefore, it is not unlikely that this 'difficult' Article 203 (8) will be invoked several times in 1975 which is—you will admit—a matter of some embarrassment.

Consider the first and most important of the items of expenditure presently classified as non-compulsory which, as you know, the Commission recommends should be kept as non-compulsory: the Regional Fund. I would first of all like to say how much the Commission agrees with Mr Johnston's words in the fundamental political statement that he made.

At this very moment at which I am speaking to you we have just heard extremely interesting news from Paris indicating that, in their wisdom, the Heads of Government have finally taken a decision on the Regional Fund. I hardly know any more about it than you do, Gentlemen. I have the news which arrived a few minutes ago to the effect that an interim three-

year fund would be set up for the years 1975 to 1977, with an appropriation of 1 300 million u.a. of which 150 million would come from the EAGGF Guidance Section.

The very long and very complicated explanation—some graduates from the Polytechnique must have had a hand in it—says that each country would have a little piece of a little thing to which would be added a large piece of another medium-sized thing, finally reaching an average which would be something small or large depending on the nature of the country and the power it can put behind its claims...

(Laughter)

The least I can say, for the moment, is that it is not yet perfectly clear to me. But I think I can conclude from this communiqué that the intention of the Ministers is to invoke Article 833; this, you will remember of course, curiously put to reserve certain sums—25 million u.a. in 1972, 50 million u.a. in 1973, 50 million u.a. in 1974—which can be committed as soon as the Council has given its decision on a proposal of the Commission, and therefore perhaps very quickly, in the next few weeks, but which cannot be the subject of payments made by means of a supplementary budget. However that may be, we shall therefore, if this reasoning is correct, need a supplementary budget to release the 125 million put to reserve on paper but which has never yet been paid. Also we shall have to enter appropriations in the 1975 budget to go beyond this sum as seems to be desirable and as is recognized by the Paris Summit conference.

The question then arises of whether the sums should be entered in the budget as of today. Please allow the Commission to give its opinion before you take your stand on this point since, as has very rightly been said by the chairman of the Committee on Budgets, this is a difficult subject calling for careful thought.

The Commission hopes very much that you will not be entering a supplementary appropriation in the budget on Thursday. And it has three reasons for this: the first, a negative reason, is that we shall not need these appropriations during the first days of January. What we shall need, in order that the sums might be committed quickly, is a number of studies that we shall make within the framework of our budget, possibly by a transfer to Article 560. This will be the commitment of the first appropriations allowed by invoking Article 833. We shall therefore have the time to adopt a supplementary budget and, in my opinion, this is the only case where one is justified.

Cheyssou

But there are two positive reasons which seem much more important to me. The first is that these appropriations are classified at the moment as non-compulsory expenditure. If they remain non-compulsory, Article 203(8) would apply, since you would be exceeding—and by a considerable amount of course—the rate initially foreseen. In these circumstances you will not be able to finalize your budget because in order to do this you would have to await the outcome of the discussion with the Council in order that Article 203(8) may be applied, in the hope that this procedure is not too long—but it may be. You can also decide to adopt an incomplete budget—which in itself is a most undesirable procedure even if only in relation to revenue!

Of course the Council may attempt to enter appropriations concerned in compulsory expenditure in which case my argument does not apply. But I think, having heard the eloquent rapporteur, that this would not be a decision that you could easily accept and that it would give rise to long discussions and consultation with the Council. Are you going to discard this possibility of discussion by being obliged to finalize the budget in the coming weeks?

The second positive reason is that, whilst the Prime Ministers and Heads of Government are eminent persons—if they were not they would not be where they are—it remains true that this Parliament has the right to discuss with Council the definition of the Regional Development Policy. Are you going to be able to do this in a matter of a few days? Now, from the moment that you agree to enter an appropriation, and you agree to invoke Article 203(8), your possibilities of discussion with the Council disappear almost entirely. This is a case in which the new procedure for consultation—for legislative consultation since we are indeed in the legislative field—should be applied. If you adopt the appropriation even before having had this consultation, your discussion capability—which remains considerable even in the framework of an appropriation decided at Heads of Government level—becomes singularly reduced; you yourselves are diminished and so are your budgetary powers.

For my part and in the name of the Commission, therefore, I think that desirable though it is that you should express your satisfaction—perhaps by a separate motion or perhaps in the general text approving the budget—it does not seem to me indispensable that you should enter this appropriation immediately since we are in a position to begin regional development operations very quickly, as soon as regulations are decided, in other words as soon as the legislation

has been adopted with your help. In order that you should be able to play your full part in this legislation, allow me to recommend that you do not enter the appropriation in the budget for 1975 before this consultation with the Council has taken place.

Excuse me for having been so long, but I thought it would be useful for the standpoint of the Commission to be known before the various amendments are tabled and discussed.

I now come, very briefly, to two or three other points. Firstly I beg Mr Spénale's pardon for having to reply to him, regarding our staff representatives. I never thought that Parliament was opposed to the Commission's staff having representatives. I said purely and simply that this is the impression that would be given. I said to you this morning that there was not one servant of the Commission who would understand why, when it was a matter of your staff, you enter a post on the establishment plan, whereas in the case of our staff you go back on a practically unanimous decision of Parliament and delete the three posts. I would go further: after all if you had not proposed the amendment by 121 votes to 1, it would not have mattered. But now our staff will interpret your position as repudiating our common resolve to have permanent representatives on the establishment plan. This is why I have taken the liberty of raising the question again.

Lastly I would like to speak about aid to developing countries. On this point, Mr President, I made a suggestion, a little time ago, to which I heard only one reaction—from Mr Gerlach whom I thank. I said that the entering of the emergency action as non-compulsory expenditure was not useful to you in any way, in view of the fact that it was an operation without precedent, that you did not, you said, plan to use the relevant margin of manoeuvre and that, conversely, it would be a major additional difficulty for the decision concerning the second round. Let us now speak as responsible people. You know perfectly well that some governments do not want this operation. You know that we shall have great difficulty in convincing them next January when it will be necessary, as Parliament has unanimously recommended, to decide on our contribution in relation to what is going to be done by the other industrialized countries, and you are giving these governments a further argument because I know in advance they will tell me that they would certainly have liked to do something but, unfortunately, Article 203(8) applies and, with it being a non-compulsory expenditure, the rate would have to be exceeded. I therefore urge you to be kind enough to reconsider this point.

Cheysson

Mr Deschamps has reminded me that I did not give my view on aid to developing countries. Please forgive me. I should have done that this morning. When the Parliament amendment to the effect that 10 million u.a. should be entered for direct aid by private organizations was considered by the Council I stated, in the name of the Commission, that we greatly regretted not having ourselves thought of entering this amount in our preliminary draft budget. For the idea appeared to us to be excellent, since we had the possibility of doing more than we are doing. I say more than we are doing because we have already used the Red Cross, the Council of Churches and many other organizations in many cases to distribute aid, or for specific operations here and there. Admittedly all private organizations do not deserve the same praise but some of them are wonderful in their streamlined structure, their understanding of the problems involved, and their contacts with the people. There is therefore no doubt that if such an appropriation was available we could use it very quickly provided, of course, that it was an annual appropriation.

Lastly I would like to echo what Mr Spénale said a few moments ago concerning the *juste retour*. Thank you, Mr Spénale, for having said so clearly: "There is no fair return". The fair return approach is the very negation of our Community. When I have to talk about this question I often say that when you get married it is not in order to study what should be the fair return accruing to your wife or the fair return accruing to you yourself. You join your destinies, you build together: the same also applies to a community and to Europe. There is no fair return. To reason in any other way is to reason wrongly or to want, without actually saying so, to go back to inter-governmental cooperation and to the concertation of effort via diplomatic channels. These are not the channels of the Community; they would bring us back into the ruts we used to be in.

I am gratified, I must say in Mr Johnston's presence who made a remark on this subject, to see that the British government, which first approached the problem of its budgetary contribution on the fair return basis, has now—and I draw your attention to this point—formally abandoned this approach and formally declared at a meeting of the Permanent Representatives and in Council that it was no longer approaching the problem on the fair return basis. It now states, on its own responsibility, that it wants its contribution to be in proportion to its gross domestic product compared with the European gross domestic product. But it has formally thrown out the fair return theory. The truth is heard as soon as people are well informed of

the way things are going; this is a welcome sign and I wanted to draw your attention to it.

(Applause)

President. — Thank you Mr Cheysson.

The general debate is closed.

I would remind you that the vote will take place on Thursday at 10 a.m. The time-limit for tabling amendments is fixed at Wednesday at 10 a.m.

5. ECSC levies and operational budget for 1975

President. — The next item is the debate on the report drawn up by Mr Lagorce on behalf of the Committee on Budgets on the fixing of the ECSC levies and on the operational budget for 1975 (Doc. 398/74).

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

Mr Lagorce, rapporteur. — (F) Mr President, ladies and gentlemen, the report that I have the honour to present on behalf of the Committee on Budgets and which is the first for which I have been responsible to the Assembly, relates to the aide-mémoire from the Commission of the European Communities on the fixing of the ECSC levies and on the operational budget for 1975.

We should note immediately, and briefly, in relation to this aide-mémoire that it also contains a balance sheet showing the implementation of the ECSC operational budget for the past year which shows, in particular, an increase in resources of nearly 6 million u.a. This increase, arising not out of underforecasting the levy yield, but from an increase in rates of interest and loans due to the steep increase in the cost of renting money in 1974, has been allocated partly to interest subsidies, as foreseen, and partly to coal research which was thus increased by one-third, which we cannot fail to approve. These comments relate to past history and I shall not dwell on them.

The main item in the aide-mémoire—which, incidentally, we would have preferred to have contained rather more economic and financial details and fuller reference to Community energy policy—lies of course in the fixing of the ECSC levy rate for 1975. The fixing of this levy rate is a particularly important matter this year for the European Parliament because of the budgetary context in which it falls.

The point is that 1975 will feature two associated and interdependent innovations: the institution

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of an integral Community system of own resources and the strengthening of the European Parliament's budgetary powers. On these two points the experience and lessons of the levy system provided for in the Paris Treaty merit a few brief comments.

Firstly, the ECSC levy constitutes a model own-resources system to the extent that it is directly collected by the Community without the intervention of the Member States and therefore does not mean invoking the somewhat artificial and retrograde procedure of repayment to the latter of a lump sum for collection expenses, as is the case for own resources levied in the framework of the EEC treaty.

The fixing of the ECSC rate of levy also places an important function with Parliament. Whilst the Commission is solely responsible, without any intervention by the Council, for deciding the amount of this rate, in practice the responsibility is largely shared by Parliament since the Commission requests the views of Parliament and, in practically all cases, falls in with the opinion given by our Assembly. In fact, therefore, there is consultation between the two institutions, Commission and Parliament, which culminates in real co-decision, an example that one would like to see followed with regard to inter-institutional consultation procedures.

Thus, funded from the real own resources represented by the levies and, incidentally, the ECSC loans, and finalized, as I have just pointed out, after genuine consultation with Parliament, the ECSC budget therefore has Community virtues which, it seemed to me, needed stressing in connection with this report.

The 1975 ECSC budget shows a comparatively small increase in relative terms since expenditure goes up by only 15.6% over 1974.

This increase in expenditure can be met by keeping the levy rate at the same level as last year, i.e. 0.29%.

In spite of a margin of uncertainty which is particularly large this year—and it is difficult to foresee how the crisis will develop and how the international monetary situation will evolve—the increase in average values on which the rate calculation is based will, of itself, provide a 15.6% increase in resources in relation to 1974, this percentage corresponding roughly to the average rate of inflation for all Community countries.

As I have pointed out in my written report, it is mainly for reasons bound up with the present inflationary situation that the Commission does not envisage increasing the rate of levy even though estimates of expenditure requirements

would normally have meant fixing the rate at 0.37%, which would be difficult to accept in the present situation.

The detailed examination of the various expenditure proposals for 1975 is given in the explanatory statement to the resolution submitted to you. I will therefore confine myself to drawing your particular attention at this time to the continuation of our efforts in the social field, with particular reference to housing construction and the net increase in actions which now claim, or again claim, priority—like coal.

With regard to the building of subsidized housing, i.e. operations financed by loans on non-borrowed funds, I would like to point out that the eighth workers' housebuilding scheme accounts for 25 million u.a. divided into two stages, 12.5 million u.a. for 1975 and 12.5 million for 1976. Thus the ECSC, which has so far financed 138 000 subsidized dwellings, a far from negligible figure which may even appear, in certain respects, an exemplary performance, will be able to continue with its efforts in this field.

With regard to the ECSC's activities in the social field, I would like to add a word concerning an action which, although not appearing on the latter's budget, this year merits your attention. I am referring to the housebuilding loans granted to Community staff members. These loans, at low rates of interest, are financed from the old ECSC pension fund. There has been no increase to this fund for many years and it has thus become totally inadequate to meet the demand from an increasing number of European civil servants. For this reason the Committee on Budgets had introduced, by way of amendment, an additional item in the general Community budget for 1975 whereby this fund would be allocated additional resources amounting to 2 million u.a. In view of the opposition of the Council, the Committee on Budgets withdrew this amendment but asked the Council and the Commission to study ways of increasing available funds as quickly as possible and enabling staff members from the Member States to avail themselves of this facility if possible, before the period of five years originally provided for.

With regard to the main lines of the ECSC budget, your rapporteur was particularly gratified at the stepping up of effort planned in the coal sector in the form of aid to research, aid to certain investment projects particularly in the field of coking, and aids to resettlement. However, it may perhaps be regretted that the Commission has not explained in greater detail in its aide-mémoire how the expenditure foreseen in the ECSC 1975 budget going to the

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coal sector fitted into the framework of the future medium-term policy which it has recently submitted to the Council and that the latter is about to consider.

I would also like to take the liberty of referring here to the report for which Mrs Orth is responsible in order to stress the timeliness of allocating perhaps a larger part of the funds intended for the coal sector to research into safety in coalmines. The industrial accident figures show that much still remains to be done in this area. Moreover it is important that the stimulus given by the ECSC to industrial safety research should not lose momentum. But I would like to point out again, as I have done in my written report, that in spite of holding the rate of levy at 0.29%, aid to research in the coal sector will go up from 8 to 13.5 million u.a. for 1975, an increase of 74% over the 1974 figure.

Lastly we should note that any increase in resources and any unused resources can be entered under a new budget item and allocated preferentially to the coal sector which, more than any other, attracted the attention of the members of the Committee on Budgets during the discussion on the ECSC levy.

To conclude, your rapporteur feels that you should be informed of the definitely favourable view taken of the draft ECSC budget at the joint meeting of the four parliamentary committees concerned and the favourable opinion expressed by the Committee on Budgets with regard to the fact that the ECSC rate of levy was to be kept at 0.29% for 1975.

(Applause)

IN THE CHAIR: MR BURGBACHER*Vice-President*

President. — I call Mr Leonardi to speak on behalf of the Communist and Allies Group.

Mr Leonardi. — *(I)* Mr President, ladies and gentlemen, as in past years, we shall vote against this motion for a resolution, which limits the ECSC levy and thus limits the endeavours that can be made in the field of research. We wish to point out that this seems to us to be one of the more typical examples of half-heartedness and incompetence of the present Community structure.

Under the Treaties, as our colleague, Mr Lagorce, has already pointed out, there are sufficient ways and means already available in this field for the furtherance of a common policy, which would be very helpful in achieving better utiliza-

tion of the resources of our countries, particularly coal, with all the obvious advantages that would result from this in the present situation of acute crisis in the energy sector.

Operating within the framework of the Treaties, a levy of 1%, which could, under certain conditions, be increased, would make available about 300 million units of account. Less than a third of this, however, i.e. 0.29%, is used, which means chiefly that certain revenues which might be available in the field of research are deliberately foregone. Thus we see that this Community, which is often cited as a model, is in reality a machine for rewarding bureaucracy and for doling out subsidies, which, while they may be justified in some cases, cannot be regarded as valid components in the building up of a development policy.

This is indeed a typical case of an inability to take effective political action on an important matter. On the other hand, it is easy to calculate what could be done by merely using the machinery to hand and without any resort to panic measures, as happens, however, all too frequently in this Parliament.

As far as Mr Lagorce's motion for a resolution is concerned, the rapporteur is certainly right from a formal point of view when he points out in paragraph 1 the exemplary nature of the own resources system, but it is wrong of him not to point out also that this instrument is not being used simply because of a political inability to put it to proper use.

With regard to paragraph 4, where he states that the amount of the levy is held at a level compatible with anti-inflationary policy, I should like to put it to him that it is exactly the opposite that is true. If we had used and were using the means available to bring about optimal utilization of our Community resources, particularly, we should have a greater bargaining power which would allow us to contain the price of other sources of energy and thus, strike a real blow against inflation. In other words, by foregoing the means available to us to intervene, we are encouraging the inflationary spiral, which is exactly the opposite of what our colleague, Mr Lagorce, argues.

On paragraph 5, in which the rapporteur says that the budget permits of a dynamic and varied approach to the problems, I am forced to reply that the approach to our problems cannot be said to be in any way dynamic or varied, if one considers the ECSC draft budget, which earmarks for research, the one truly dynamic sector, a very modest and far from adequate allocation.

Finally, in paragraph 6, we read that Parliament 'welcomes in particular the proposed intensifica-

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tion of effort in regard to coal policy'. At the same time, in his oral explanation the rapporteur stated that expenditure on research in this field has risen from 8 to 13 million u.a., but this represents only about 5% of the entire Community expenditure, and is a ludicrous and infinitesimal figure by comparison with the figures for countries of similar size to the Community, for instance, the United States and the Soviet Union. To commend this budget, therefore, solely on the grounds of the minimal increase in favour of coal policy seems to me to be completely indefensible.

These are the reasons why we are voting against the motion for a resolution again this year, as we have done in past years, and why we are calling the attention of our colleagues to the fact that in this sector also, where possibilities exist for the development of a common policy, this policy is not being developed, which points clearly to a political inability to act along the proper lines.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, the rapporteur has presented the detailed and specific conditions of the draft budget which we are now considering. I thank him for this and I will refrain from repeating the introduction he has just given. But I would like to congratulate him on the quality of his work and express my pleasure at the fact that the Commission and he agree so precisely on the same proposals.

Mr President, though there may be those that this will not please, the Commission thinks, like the rapporteur, that the ECSC budget is by way of being a model. Firstly from the policy viewpoint, because here is a budget which the High Authority, that is to say now the Commission, is entitled to decide alone but which has always been submitted to Parliament for its opinion and in conditions such that the Commission takes Parliament's view even when that view differs substantially from its own, as was the case last year when, as I remember, we hoped for an increase in the rate which Parliament recommended we should not make. Naturally, we fell in with Parliament's view. This therefore constitutes a real procedure of co-decision as is stated in paragraph 2 of the resolution.

This budget is also a model budget, a special budget, in some of its other features. Firstly because it is a revenue budget; we look at the amount of revenue that is foreseeable after fixing a certain rate and it is on the basis of these own resources that we draw up our programmes; secondly, as you know, because it is a budget of commitment; thirdly — and this

point is very important and we shall have occasion to discuss it again from the opposite angle when Miss Flesch shortly presents her report on the ACP — because in the ECSC budget we have a realistic unit of account which is adjusted periodically to the real parities, which we do not, unfortunately, have in the Community's general budget.

Mr President I shall not go back over the comments on 1974 or on the detailed comments on the draft 1975 budget but I will refer solely to some remarks which have been made during this meeting.

Firstly, Mr President, the motion for a resolution includes a criticism of the Commission in paragraph 3; the Commission is reproached for not having supported its submission by more detailed economic and financial comments. The Commission has already, the other day, admitted to the three committees meeting together — the Committee on Social Affairs and Employment having, unfortunately, been absent — that this was a justified criticism. We have the Commission's comments, they are available, we were able to give them to the committees the other day; some of them unquestionably present considerable interest for parliamentarians: the breakdown of new housing, the breakdown of aid for resettlement among the various countries, etc. In future, these detailed comments, which the resolution says would have been desirable, will be attached to our budget submission.

On the basis of a certain volume of resources corresponding to a continuing rate of 0.29%, which was our assumption, we have drawn up our budget of expenditure. Administrative costs are fixed and unalterable. If I mention them here it is in reference to the words of Mr Leonardi a little while back; these administrative costs represent 16.2% of our budget, whereas last year they absorbed 19%. There is a very steady fall and to charge that we are spending all or nearly all the budget on administration when the figure is 16% appears to me to be a curious way of presenting the facts.

Other unavoidable items of expenditure have been described by the rapporteur; I will not go back over these but I would like to stress the growth of our expenditure on aid to research. In the 1975 budget the figure is 36.9 million u.a., an increase of 57% over 1974. As a percentage of the total budget figure it increases from 24.4% to 32.75%. This seems to us desirable; this seems, in our view, to fit in with what the rapporteur has called a dynamic approach.

It is of course in the field of coal, in implementation of the recommendations that we have made with regard to energy and in particular, when

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presenting in the last few days the prospects for the coal industry in the Community for the next ten years, that we have made the biggest effort, as the rapporteur has pointed out. Allow me to illustrate this with one figure: the appropriations entered under the heading of coal research go up by 74% compared with last year. We also have another item showing a considerable increase namely that, under interest subsidies, relating to investment projects. But this is directly connected with the dynamic approach that we hope for in the present situation because the purpose is to encourage the setting up of new coking capacities, to protect the environment and to set up research and vocational training centres. Interest subsidies for investment projects go up by 132% over 1974 — more than double.

All this shows clearly, Mr President, why and how we have been able to make proposals which seem to us to be relatively far-reaching and I have been struck by the unanimity of the views expressed by the committees examining these proposals. The rapporteur has summed up their opinions very fairly.

These are the reasons, Mr President, for which we would like to support the proposals of the rapporteur, i.e. that this Assembly should accept the retention of the 0.29% rate.

If this rate is continued as it is, the growth in our resources will, by definition, be proportional to economic growth in Europe. It will therefore have a neutral — or even slightly negative — character as far as inflation is concerned and that is the recommendation that we make to this Assembly.

President. — I call Mr Lagorce.

Mr Lagorce, rapporteur. — (F) I would simply like to reply very briefly to Mr Leonardi.

Firstly I would like to point out to him that a rapporteur does not necessarily express his personal opinion since he is reporting on behalf of the committee, for whom his duty is to be a faithful interpreter, and also to refer to what he said with regard to the inadequacy and even the derisory nature of our aid to research, which nevertheless is going up from 23.5 to 36.9 million u.a.

The fact is that I believe there to be a specific economic situation that must be taken into account and I wonder what the psychological and practical effects would be of a sudden 8 point increase, if the levy were raised from 0.29 to 0.37%, which would be necessary to meet all requirements. I also wonder what practical effect that might have for enterprises, and in

saying this I am not thinking about their profits, but in particular of the safeguarding of employment and perhaps the increase in unemployment. Lastly I think that the actions on research undertaken by the Community are not incompatible with those of the Member States themselves; they purely supplement them. And if the Community — which is perhaps a pity — cannot wholly take the place of Member States in this field, it can supplement what they do.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution as a whole is adopted.¹

6. *Negotiations between the EEC and the ACP countries on renewal and enlargement of the Association.*

President. — The next item is the report drawn up by Miss Flesch on behalf of the Committee on Development and Cooperation on the negotiations between the EEC and the ACP countries on renewal and enlargement of the Association (Doc. 388/74).

I call Miss Flesch, who has asked to present her report.

Miss Flesch, rapporteur. — (F) Mr President, ladies and gentlemen, on behalf of the Committee on Development and Cooperation I have the privilege of presenting the report on the negotiations between the EEC and the ACP countries on the renewal and enlargement of the Association. The report, a bulky one, was submitted to you late, for which I would ask you to accept my apologies. I can only say that we had very little time at our disposal and we tried to work as quickly as possible. Unfortunately, as quickly as possible was in this case not quickly enough.

According to the parliamentary traditions of our Member States, inter-government agreements are negotiated by the executive, and once an agreement has been concluded Parliament is asked to ratify it. Parliament can thus either accept or reject an agreement, but plays no part in the negotiations themselves.

Our Parliament has always felt that it must deliver an opinion at an earlier stage in the negotiations so as to enable it to make known its thinking on general and specific points before the negotiations are completed.

This is what we are doing now, Mr President, since my committee believes that the matter in

¹ OJ No C 5 of 8. 1. 1975.

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question is an extremely important one and that Parliament should be true to its tradition of delivering an opinion before the completion of negotiations.

An advanced stage has, of course, been reached for yesterday saw the conclusion of the talks between the Commission and the ACP representatives, although the ACP still have to hold consultations among themselves and the Community too has to define its position, after which the negotiations will be completed at ministerial level.

On this occasion the renewal of the agreement assumes very special importance since in fact it involves not merely a renewal but an enlargement of the Association. It is this new regional dimension which, I believe, marks out this agreement from the others, giving it very considerable political importance.

The new Association Agreement is being defined at a time when relations between developing and industrialized countries have undergone a fundamental change, as have the relations between developing countries at different stages of development.

At this time both the developing and the industrialized countries are battling with the effects of inflation, the energy crisis and latent recession. In this situation the fact that 44 ACP countries and the Nine should have proclaimed their intention to enter into an association agreement, with all its economic and political implications, appears to me sufficiently important to merit emphasis.

At the present time development aid policy is being subjected to re-examination in the countries of the Community, indeed I think it is no exaggeration to say that it is facing something of a crisis. Quite understandably, in view of the economic difficulties confronting us, our peoples and parliaments perhaps show rather less sympathy for a development aid policy than they did not so long ago at a time when we still thought in terms of unlimited growth and surpluses, when a decision in favour of development aid seemed easy enough to take.

We are now in a different economic situation, in which the industrialized states face the prospects of zero growth, unemployment, far-reaching structural changes, and in which they have to cope with a raw materials policy pursued by certain developing countries that may be described as active, not to say aggressive. It is then in this context that the industrialized countries have to decide what priorities they wish to give development aid policy within the framework of their own economic, financial and social policies.

The Community, the largest commercial power in the world, is now negotiating, in the context of this Association Agreement, not only the trade, economic and financial provisions but also the political relations that we would like to establish with the states eligible for association. In this connection I should mention that the Committee on Development and Cooperation discussed at length the policy to be adopted towards countries with a structure comparable to that of the ACP but which have not yet gained independence.

The committee decided that provision should be made for a simplified procedure whereby such countries might be given the opportunity of acceding to the Association either before or after ratification of the new Agreement. A proposal to that effect is in fact embodied in the resolution now before you.

I spoke a moment ago of the economic and political importance of the Association. I should like at this point to underline that when we as a Community frame our economic, financial and external trade policies we must take into account both the terms of the Association and the nature of our development policy. It would be wrong, as has too often been done in the past, to adopt the somewhat contradictory attitude, whereby a development policy is taken in isolation from other policies, such as agricultural or financial policy, which are defined without regard to positions previously adopted on the question of the Association.

Clearly, the Community's regional policy assumes a fundamental importance in this context. At this time the Community is mapping out the broad lines of its overall development policy.

This latter is important and should be brought into effect as soon as possible. But it is essential that we should find a synthesis between these two policies, association policy on the one hand and overall and general development policy on the other, that will enable us to conduct both of them side by side. This means simply that the advantages offered Associated States by the old Association and which may be offered by the enlarged one should not be eroded through the effects of our overall development policy but should be governed by a single principle that would allow two consistent policies to be defined, even though in certain cases some inconsistency might arise which it would then be our task to eliminate.

I would add that the Community's rather novel inclination towards an overall development policy has scarcely pleased the AASM, which often criticized us violently in this connection. I feel it should be stressed that decisions taken

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in the field of overall development policy should nevertheless permit us to find better solutions for this enlarged Association, in view of the fact that some of the associable states take a somewhat different view of this question, and the existence of two policies should allow us to find a better balance between these different considerations.

Mr President, some time ago the UN drew up a list, based on certain criteria, of the 25 most underprivileged and deprived and least developed countries of the world. These 25 countries include a number which will be members of the enlarged Association: Ethiopia, Botswana, Burundi, Dahomey, Guinea, Lesotho, Malawi, Mali, Niger, Upper Volta, Rwanda, Somalia, Sudan, Tanzania, Chad, Uganda and Western Samoa. This means that the majority of the most deprived countries of the world will be associated with the Community. We as a Community should therefore examine very carefully and very precisely the principal characteristics of our future association policy, both at regional and world level, since we believe that it is above all these most deprived countries, the countries which also suffer from a lack of primary commodities, which should be receiving our aid.

The Community should at the same time do everything possible to avoid what has been called the North-South confrontation turning into a kind of triangular confrontation between the industrialized countries, the oil-producing countries and the worst-off developing countries. It is up to us to define principles and procedures for cooperation that will lead to a solution acceptable to all.

The purpose of the Association between the ACP countries and the Community is of course to promote economic cooperation. The Association Agreement must therefore take account of the economic and social development of the associable countries, and appropriate guidelines will have to be defined. The central problem of the developing countries is clearly to reduce their economic dependence on the industrialized countries. The Community should therefore seek solutions that will make for progress in this direction and that will reduce or eliminate this unilateral dependence, which should be replaced by what I would call a mutual dependence, an arrangement in the form of an association the very nature of which reflects the mutual dependence of the two partners to it.

Some essential points of the new Association merit closer examination. My committee is of the opinion that, in addition to the financial aspects and the aspects of technical and financial cooperation, trade development is undoubtedly one of the aspects of the new Convention which

calls for very special attention, since expansion of trade is one of the most important ways in which we can improve the economic situation of developing countries. The Community should therefore improve the ACP's export opportunities. Above all we should make sure that the agricultural produce of associated countries and similar and competing agricultural countries should find a market in the Community and should be allowed to compete with similar and competing agricultural produce of the Community. It seems to me therefore, that we must find better solutions than the ones we have employed hitherto.

In this connection I am delighted with the agreement reached on the system for stabilizing export earnings and with the fact that some agricultural products are also included in the arrangements.

The sugar question is undoubtedly of special importance for a number of the ACP countries. As you know, this is an extremely tricky issue, involving not only the problem of prices but also that of quantities. Although the Community has already decided to give the ACP an undertaking to purchase around 1.4 million tons per annum, the Commission has felt it right to press for some degree of reciprocity in the arrangement, whereby the producing countries would commit themselves to supply the quantities negotiated.

Stabilization of export earnings is undoubtedly the most novel and interesting feature of the enlarged Association. So much has been said on this subject that I do not think I need say a great deal more about it. One problem that has not yet been settled, to the best of our knowledge, is that of the specific figure. The ACP countries naturally attach special importance to this, but at the same time the financial and economic situation prevailing in Europe restricts to some considerable extent our own room for manoeuvre.

And now I should like to say a word about the institutions, an aspect to which Parliament has always attached the greatest importance. We do not believe that the names by which the institutions are known are all that vital, but we do insist that the institutions, which were one of the essential characteristics of the Association, should be preserved in a form similar to that in which they exist at the moment. As we know, the negotiations between the Commission and the ACP representatives have just been concluded. We understand that a number of difficult problems remain unresolved, and we believe that a certain entrenchment of positions has occurred in some quarters. It would be quite deplorable if at the last moment intransigence

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should jeopardize this important agreement and the outcome of the difficult negotiations on the new Association.

The Commission is conducting the negotiations and will no doubt be able to tell us what the present position is. However, we hope that reason will prevail on both sides and that we shall arrive at an agreement satisfactory to all the parties to these negotiations.

(Applause)

President. — I call Mr Deschamps to speak on behalf of the Christian-Democratic Group.

Mr Deschamps. — *(F)* Mr President, ladies and gentlemen, I have been asked by the Christian-Democratic Group to speak on its behalf in this debate on the excellent report drawn up by Miss Flesch on the negotiations between the EEC and the ACP countries. However, I am conscious of the fact that, as first vice-chairman of the Committee on Development and Cooperation, I am joint chairman of the Joint Committee (in which capacity I recently chaired the meeting in Mauritius together with my colleague Mr Kassongo from Zaire). You will therefore understand me if I now concentrate on certain aspects of these negotiations which preoccupied both the European parliamentarians and our African and Malagasy colleagues at that meeting. I say certain aspects because the report and the motion for a resolution, which has been studied at length in committee, already contain the essentials.

All I wish to do is to emphasize certain points. What we have to say today will in any case have a real impact on the course of the negotiations only if it reaches the ears of those who will be taking the final decisions, in other words, the ministers. In this connection I note with pleasure that Mr Seydoudinsila, executive secretary of the African negotiating group, has been delegated by the African ministers to attend this debate, and I do not doubt that he will report faithfully all he hears to those who instructed him.

The Commission has conducted the negotiations well. At the same time, what we have just learned about these negotiations is both encouraging and disquieting: encouraging, because agreement has been reached on problems which might well have scuttled the talks; disquieting, because a great deal remains outstanding in the areas on which political decisions still have to be taken at ministerial level. I am well aware that this is how things have always gone in the past and that in similar negotiations each party tries to keep as many aces up its sleeve and to produce them only at the last, most advantageous

moment. But I feel I must point out, and this appears to me to be of fundamental importance, that we Europeans should not try to push our luck too far. The countries with which we are negotiating have chosen to enter into an association with us rather than with others. I fear that too much hesitation, too much parsimony or miscalculation on our part might lead them to question the validity of the options they are considering, and this would really be a pity. In the end it would be a pity for them, of that I am convinced, but it would also be a pity for Europe, and I should like both you and the ministers of the Nine to grasp this fact.

From this preliminary remark I should like to go on to my first main point, which concerns the time-table of the negotiations. In Mauritius we agreed unanimously that there should be no hiatus between the end of the present Yaoundé Convention and the implementation of the next agreement. It would be deplorable for the African and Malagasy states as well as for the new candidates for association if their relations with Europe or the Commonwealth should be broken off before they had been replaced by a new association. Everyone would suffer if the new cooperation programme provided for in the agreement envisaged is not implemented in the very near future. If there is to be no such hiatus, work must proceed to a tight schedule if we are to reach an agreement, get it signed and ratified and introduce transitional measures to cope with the situations that will arise from a delay which we must do our best to reduce to a minimum but which realism tells us is unavoidable.

The way we see the time-table is this: agreement among ministers before the end of the year, initialling before the meeting of the Joint Committee in Abidjan on 23 January, signature as quickly as possible to enable ratifications to take place in 1975 or the first quarter of 1976 at the latest. This seems to me to be a reasonable and realistic time-table. The transitional measures should be phased in such a way as to prejudice neither the continuation of the existing agreements nor the introduction of new ones. This should also be borne in mind by the ministers negotiating the final round.

And now a second thought suggested by the Mauritius resolution and concerning the institutional aspects of the new agreements. Enough has been said in committee for me not to expatiate on the absolute necessity—demanded by democratic principles and proved by all the experience of the Yaoundé agreements—of preserving the annual representative Conference of the countries of the Association on a joint basis. As I read it, paragraph 25 of the resolution

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before us should be taken as a demand by Parliament rather than a request. In this respect we must convince the ministers of Parliament's firmness of purpose and they must take it into account in their final negotiations.

The third essential point concerns the amount of the European Development Fund. What we have learned from these latest talks is disquieting. The intention is seemingly not to exceed the ceiling proposed by the Europeans in Kingston, in other words about 3 000 million u.a. It is worth noting in this connection that although the 8 000 million u.a. proposed by our African and Malagasy partners may indeed seem difficult for us to accept in the present state of our economy and our finances, we should not be too hasty in calling these proposals unrealistic. They may seem unrealistic if we consider only the funds available to us and which public opinion would allow us to make available to developing countries. They are not realistic seen through the eyes of those who have to run these countries, when they weigh their real needs and compare these basic needs of the most deprived sections of their peoples with those of even the poorest peoples in Europe.

This consideration must also be borne in mind by the ministers who will have to decide on Europe's final position on the amount of the fund. Similarly, they should consider whether it might not after all be preferable to make available to developing countries a few thousand million extra, most of which we would get back in the form of orders and jobs for our work force, rather than to pay out several thousand million extra in unemployment benefits. Certainly our workers, who have on many occasions emphasized their concern for guarantees of stable employment and a profound desire for social justice, realize full well that these concerns are common to men all over the world.

And now an observation inspired especially by Christian-Democratic teaching in this connection. We are delighted, Mr President, to see that everyone is coming to realize that our relations with the Third world must take the form of genuine mutual cooperation. Throughout the negotiations on these agreements it has emerged that cooperation policy could be both sensible and generous. The African negotiators themselves have pointed out that good deeds can also be good business without losing value or effectiveness in the eyes of the beneficiary.

It is they, too, who have called attention to an aspect one finds in some of the amendments tabled by Lord Reay, something which amounts to an innovation in our development and cooperation policy, namely the need for special measures to help the most underprivileged. As

Christian Democrats we welcome this new approach, or this new emphasis, as an illustration of our own basic doctrine. Whilst it shows on the part of the Third world countries a desire for greater solidarity between rich and poor, between richer and poorer, or between those who are becoming richer and those who are becoming poorer, this approach is in line with our deeply-held conviction that, whatever the structural changes and whatever the economic and social progress that must be made, there will always be an area in a genuine cooperation policy where human aspects and a desire to help ones fellow men are all-important.

I hope that Parliament will unanimously endorse the resolution submitted by the Committee on Development and Cooperation. I hope that it will endorse this new approach in our policy, and I hope above all that those responsible for the final stages of the negotiations at the highest level between the European countries and the countries of Africa, the Caribbean and the Pacific Ocean will be guided by these ideas for the greater good of all their peoples.

(Applause)

President. — I call Mr Glinne to speak on behalf of the Socialist Group.

Mr Glinne. — *(F)* The Socialist Group welcomes as a political development of considerable importance the fact that the Yaoundé Convention and the Arusha Agreement, which expire on 31 January are about to be replaced by an Association Convention which will be innovatory and at the same time retain the most constructive aspects of the old Associations. If we are to achieve reasonable unanimity, our first need is the will to maintain continuity.

It is true that the new Convention, which will link the Nine with forty-five other Countries—I stress 'forty-five' because Miss Flesch's excellent report keeps referring to 'forty-four'—is officially on a five-year basis. But there will be no serious legal problem about its extension. Together with other groups in this Assembly, we wish not only that renewal should take place after five years, but also that the preamble to the Agreement should record with all possible clarity the intention to give a permanent character to relations on cooperation, irrespective of whatever adjustments may become necessary in view of the extent of the problems and the number of partners involved, on expiry of the five year period.

The new Association, which covers a geographical area of such an extent as to be something between a regional and an international institution, may become even larger by the adoption

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of a simplified accession procedure. This is a matter of particular interest to the former Portuguese colonies, which are now going through a transitional period leading to full scale sovereignty, and to Namibia, which is also eligible. With regard to that country, I should like to point out to the Commission that it is not a dependent territory, as seems to be implied in the rather ambiguous answer to my Written Question No 332/74, but an illegally occupied territory. Dependence in the legal sense no longer exists in this case according to the United Nations and the International Court of Justice, even if there is still no real independence because of the unacceptable obstinacy of the Government of South Africa. It is to be hoped that the Namibian authorities, which are recognized by the UNO, will shortly be able to take advantage of the simplified procedure for accession to the new Convention, should they and the ACP countries wish to do so.

I should like to put a question on Southern Africa. What, in the present stage of the negotiations, is the situation with regard to Botswana, Swaziland and Lesotho, which everybody knows are tied to the Union of South Africa by a customs union dating from 1969?

The Joint Committee, meeting in Mauritius, voted unanimously in favour of a resolution referring to the *ad hoc* provisions of Protocol No 22. On page 14 of Miss Flesch's report the situation in regard to these states is referred to in the following terms: 'The Community must do all it can to reduce the dependence of these countries on South Africa and to diversify their economic situation'. We should be extremely interested to hear what the Commission has to say about this.

The positive aspects of the Association to be concluded also involve the forms cooperation is to take, the institutional aspects, a definition of principles for determining the size of the Development Fund and, finally, the arrangements for sugar. It is indeed fortunate that cooperation includes industrial cooperation through an *ad hoc* committee and an industrial promotion centre responsible for carrying out specified tasks. In this respect, it must be agreed that the importance of Community action lies not least in the extent to which industrial cooperation will produce competition with products originating in the Community itself. Any objective view of this contribution must recognize that it is not motivated by self interest.

The joint annual Conference, representing the peoples of the Association, will be extremely useful for the mutual exchange of information, as in the past.

It is also of the utmost importance that the Community has accepted the principle of guaranteeing the AASM advantages equivalent to those they enjoy at present in respect of the total amount of financial aid to be allocated to the Associated States in the new Association, and of putting the new Associated States on a basis of equality with the old ones.

With regard to sugar, a positive aspect is that agreement seems to have been reached on Europe purchasing a guaranteed yearly quantity of 1 400 000 tons from ACP producers at a price guaranteeing a reasonable income and subject to annual review.

There are other questions to be asked in addition to the one just put by Miss Flesch.

First, the timetable. Will it really be possible to go ahead with signature in Lomé on 26 January as intended? Will not transitional measures be required if the Convention cannot be signed on time? As regards the procedure for ratification by the national parliaments and the part to be played by the European Parliament, we should like the Commission representative to repeat publicly what we were told in Committee. Meetings have been fixed for the last few days which are likely to be of decisive importance and we should like the Commission's answers with regard to decisions and guidelines adopted on the following points:

- Taking into account the necessarily varied criteria which must be applied—and this refers to paragraph 13 of the explanatory statement of Miss Flesch's report and to paragraph 15 of the motion for a resolution, which allude to demographic factors, purchasing power, real needs,—and in view also of the difficulties involved in defining units of account, what bracket was decided on last week-end for the amount of the aid?
- What is now the definition of rules of origin, following the meeting last week-end of the ACP ambassadors with the Commission?
- What is the Commission's opinion, at the present stage, of the terms which will be granted for imports into the EEC of certain 'critical' agricultural products?
- With regard to sugar, apart from the principle which I just mentioned, have the negotiations Mr Cheysson and Mr Lardinois were to hold on 7 December with the producer countries led to any further developments?
- As regards trade relations, is it true that the ACP negotiators in the discussions asked for the most-favoured-nation clause to be applied in respect of a large country—in fact the United States? It is very important to know their attitude on this point.

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— As regards paragraph 22 of the resolution, relating to the good conduct code to be observed by investors in the countries concerned, what is the connection between the discussion held on this point by the Commission, the Community and the ACP States and the vote which has just been taken at the United Nations? I see from the newspaper that only 48 hours ago, the Economic Commission of the United Nations Assembly made a statement on a text on the rights and obligations of states taking part in development cooperation.

I see that a resolution was adopted by 115 votes to 6, with 10 abstentions. It is probable that the majority of our ACP partners belong to the group of 115 states which voted in favour of that resolution. It is certainly deplorable, if only in terms of tactics and overall unity, that the Member States of the Community did not adopt a common attitude. Belgium, Denmark, West Germany, Luxembourg and the United Kingdom voted against, while France, Italy and the Netherlands abstained. It would be an advantage to coordinate our approach to discussions with the ACP states on the mutual good-conduct code and votes in the United Nations. Lack of concerted action, of cohesion within the Nine and between our partners would be deplorable in this instance.

We congratulate Miss Flesch on the quality of her report and hope that the Commission will be good enough to let us have details on the six questions which have just been raised.

(Applause)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, this report is timely insofar as the negotiations with the ACP countries are now nearing their final stages. By all accounts these negotiations have gone remarkably smoothly in view of the large number of countries involved. Progress has been consistently made. There has been no diplomatic crisis, yet at least, and although the schedule is tight there must be a reasonable chance of the new Association Agreement being signed, although not ratified, before the expiry of the present Association at the end of January. Mr Cheysson will be able to tell us if he thinks that the remaining stages of the negotiations, in a way the most dangerous stages, will pass off smoothly or not.

As Miss Flesch says, the coming into force of a new Association comprising 45 countries in Africa, the Carribean and the Pacific will be

an event of considerable importance in the history of the Community's development policy. The total population covered by the Association will expand from some 85 million to some 250 million.

Considering that the Community has substantially expanded its policy towards developing countries outside the framework of the Association by means of its food aid policy, its GSP and so forth, it will altogether be much less plausible in future to abuse the Community for limiting its concern for the developing world to a relatively small number of African states. Virtually the whole of independent Black Africa will now be covered by the Association.

At the same time, as Miss Flesch has just pointed out, since no fewer than 17 out of the 25 countries in the world classified by UNO as being poorest countries will now be members of the new Association and therefore eligible for the European Development Fund, the existence of the Association is therefore not at all inconsistent with the principle that Europe should concentrate her aid where it is most needed, a principle which, it is generally recognized, has become increasingly essential in view of Europe's more limited economic and financial possibilities.

There is one other general observation which I should like to make, although it has been made before, indeed I think I have made it before, but it has not been widely appreciated. Historically, of course, these negotiations have taken place as a consequence of the United Kingdom's accession to the Community. Anyone who has had anything to do with these negotiations, and Mr Cheysson has frequently made this point, has been struck by the solidarity shown between the Associated States and the associable countries who are now negotiating for the first time. This determination on their part to remain a single negotiating unit, their tenacity in maintaining their solidarity, of course, does have its explanation in historical factors which have nothing to do with Europe. Nevertheless, these negotiations presented the opportunity for contacts and cooperation between French- and English-speaking African countries which previously hardly existed. So it could be said that the United Kingdom, by its accession, has done as much for the unification of Africa as it has for the unification of Europe.

Regarding the outstanding matters to be settled in the negotiations, I have a few questions which I should like to put to the Commissioner. Firstly I understand that now a common Community position has been reached on the products to

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be covered under the export stabilization scheme, the only important matter on which there is not yet a common Community position is on the size of the fund for the new EDF. I wonder if the Commissioner could say what the margin of difference is between the views of the Member States on this matter. Can he say anything about the key which will be used to determine Member States' contributions to the fund and the currency in which the contributions are to be expressed; and also, is the export earnings stabilization scheme and its fund to fall within the figure which is being spoken of as the likely figure for the fund? I understand that it is now something between 2.7 and 3.5 billion u.a. over a five year period. Or will this fund be something apart from the EDF itself?

Secondly, I have two questions on the matter of rules of origin. Firstly I wonder how important this matter is. Is it, for example, the case, as I have read, that most of the Associated States' exports will in fact fall under an exception to the rules of origin provisions and therefore that very few of their exports will be subject to these provisions, or is that not so? Secondly, leaving aside the question of the practical importance of the rules of origin will the Community be able to control the matter of rules of origin to the extent of being sure that products are not imported into associated countries at artificially low prices—for example, by means of transfer prices between subsidiaries of a multinational company—in order to earn the necessary percentage of value-added tax for them then to be re-exported at a more finished stage into the Community free of duty? Does the Commissioner consider that a problem could arise in this field?

I also have a question on the matter of industrial cooperation. I am very pleased that there has now been talk of incorporating a code of conduct relating to private investment in Associated States in the new Association. I think that something should most certainly be done within the framework of the Association to improve and to stabilize the relationship between the governments of developing countries and the foreign companies which will have to supply them with so much of their investment. But I wonder how much progress could be made in producing anything of real value in the short time left before the negotiations are completed. And I wonder if it would not be necessary to have very considerable consultations with the governments of Associated States and also with the representatives of multinational companies before any code could be produced which went beyond simple general

statements and platitudes. Therefore I wonder if the Commissioner could say anything about the form he thinks the code of conduct, if there is to be one, will take and when he thinks it could be introduced.

Finally, if I may say so, it would be interesting to hear from the Commissioner anything he may have to report on the matter of the institutions of the future Association.

Mr President, Members may have noticed that there are four amendments tabled in my name on behalf of the Conservative Group. Miss Flesch will confirm that we discussed this resolution with some haste in committee and that several paragraphs were left to her to redraft following the discussions in committee on her original proposals. Our amendments basically seek to clarify certain paragraphs, or to emphasize certain points that were made in the committee discussions. It will be possible to explain and move these amendments briefly, so if the House agrees I would rather explain them when I move them. It is not surprising, nor at all a reproach to the rapporteur, that in such a comprehensive resolution as this, dealt with in the haste which I have described, some paragraphs could have been better written.

I think it might, for example, be of benefit to those who are not familiar with this subject, if the rapporteur in her concluding remarks could bring further into the open the meaning which is no doubt struggling to get out of paragraphs 4 and 7. In paragraph 4, what is the 'vicious circle' referred to? I think I know what is meant by the 'integration of the economies', but what in fact is meant? Paragraph 7 is ungainly, and the point is made so shyly that I doubt if anyone outside our committee could understand what we mean and I wonder therefore if the rapporteur perhaps might, for the record, be a little more explicit.

Finally, the word global has as usual been twice mistranslated from French into English in the resolution, and there is also a mistranslation in paragraph 8. I do not, however, wish to give the impression of being too critical about this resolution. On the contrary, a great deal of work must have been put into both the report and the resolution, which are both exceptionally comprehensive. A number of most valuable points are made and there is nothing which could be strenuously objected to. I hope therefore that they will be accepted by the House.

(Applause)

President. — I call Mr Laudrin to speak on behalf of the Group of European Progressive Democrats.

Mr Laudrin. — (F) Mr President, ladies and gentlemen, the Group of European Progressive Democrats has asked me to compliment Miss Flesch on two counts; on having earned the confidence of all members in her ability to direct our work, showing herself to be an excellent chairman, and on submitting a report which will I am sure become a landmark in the annals of cooperation.

Her report is very long and very full and I have learned a great deal from reading it. It is exhaustive and in places shows remarkable sincerity. All the speakers have already stressed how Miss Flesch's report analyses the complexity of the stage now reached in the negotiations; she has not neglected the failures of industrialization, the difficulty of guaranteeing export earnings, the problem of how to budget while increasing the EDF. I believe our chairman has a very clear view of all these different aspects but I am sure she will allow me to make some comments of my own. They are not opposed to her proposals or to her motion for a resolution.

They may however give rise to further reflection and help to clarify our position on this difficult problem. Negotiations have been going on for a year and a half with about 40 African, Caribbean and Pacific countries on the renewal and enlargement of the Yaoundé Convention which expires at the end of the year and of the other conventions which expire at the end of next January. It can be hoped that agreement will be reached on outstanding problems, especially on the problem of aid; this will be settled before the end of the year if, as we all hope, the ACP countries agree to hold a ministerial negotiating conference in Brussels. I have been told that this Brussels meeting is to be held around 18 or 19 December and it is to be hoped that discussions can be held and concluded then.

From our point of view, it is highly desirable to keep to a timetable which will allow the texts of the new Convention to be finalized by 1 February 1975, the date of expiry of the Yaoundé Convention. If this deadline is not kept, the main pressure to conclude negotiations quickly would be removed and there would be great risk of the negotiations being prolonged excessively, given the distinct lack of enthusiasm shown by certain associable states and, let us be quite clear about this, by certain European countries.

I believe that these negotiations were begun in conditions hardly favourable to maintaining the advantages accruing from Yaoundé, although they provided a starting point nevertheless. The next Convention will undoubtedly be a milestone in relations between the Community and the Associated States. In itself, the enlargement of

the Association to more than 40 countries, some of which have higher populations than the AASM, with vastly superior resources, and legal and administrative structures significantly different from those of French-speaking countries, would be enough to have a far-reaching effect on the balance and the cohesion of the Yaoundé structure. The enlargement of the Community has meant a process of redefinition of relations with third countries, especially developing countries. This process favours an international approach to problems of cooperation with the Third World rather than the regionalist outlook which has until now been predominant in policies on association with the AASM. In this respect, if the internationalism advocated by some is not necessarily identical to that advocated by others—and I could name names—different concerns are obviously going to clash, and there will probably be opposition to the priority which until now has been given to Africa, and a move in favour of redistribution of Community aid on a different basis from that of the old Association.

Indeed, the international context of the Association is no longer the same as in 1965 or in 1971; the trade preferences which helped to hold the Association together have gradually lost their significance as a result of the reduction of the common external tariff, often to zero in the case of primary products, and the implementation of the Community system of generalized preferences for industrial exports from all the developing countries.

In general terms, Third World pressure on the industrialized countries has intensified overall and has come to be based on certain specific interests such as recovery of national resources, world wide redistribution of the means of production, indexing of terms of trade, so that preferential relations between the Community and 44 or 45 developing countries, have become much more complex.

On top of this there has been the impact of recent changes in the price of oil and other primary products—and there will of course be others—which introduce a new element of imbalance into relations between the EEC and the developing countries, affecting the financial resources which the Nine is able to spend on external aid and intensifying the differences in the relations between the various partners in the Association. Taking these factors into account, it is easy to understand the difficulties encountered in the redefinition of the association policy both among the Nine themselves in working out a Community position, which has still to be fully defined, and amongst the partners in the negotiations, who are under conflicting pressures.

Laudrin

I should like to make two observations of a general nature. In spite of their initial differences, the ACP have succeeded in maintaining a common front which has been strengthened during the negotiations and would normally result in uniform association arrangements. On the other hand, the formula involving single negotiations, which was given preference (with more or less direct reference to the Yaoundé model), has created certain ambiguities in the objectives pursued by both sides. Between maintaining the achievements of the Association and adapting it to new conditions, it has often been difficult to preserve a balance, all the more so because the associable countries as well as the more international-minded of our partners do not always share the same views.

Another aspect is that the text of Yaoundé II puts forward the principle of reciprocity of trading advantages granted to each other by the Community and the Associated States, while allowing the latter the option of derogating from this obligation in order to meet their development needs. This provision has, without impeding AASM activity, made it possible to guarantee the stability of the Association's trading arrangements with regard to GATT and has been a dominant element in strengthening the solidarity of the contracting parties in relation to third countries. The AASM countries were themselves very attached to this because they saw it as a balancing factor in their relations with the Community, but we know that this idea was unsuccessful because of the fundamental hostility to any idea of reciprocity shown by a number of candidate countries and encouraged by some of our partners. The next Convention will therefore expressly stipulate that the ACP countries have no obligation towards the European Community in return for the trading advantages to be granted to them by the latter. I wonder if we can satisfy the requirements of GATT there.

There is a serious risk here, which we can avoid by asking for the option for Associated States to give reciprocal trade undertakings not to be formally excluded by the Convention, or for the Member States to undertake to submit the Association's trading system to GATT on a legal basis.

One of the most innovatory aspects of the next Association Convention is the stabilization of export earnings. This idea, which originated with the Commission, should meet a double need: it should remedy the effects of income fluctuations and compensate for the comparative loss of the tariff advantages of the association system. It was, as you know, strongly resisted by certain of our European partners.

We therefore hope that there will be moves towards a system which, with more or less automatic initiation of financial transfers in compensation for income losses, calculated according to a pre-determined reference level, will not lead to intolerable financial costs.

I should now like, Mr President, to draw your attention to a point which I feel obliged to stress, the question of protecting the interests of the French overseas departments, which no one, evidently, has raised.

The enlargement of the Association to include countries with competitive capacities much greater than those of the AASM in relation to the French overseas departments, will put the protection of the interests of these departments in a new light. Under the Treaty of Rome, the overseas departments are an integral part of the customs territory of the Community. The system of exemptions granted to the ACP States affects them exactly as it affects the Europe of the Nine, taking into account the considerable disparities in wages and social expenditure in the ACP countries. With ratios of 1:3 or 1:4 in most cases, the overseas departments risk being doubly affected.

The effect on competition will apply on the European territory of the Community with respect to all similar exports and will also apply in the territories of the departments of Antilles and Réunion, which are a particularly attractive market for industrial exports from the neighbouring Associated States of the former British Caribbean, Mauritius, and East Africa. Such a situation is liable to deter industrial investment in our overseas departments. We have therefore asked for measures to help producers of sugar and of fruit and vegetables in the overseas departments and for the opportunity to apply a safeguard clause in circumstances making it possible to prevent the local economic situation from deteriorating as a result of ACP competition.

But I am not going to prolong this speech. I agree on the budgeting of aid to the developing countries, but let us think in terms of a specific scale which will enable each country to make its own contribution. Indeed, if there is not this specific scale, the European Development Fund may have insufficient resources, since certain European countries, in view of their serious economic and financial situation, may not wish to increase their share. There is therefore a problem here which is going to need attention. I agree on budgeting, on condition that there are equal or equalized contributions for each European country on the basis of a specific scale.

Laudrin

In conclusion, Mr President, I apologize for having gone a few minutes over my time. Our group hopes that this new Convention will be an example to the world of a system for relations between countries of great diversity and that we shall work together in an atmosphere of fraternity with all countries seeking to develop. We agree on basic points with the rapporteur and we shall vote in favour of the motion for a resolution.

(Applause)

President. — I call Mr Sandri to speak on behalf of the Communist and Allies Group.

Mr Sandri. — *(1)* Mr President, we also wish to join our colleagues in wholeheartedly endorsing the democratic spirit inspiring the motion for a resolution and report presented by Miss Flesch. It is doubly democratic: first and foremost because it seems that the rapporteur has taken account of the opinions expressed by the individual members of the Committee on Development and Cooperation during its successive lengthy meetings on this subject. During these meetings, Commissioner Cheysson and his colleagues made a valuable contribution, which we freely acknowledge, in clarifying the issue. This democratic spirit makes itself felt in the second place in the criteria on which the motion for a resolution presented to us is founded. It expresses the hope that current negotiations will make it possible to establish an effective new Association between Europe and the African, Pacific and Caribbean countries.

I shall limit myself to making a few comments on the motion for a resolution because, obviously, it is on this rather than the negotiations themselves which we are called to vote.

The rapporteur has said that these negotiations are designed not only to renew the Association but also to draw up a new treaty governing relations between Europe and the Associated States. I should like to point out that these negotiations are new not only because they concern countries from different regions and continents, and as such, as a colleague suggested, represent a compromise between a regional and international outlook, but above all because our partners come to the negotiations with increasing bargaining power and concerted aims which the European Council of Ministers must take into account if it wants the talks to be successful. The time has passed when Europe could exploit divisions during negotiations, thus preserving neo-colonialism. We are now faced by countries who have learned, or are learning, from independence to use their bargaining power, as they are showing in these negotiations.

We approve the general tenor of the motion for a resolution but I should like to make the following remarks. In paragraph 9, we should have liked Miss Flesch to express more explicitly our approval of the fact that the negotiations seem to have put an end once and for all to the system of reverse preferences. Miss Flesch made this point in the Explanatory Statement and the reference to Kingston in paragraph 9 in some sense implicitly admits it, but we should have liked it to be made more explicit because this termination of reverse preferences marks a victory for the African, Pacific and Caribbean countries and also legitimizes the most-favoured-nation clause granted to other countries in the world which are no less strong than Europe.

In paragraph 12, Miss Flesch states that the essential innovation in the new agreement which we are negotiating is the stabilization of export earnings. I fully agree with this statement but, if this is the position, you cannot then write off this innovation as a sort of compensation for losses which the countries will suffer under the system of generalized preferences. I think that the stabilization of export earnings may in fact prove to be a pillar of a new international economic order. Naturally, in practice this will be the prerequisite for reaching world agreement on the prices of primary commodities without which, despite Europe's good intentions, there can be no hope of reversing the deterioration in the terms of trade which, apart from in the case of oil, is afflicting so much of the Third World.

We support the criticism of the past working of the European Development Fund implied in the request in paragraph 17 for the ACP countries to be allowed to participate to a greater extent than in the past in the management of the EDF. It is too easy to bandy figures about, stating that an allocation of 8 000 million dollars is needed or that no more than 3 000 million can be granted and, in any case, I think it unlikely that the Commissioner would be able to meet our requests but I should like to deal with the nature of the European Development Fund and, in particular, ask the Commissioner if he could kindly tell us what stage has been reached in the negotiations on arrangements to ensure that the Associated States participate in the European Development Fund. So far as industrial cooperation goes, I must say that we feel unable to approve paragraph 22 as it stands.

This is a long and tortuous argument but, Miss Flesch, we do not feel that we can ask the African countries for a code of good conduct while ignoring the bad conduct of the large multinational companies in plundering these countries. Incidentally, I should like to say that,

Sandri

if we really wish to turn over a new leaf, we should cease to talk of aid policy. Many crimes have been committed under this name—to be more exact, though I do not have the figures for Africa, over nine years, the United States' aid policy to Latin America, brought in 16 000 million dollars for an outlay of only 9 000 million dollars. So, I say, let us turn over a new leaf in our language as well.

Though there is not time for me to go into this question in detail, I should like to repeat that we do not feel that we can approve paragraph 22 since we consider that it should stress the fact that investments should be adapted to these countries' needs rather than to the investing company's potential profits and, furthermore, that, before the Community guarantees private investment its public sector should be asked to set up a coordinated investment policy in the Associated States.

As regards the institutions, we only wish to support and stress your point, Miss Flesch, that the trade unions' requests should be met and a sort of cooperation between employers' and employees' associations set up. We know that the trade unions, which, thanks to the efforts of a Commission member, have finally been asked to take part in the negotiations although excluded from the Yaoundé I and Yaoundé II Conventions, have, amongst other things, asked that an economic and social committee be set up. If, as Miss Flesch says, the aim of the Convention is to bring about a new international division of labour, there is all the more reason for employees to be given the opportunities of participating, expressing their opinions and contributing to the establishment of this Association since their rights remain irrevocable and cannot be encroached upon by any institutions, be they the Council or the Representative Conference of the peoples of the Association.

I am sure that the employees are ready to take part in these discussions. A new international division of labour certainly raises very delicate questions in an era of recession such as we are now passing through. Without wishing to be nationalistic, I should like to take Italy as an example. In my country, the trade unions have been asked to take part in discussions on setting up an iron and steel plant at Gioia Tauro in our underdeveloped Mezzogiorno. The trade unions held that this plant should be set up in Algeria and that any work undertaken in the Mezzogiorno should consist of sub-contract work. This is just one example of the capacity of the European trade union organizations, if called upon, to tackle the question of a new international division of labour in the universal or inter-

national terms which inspire workers rather than in the narrow self-centred terms of the proletariat aristocracy.

Mr President, we approach the new negotiations in the hope that they will lead to an Association which will help the peoples of 44 countries of the Third World to achieve full sovereignty and far-reaching and sincere cooperation with the countries of Europe. The latter will only be possible if we are convinced that in the Community of Europe there is a place for work and democratic forces.

We shall wait until after the discussion of the amendments and after Commissioner Cheysson has spoken to our Assembly before deciding which way we shall vote.

(Applause)

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — I am glad, as I am sure all his colleagues are, to see Mr Laudrin back again in full voice, because on the recent visit we paid to Mauritius he was, with his panache and *bon voisinage*, one of the leading members of the group and when he was taken ill, I think it filled us all with very great sadness, and we are delighted to see him back again. And I would like to say how much we owe to Mr Sandri who was particularly kind to him on that occasion. I am, therefore, all the more sorry to have to say that I take complete exception to some of his remarks. I hope in the course of that visit he learnt something of reality, of what is going on in rather remote parts of the world. To speak as he did of the bad conduct of large multinational companies, as if it was a universal activity throughout the developing world, is a generalization that is of course just not true. If he would look into the history of the last fifty years, particularly the last thirty, he will see that these companies are now under control of the local governments, many have been expropriated, at the cost of hundreds of millions, without any compensation, and after a period of time we have now reached a situation in which local governments realize that joint ventures which bring in management and working capital and know-how are the way in which we can make progress together.

I would like, in the few minutes I have, Mr President, to support Mademoiselle Flesch in her report and congratulate her most sincerely on it, because one knows how much concentrated effort has been put into it by her and by the Secretariat. I hope that this report will rebuff those who still say that the Community is an inward-looking body. In my two years

Dodds-Parker

here, I have been very much impressed by the intention and the capability of the Community to help the Third and the Fourth World.

I would like to take this occasion to make three quick points. First, connected with paragraphs 4 and 5: as an original instigator of the Commonwealth Sugar Agreement way back in 1948-1951 and a supporter of preferential trading—then known as imperial preference and once regarded as discriminatory under the Havana Treaty which led up to GATT—I am delighted to find that these two principles are now accepted under GATT, and accepted and put into practice by the Community.

We have talked a lot about sugar. And under this proposal, the so-called Deniau Plan is to be extended to other commodities. I am certain this is going to be of great benefit, as is the fact that general specialized preferences, which are imperial preferences on a wider scale, will be given not just by the United Kingdom to the Commonwealth, but by the Community to the developing world. Both these things will, I believe, give stability both to the producers and to the consumers and may prove a very great advance in international trading.

My second point concerns paragraph 11. I believe it is essential to establish the two-way mutual liability which my noble friend Lord Reay proposed in his Amendment No 4 to paragraph 22. This refers to the same point as is mentioned in the last lines of paragraph 11. In fact I think Mr Sandri himself referred to it, when he said the 44 are now acquiring contractual power. Well, if that is so, and I agree that it is so, then the liability should be mutual and having that power, they should honour their international obligations. I regret to get up here and point out that, in fact, in the recent sugar shortage some developing countries have not delivered what they contracted to produce. Originally the shortage may have been due to weather conditions, but this has been aggravated by this failure to honour undertakings. However acute these problems may be, and we have considerable sympathy with them, we do not believe that in the future the Community can afford again to accept such shortages which bring unnecessary hardship to our consumers, that is the voters in our democracies. Therefore, I support Amendment No 4 and hope to hear from the Commission in due course how this is to be implemented.

The third point I would like to make under paragraphs 25 and 27, which have already been mentioned, is that there should be joint institutions between the nine countries and the 44. I believe it is essential to allow members of this

European Parliament to see the problems in the 44 countries and to exchange ideas with individuals and organizations in those countries. During the recent visit to Mauritius, Madagascar, Mogadishu and Djibouti our parliamentarians saw the problems for themselves and one immediate result was a resolution for emergency aid to Somalia. Now more than ever, our Members are occupied, over-occupied, with parliamentary work, both at home and inside this Parliament, but we have to carry our national parliaments and our electorates with us, and therefore I believe that only by such institutions, with regular discussions and visits, can we produce the understanding needed to support the proposals that from time to time are put before us. I hope that the representatives of the 44 will get equal benefit from studying the Community's aims and methods.

Finally, I would like to congratulate Commissioner Cheysson. Wherever one goes, one hears admiration for his negotiating skill and his application, and that of his colleagues. I believe their achievements have been one of the really outstanding examples of constructive negotiations in economic development in the past 30 years. I hope, most sincerely, that agreement can be reached before the end of 1974, that ratification can be carried through, and we can open a new epoch of cooperation in 1975 in which Claude Cheysson and his colleagues will have played the most important part.

(Applause)

President. — I call Mr Van der Hek.

Mr Van der Hek. — *(NL)* Mr President, I should first of all like to express my appreciation for the introductory words by the rapporteur, Miss Flesch. Secondly I should like to observe that it is difficult to perform one's task as a parliamentarian properly without being a member of the committee concerned. The report with the resolution did not reach me until this morning. This is also the reason why I unfortunately—and I apologise to you all for this—have not been able until this late stage of the decision-making process to submit a few amendments.

In the short time I have available I should like to touch on a number of problems which in my view have not been adequately dealt with in the resolution and the report.

The association goes back to the treaty concerning the accession of the United Kingdom, and in particular to Protocol 22, paragraph III, which deals with only one primary commodity: sugar. Sir Douglas Dodds-Parker has had a lot to say on this today. No other commodity is specifically named.

Van der Hek

The great drawback of this Protocol 22 and in fact of the whole design of the Accession Treaty as far as the developing countries are concerned, is that only a limited group of developing countries are offered the possibility of entering into association with the Community. We omitted to make the countries in Asia, South-East Asia and Latin America simultaneous offers on development cooperation comparable with what we are now offering the associate countries. This is all the more serious since the larger part of the population of the world is not concentrated in the ACP countries but precisely in South and South-East Asia; it is there that hundreds of millions of people are living on the edge of the abyss. At the time of the United Kingdom's accession to the Community we simply left those countries to their fate, and did nothing, took no initiative regarding tariffs, raw materials and aid as a Community to offer these countries compensation.

The generalized preferences scheme has been improved, but many processed commodities have not yet been included in the scheme, or only in such a way that it does not hurt the Community too much and leaves untouched the advantages enjoyed by other countries with which we have special links. The scheme is capable of improvement.

We have taken no initiatives regarding primary commodities in the appropriate framework, namely UNCTAD. As far as aid is concerned, one need merely look at the budget for the next few years and the figures issued by the Commission to see that the Community has not yet been able to earmark any significant sum for aid to non-associated countries. I would make an exception for food aid, but this will also be largely going to the ACP countries.

Now that the ACP negotiations have entered a final phase, I should like to ask Mr Cheysson what the Commission proposes to do, at the UNCTAD Special Committee on primary commodities next February, to bring about specific agreements on primary commodities with all the important producer countries in the Third World. In particular, I should like to know whether the Commission is considering proposing the inclusion of the 12 products now to be covered by the export earnings stabilization system with the ACP countries, in the specific proposals to be made at the meeting in February with the developing countries. This could bring about a balance between what we are doing for the ACP countries and what we do for the developing countries in general.

Secondly, I should like to ask Mr Cheysson whether he thinks that this agreement is flexible enough to be fitted in to the worldwide develop-

ment cooperation intended by the Community. What, for instance, does he think of the fact that the resolution asks for the specific cooperation with the ACP countries to be continued after the period of 5 years fixed in the agreement? How does he see this integration into a world-wide policy, if the continuation of this specific form of development cooperation is decided on in advance?

Thirdly, I should like to ask him what can be done to prevent this agreement, which I am not simply rejecting, causing needless harm to other developing countries. I am thinking most particularly of the export earnings stabilization system. If this arrangement means that sudden shortages on the balance of payments are to be compensated or that a supplementary financing system in cases of currency shortages in the ACP countries concerned would be used to guarantee that their development programmes would be carried out as intended, then I could certainly agree to the arrangement.

But why has the Commission chosen by a majority an arrangement for each product, in which there are also boundary conditions? Why these twelve products, if one is really in principle in favour of a general compensatory support mechanism? If an arrangement is set up for each product, with boundary conditions, how can one avoid harm to other primary commodity producers?

What, for instance, must Ceylon think of the idea of a special regulation for tea for the ACP countries? What must the cotton producers of South and South-East Asia think of a special regulation for cotton? What must the cocoa and coffee producers in Latin America and Asia think of the fact that we are including coffee and cocoa in the regulation? One could go on asking such questions.

It is important for Mr Cheysson to use this opportunity to give us his views and make clear to us how, despite this system for the ACP countries, specific initiatives are still possible, including short-term ones, on all these important primary commodities and covering all the important Third World producers. I hope that Mr Cheysson will be able to provide some clarification here. I have sought to amend the motion for a resolution to this effect, and I hope that Parliament will be willing to accept those amendments.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, I am sorry to be raising a matter of such impor-

Cheysson

tance, particularly one which Parliament and the Commission feel so strongly about, at this rather late hour and I hope I shall not strain the Assembly's patience. Above all, Mr President, I should like Miss Flesch to know how happy we are to have her at the head of this committee, one which has always provided us with strong support, and we have seen from the speeches how conscientiously the committee members have dealt with the topics submitted to them. I should also like the rapporteur to know that I have a great admiration for the document we have been given. Like Mr Van der Hek, I too received it very late and must ask Miss Flesch's pardon if my comments are incomplete in places. I feel that this is a very important document. If I have reservations about the wording on one or two points—I know Miss Flesch will not mind—they are due to the great respect I have for this document, because I believe that it can become one of the great reports produced by this Parliament.

Miss Flesch says that what is involved is a fundamental element of Community policy, a sector where the Community has vision, is capable of original action and can provide the only practical example of action of its kind in the world (I refer to paragraph 2 of the motion for a resolution). In other words, she stresses that our approach to these problems is a political approach, a fundamental approach of great importance. I should like everyone to read and to re-read paragraphs 6 and 7 on page 13. At a time when world development aid policy is at a crisis, a time when the inhabitants of the donor countries are showing less understanding of the problem, this becomes an event of major political importance. I believe with Miss Flesch that the structure of the Association, a structure involving integration of development opportunities for a number of countries within our economic framework is unique and valuable. We shall return to this presently.

For the moment, I should like to make one or two preliminary remarks on the same lines as the rapporteur. First, let us make it clear that when we speak of cooperation with developing countries, while the decision is political, the cooperation is not. I am glad that the term political cooperation used in the first draft resolution has been removed. Cooperation is economic, technical, industrial, cultural but not political. Every regime has the right to develop as it chooses according to the social needs felt by the peoples themselves. For this reason the Commission would be favourable to Amendment No 5 tabled by the Communist Group stating firmly that there is to be no interference on political matters.

Miss Flesch opens her report with a reference to our more general development aid policy, a subject which Mr Van der Hek discussed at great length. Six pages of the report are devoted to this and a large number of paragraphs refer to it in one way or another. Miss Flesch notes the turning point in our development aid policy. Here, the enlargement of the Community of the Six to the Community of the Nine was a determining factor. I should like, in passing, to stress at this point the extent to which our British partners can make an important contribution within the Community. When their attitude is not negative but constructive, if need be provocative, when it contributes to the development of our policy, we are a Community with the necessary dynamism. By contributing towards this dynamism, progress is made possible; saying 'no' or 'not yet' makes discussion difficult and progress impossible. To continue: with its enlargement, the Community has increased its commitment to take its share of world responsibility for development of the Third World. We shall, therefore, take our share of responsibility with the United States, the rest of industrialized Europe, Japan, and the industrialized countries of the Pacific. We shall take our fair share of responsibility, we shall even try to go further than others on the basis of world-wide coordination. There must not be the slightest doubt. At present—and this is apparent from our budget, Mr Van der Hek—60% of our food aid goes to the Indian sub-continent and nearly 80% of the United Nations emergency fund, with which we are associated, and which some members have been good enough to put my name to, goes outside the Associated States. We are taking our fair share of responsibilities world-wide. This is being done in the form of food aid, and who here would deny that this is useful aid when there are food shortages throughout the world?

Let us hope that there will be quick growth of agricultural production in the developing countries; but at the same time let us be realistic. Growth in food production depends on change in the rural populations, in other words on changes in the societies of these countries. It is a long and difficult process as we know, having gone through it ourselves! Unfortunately, growth in food production will be slow while there are food shortages and our task is to make food aid available to these countries; this sometimes means diverting certain cereals from livestock feeding at home to make them available to the rest of the world. And what applies to Europe naturally applies to all countries producing the commodities these other countries need.

Cheysson

The same applies to financial aid; I have noted the importance given to the non-associated countries in connection with the first large-scale financial aid operation in which we are taking part, the emergency measures for countries hardest hit by the crisis. The Council has decided in principle that we shall also contribute to other operations. In 1976, in addition to the emergency operations which will absorb our 1975 funds, I hope we shall be able to devote ourselves to other activities. What are they? Well, there, Mr President, I believe we shall have to think carefully and I hope the Assembly will hold another debate, after the Association is concluded, to our cooperation in world-wide operations with the other industrialized countries. Our international contributions must not be dispersed. The aid we are able to give, a few hundred million units of account, would be of no value if it were distributed among the whole two thousand million population of the world. It will, therefore, have to be concentrated on specific projects. This time it is going to the disaster which has befallen the Third World, especially the Indian sub-continent, because of price increases; at other times it will be used to improve production in one sector or another, agriculture perhaps, or for stock accumulation of one kind or another. I hope this will be done regularly in cooperation with the Community Member States, so as to give greater range to our activity. But we shall pursue this action and I believe our objective should be balanced relations both within and outside such associations.

In this process, and within the associations, we shall have to watch current developments in the Third World very carefully. Its needs are no longer those of a single unit. The development needs of a country like Iran are not the same as the survival needs of a country like Chad. The needs of a country which has large surpluses available for export are not the same as those of a country which has just begun to industrialize or of a country which has only a subsistence economy. The nature of their needs is different.

The Commission recently produced a document, forwarded to Parliament three weeks ago, which makes important observations on the needs involved in different kinds of development situations. We called this document an outline to make it quite clear that it was not a definitive proposal.

We put in this document the words 'to each according to his needs' because priorities vary according to the nature of needs. Some of those who come first in the queue for industrialization aid would be disqualified if it were a matter of receiving non-repayable survival aid. We believe

that all possible means must be used and that this must be done in a varied fashion according to the nature of the needs of each country.

This applies both inside and outside the associations. Outside the associations, certain endeavours can only be fully successful on a world scale. But, Mr Van der Hek, just because certain countries do not wish to go forward, should we therefore hang back with them? I do not think so. I believe that whenever we feel that we or our Third World partners have a useful and significant means of action, we should try to use it. Such action must be put forward at world level, and I hope we shall do this in conjunction, or at least in parallel, with many developing countries. But if it proves impossible for certain parts of the industrialized world to go forward because they can only see the problem in terms of financial aid and refuse to see that the old economic order was detrimental to the developing countries, should we wait for them to catch up? I do not think so. I believe that we must go forward and set an example with such action as the Nine, which are only one part of the industrialized world, are able to support; we must confine our action to a limited number of countries. Which countries? The ones with which we have the best chance of achieving the most completely integrated system of relations, in other words the countries which we know best, with which we share a common language and a common past, with everything both good and bad that that implies, because geographical proximity is an obvious economic basis for profitable and worthwhile operations, enabling us to get action from our commercial undertakings. At the practical level, a great deal of our efforts at integration will be the result of action by commercial undertakings.

If you think that development aid is purely financial, then my argument is a waste of time. The Commission does not think so. Financial development aid is needed for the most impoverished countries, countries which would be the first to succumb with financial aid, but development aid for those countries which have real opportunities for development means enabling them to produce, enabling them to grow internally by opening our markets to them and cooperating with them, means giving them all possible opportunities to integrate certain development factors into our economies.

I am not inventing these phrases, I am using language which is heard very frequently in our relations with countries which are either in the same economic orbit as ourselves or wish to be in it and tell us so.

This introduction has been too long; let us go back to the Association, to the ACP negotiations,

Cheysson

not forgetting that other similar negotiations have already begun with the countries of the southern Mediterranean, the Arab countries and Israel.

Miss Flesch's historical material is excellent and I shall not dwell on it. For more than a year we have been involved in large-scale negotiations between the EEC and 45—the 45th playing only a minor part—African, Caribbean and Pacific countries. There is no problem with Botswana, Swaziland or Lesotho, I can assure Mr Glinne. There was a technical difficulty as a result of their customs union status with South Africa; this difficulty has been dealt with in circumstances acceptable to everyone. Like Mr Glinne I welcome this because I feel, like him, that our responsibility to independent southern African countries is particularly great because the access we grant them to our markets is an element in their independence, one which is perhaps essential in facing up to South Africa and the Rhodesia of Mr Smith. This clearly applies to Botswana, Swaziland and Lesotho and will apply to Mozambique in future and is also a matter of importance to Zambia and Malawi.

These 44 or 45 countries have indeed presented a quite remarkable united front, as mentioned by several speakers. I do not believe that there was any real antagonism between them, as the report states in a paragraph which I believe to be open to discussion. On the other hand, there was a great lack of mutual understanding. These countries have now got to know each other—listening to me is a particularly well informed observer, Mr Sylla, the secretary of the African Group for negotiation with the EEC—and they have become more familiar with each other's technical and economic problems. I believe I can say that they have never before given as much joint consideration to what can unite them, for they all possess the will to achieve African unity, they are young countries attracted by this concept, and they wish to preserve this ideal, an ideal which we must respect. And I can state categorically here that we Europeans can be proud of having provided the table at which they sat down to speak to us with a single voice and gained our respect for a unity which is now a major political factor.

I assure you that one had to be present in Kingston to appreciate the impression 44 countries, one group of them representing an entire continent, could make on European countries which were often less united than they. This is a major political factor; this united front is one of the elements in the future of our Association. It is also, in my opinion, one reason why permanence must be a fundamental characteristic of this Association, whether it be explicitly

expressed in the agreement, as advocated in the motion for a resolution, or more implicitly understood as a number of ACP countries would prefer for obvious political reasons.

All the countries of Africa are therefore involved. This must also include the newly independent countries. Guinea Bissau is one whose participation we await with impatience and I am personally honoured to have been invited to Bissau next Friday on an official visit to discuss this specific issue.

As soon as Mozambique is independent, it will be given its place; talks have already begun and if, as we all wish, Namibia subsequently becomes independent, I believe I can say that it will be welcomed by the other 44, as it will be by the Nine.

According to the time-table of negotiations, the work of the plenipotentiaries was to end last night. There will now be the meeting of the ACP ministers to consider the texts which have been drawn up and which, it must be admitted, still involve a number of points of disagreement. There will also be a meeting of European ministers and there will be a ministerial meeting between the Community and the ACP to attempt to iron out these difficulties.

There are still great difficulties on certain issues but the will to succeed is assured. When one has spent a number of hours in Council meetings one immediately has a feeling for the topics which are of particular importance to the ministers of the Nine. Contrary to usual Council practice—and I beg the pardon of my colleagues on the Council—these topics are being considered on their own merits, every effort is being made to avoid bringing up other topics, to avoid bringing in other demands which have been pending for two or three years. This is what has happened whenever we have discussed the ACP; on each occasion the Nine have given the most serious consideration to these topics, never trying to drag in other issues. The Nine are determined to get results. I have every reason to believe that the 44 are too.

In the Community, when there is determination to get results I believe that results are always got. Conversely, I believe that when results are lacking, the reason is a lack of political will, but that is another issue.

Of course, before this important meeting between ACP and Community Ministers, there is a hardening of attitudes, but I do not think this is cause for concern. It is traditional; in the same way, before a Community Summit Conference each government puts restrictions on everything, even the most minor matters, so that the conference can work wonders. The forty-five and

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the Nine have taken a similar, slightly backwards step. This seems to me obvious. I did not say that the issues were easy; I am saying that the hardening of attitudes over the past few days is not a cause for anxiety but simply proof that there are good negotiators on the ACP, as we already knew, and that we ourselves are not such bad negotiators, which I hope you will be ready to admit.

Let us take the different aspects of this association. Trade: it is on questions of a general nature that, almost surprisingly, we are currently having the most difficulty. While the principle of non-reciprocity has been agreed to without difficulty, on the grounds that unequal economic development should be matched by unequal obligations, issues which seemed unlikely to cause any problems have currently led to a hold-up which I personally attribute to the desire to keep something in hand during negotiations. In this respect I cannot believe that our ACP partners are entirely serious when they ask us to make exemptions to the most-favoured-nation clause in favour of other industrialized countries. They have accepted the most-favoured-nation clause. We immediately agreed that it would allow for exemptions in favour of developing countries to which the ACP would be able to grant preferences as opposed to ourselves. But how could they reasonably expect us to agree to countries like the United States, Japan or even Australia and Canada having a preference over the Community when we are entering into such an Association? We think this is just one of the minor problems of the negotiations. The atmosphere is very similar to that encountered in certain COREPER meetings.

There are some more serious general difficulties. With regard to rules of origin, we agreed on the question of multiple origin that a product passing from one associated country to another would be considered as originating in the last country. This is significant progress. With the ACP accepting the general principle, we are left with the task of determining in detail exceptions to the principle which will help to improve the system in accordance with their wishes.

The problem is extremely complex. Lord Reay has just referred to an opportunity for changing the rules of origin. Lord Reay has imagination and the specialists have even more imagination than he, for there are no limits to it in this area. We must be extremely rigorous on this issue, while our partners justifiably want to take advantage of free access for their products even if the initial products did not originate in their country.

Let us look first at the extent of disagreement over agricultural products. 83.7% of ACP agri-

cultural exports are free of duty, are not subject to quotas and have complete freedom of access. Sugar accounts for 12% of the total and is subject to special treatment, to which I shall return. As you can see, the debate therefore centres on 4% of ACP exports. These are products covered by the Common Agricultural Policy, in respect of which we are bound by rules derived from our own market organization. Only a few of these products are still causing difficulties. I accept that in the case of one or two countries, for example Botswana where meat is concerned, the problem is serious.

There is a particular problem over Somalian bananas. One paragraph of the resolution refers specifically to it. The Joint Committee also raised this matter at its last meetings. I do in fact believe that specific measures must be found in the case of Somalia. The committee will be making proposals for such measures in the next few days. It is a very complex matter because the Italian market has been completely dominated by one or two very large multi-national enterprises specializing in bananas and involved in both production and sales, which are taking as much advantage of the situation as they can. There has been no ban on importing Somalian bananas but there is a limit to what any one country, even one of our countries, can do when faced with very powerful groups. We must find some formula, and this is a complex matter, the more so in that on no account must we discriminate between the ACP countries. Somalia must be treated in the same way as the others and at the same time have access to the Italian market, which is no easy matter.

But the measures we must find are not, Lord Reay, compensatory measures. I do not believe in the financial compensation system, because it is commercially undesirable. I believe the right formula must be based on trade and that is why the Commission does not recommend approval of Amendment No 1.

I just said that I did not think we should use financial measures to offset an unfair or bad system. And this, Mr Van der Hek, is my answer to the question you put on the principle of stabilization of export earnings.

If I understood correctly, you would have liked us to propose payment of a lump sum to countries with a balance of payments deficit. This is just what we do not wish to do. In fact, we believe that one of the problems which must be dealt with—and I think this is the problem of the next decade—is the problem of a fair return to countries exporting primary commodities and essential products.

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The old economic order brought about constant deterioration in terms of trade; in other words, a worker in those countries had to work an increasing number of hours to continue buying the same product originating here. We feel that this deterioration is a bad thing and we do not believe in bolstering the old economic order by resorting to charity to make up for the financial harm it involves.

Stabilization of export earnings such as we propose implies—and this is fundamental—recognition of the right to compensation if earnings on a given product are reduced. Recognition of this right to developing nations is just as important as recognition of the right to unemployment and sickness benefits to workers here. In the 19th century it was thought; if the workers are in difficulty, let us have an assistance fund to cover all their problems. It was subsequently realised that they had to be given the right to a minimum salary, even when they were not working or were ill.

We want to do the same for primary products. It is an ambitious idea, certainly. Our efforts are confined to a small number of products and a small number of countries, because considerable problems are involved in the recognition of a right which has not been claimed anywhere in the world until now. This indeed is why our partners are interested,—although they consider our proposals inadequate since they would have liked their purchasing power and not just nominal earnings to be stabilized—because it cuts across conventional lines of reasoning and questions a number of principles which have been at the root of the system of buying primary materials and essential products from the Third World at depreciating prices. It is these principles we contest. Through our proposals, we intend to take a step in a new direction.

But it will only be one step, because if we are to take the subsequent steps we cannot do so alone. The proposals we are making will have to be taken up at world level. An effort must be made to implement this system product by product. Every time the system is repeated at international level it will merge naturally into a world system. The ACP countries would go further than I and say that there must be proposals tending towards stabilization of purchasing power, something which can in no circumstances be done at European level and which raises problems of world-wide economic growth of production.

But to return to my previous comparison, I feel that we are bringing about an innovation comparable to recognition of the right to unemployment benefit or the right to sickness benefit, without going so far as to suggest applying a

sliding scale to these countries, which is what they want.

This is where the proposal involves something new, Miss Flesch; if we carry it out, it is not just because trade preferences have been reduced. Like both Mr Sandri and Mr Van der Hek, I should be favourable to adoption of Amendment No 6 deleting this justification of the new principle we are putting forward.

What stage has been reached in discussion of stabilization? The machinery has been drawn up, the principle of a ceiling has been recognized and for this reason I should be sorry if Amendment No 7, by Mr Van der Hek, were adopted—priority to the poorest countries has been agreed to, as seems to me quite appropriate, and leads me to recommend adoption of Amendment No 2 tabled by Lord Reay.

Two important problems remain; on the one hand, the ACP states would have liked us to guarantee their purchasing power, which we cannot do.

On the other hand, the principle of reimbursement of compensation granted by us has led to very difficult discussions. I personally find the formula in paragraph 14 of the motion for a resolution very ingenious. Finally, the list of products covered is still to be drawn up.

As regards sugar, we intend to go considerably further. You know the system; I shall not give a long description. The guarantee to purchase which we are proposing in exchange for guarantees of supplies operates at a price tied to the Community price and therefore provides a guarantee against inflation, since we all know that we shall have to increase Community prices in response to our own inflation if we want our beet producers to go on producing sugar.

The tied price therefore amounts to an innovation in relations between industrialized and developing countries. For the first time ever, a proposal has been put to developing countries for a price system directly tied to prices operative in the industrialized world. This is an innovation which in this case is nearly equivalent to the sliding scale. Let us hope that it will be appreciated.

In this connection, I should like to answer Mr Glinne by saying that the real negotiations will begin when the prime ministers and ministers of the ACP sugar-producing states come to Brussels to meet my colleague Pierre Lardinois and me.

Let us look at industrial cooperation. The definition of this given in the report is quite excellent and I shall not dwell on it. It is, in fact, a ques-

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tion of moving towards rational distribution of work. We come back to my fundamental idea of integration with our economy as an element in the development of these countries. The report stresses various aspects of this very difficult problem.

It also notes what aspects were included in the negotiations, which are progressing satisfactorily in this field. An industrial cooperation committee and an industrial development centre will be created. We have reached agreement on this with the ACP states.

As the report very justly emphasizes, if industrial cooperation is to have any meaning, the operators, i.e., industrialists, bankers, businessmen and brokers in our countries must take an interest. Otherwise, progress will be very limited.

This is why we feel that systematic contacts must be arranged, with employers' organizations, as recommended in paragraph 23 of the motion for a resolution, and with the trade unions. I am pleased to tell the Assembly that on two occasions I have been able to bring together about 15 representatives of all the major European trade unions under the auspices of the European Trade Union Confederation and representatives of the ACP states.

There has been direct contact on problems of industrial cooperation, on the integration to which I referred earlier. I hope we shall subsequently work out satisfactorily *ad hoc* consultation procedures.

Private investment has also a part to play. In fact, I shall go even further. I believe that what is important—we had occasion to mention this in connection with the Euro-Arab talks—is that integrated links between European undertakings and undertakings in these countries should be created. These links can be in the form of investments, long-term contracts, leases, technical aid contracts, management contracts. Our operators must have confidence in the terms they will be given. Sir Douglas Dodds-Parker referred to this, perhaps rather pointedly but quite rightly. It is a matter which we have no right to ignore in negotiations with the ACP states. I should like to note, however, that our governments are reluctant to let us intervene on this issue. I would remind you that they have still not accepted the principle of a Community investment guarantee, although all the evidence points to its being necessary. This attitude severely restricts the opportunities for in-depth talks with the ACP states.

Our ambition—but there is still no agreement with the ACP states on this point—would be to

hold discussions, as recommended by one speaker, over a number of months on what I now hesitate to call 'a good conduct code'; as both sides seem now to find the term difficult to accept.

As regards financial cooperation, paragraph 15 of the motion for a resolution provides the criteria which must be used in calculating its amounts. These include the right of the old members to keep an amount equivalent to what they received before and treatment of new countries on an equal footing. The two other criteria which you have added are of course obvious to everyone. I believe they will apply when the problem of distribution of the Fund between the 44 countries arises. Now, as you know, the ACP states have decided—and we are with them on this—that distribution will not be carried out until after conclusion of the Convention. This is when these criteria will apply.

Mr Van der Hek, who has tabled an amendment on this, would like to add a further criterion taking into account our obligations to the non-associated countries. I regret that I must disagree with him on this point; the commitments undertaken by the nine Member governments on the European Development Fund of the next Convention is an international commitment. They are committed to creating a European Development Fund guaranteeing the old members an amount equivalent to what they had before and identical treatment to the new members. What is then the size of this Fund? Mr Sandri was right in stating that I would not tell you. For obvious reasons I cannot give you a figure while the negotiations are still going on. To do so, would be out of order as the Assembly will naturally understand. For the same reasons I would also ask Miss Flesch not to embarrass us with the wording of her text. In paragraph 47 on page 31 of the explanatory statement I find a reference to the evaluation of the request made by the ACP states which is so favourable that it is rather embarrassing to those who are responsible for negotiating on behalf of the Community, but of course this is a matter for your decision.

Should this Fund be budgeted? You know that this was the Commission's position. I am not therefore surprised by what I read in paragraph 16 of the motion for a resolution. It must nevertheless be realized that there is a considerable difficulty which the rapporteur has not taken into account, and that is the unit of account. Budgeting presupposes the use of budgetary units of account. Now the rate of exchange of this unit of account is completely unrealistic, because we are still using the International

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Monetary Fund parity which has varied downwards in one case by 22% and upwards by 15% in another. The introduction of a new unit of account in the budget is a delicate legal exercise and would also lead to savage changes in the charges imposed on some countries, particularly those whose currencies are heavily devalued, and this would have very serious repercussions. For this reason the principle of budgeting must, in my opinion, be put forward urgently, taking into account the opportunity for control by this Parliament, although we shall perhaps be obliged to work out a different formula. The governments of the Nine are discussing the problem.

The part played by the EIB in the operation must become bigger, as one paragraph of the motion for a resolution very correctly stresses. At the same time I would ask—and I hope that this will be remembered by the statesmen who are present here—that it should not be forgotten that we do have a development aid policy and that it must not become simply a policy of banking operations.

Finally there is the question of the institutions. Like all those who have been on joint committees, I think these constitute one of the most original elements in our cooperation, a way of getting to know and supporting each other which must be maintained at all costs. I therefore welcome paragraphs 25 and 27 of the motion for a resolution, although I must state that at the moment we have still not reached final agreement on this point with the ACP states. We came close to agreement with our proposal for the creation of an institution to be called the Consultative Assembly, which would be composed, on the European side, by the Members of Parliament, and on the ACP side by members of their choice, and which would therefore have been very similar to the present Parliamentary Conference under another name. At the last minute however, it was decided that this matter would be considered at ministerial level. I do not think there will be much serious opposition there because the vital need for consultation and for common ground has been recognized at all stages in the negotiations and increasingly so as they progressed.

That then, Mr President, at rather too great a length, is the position. I believe that the matter in question is an important issue. You have been good enough to grant me a lot of credit for this. I do not believe this to be quite justified. I think it is a major issue simply because I think we are right, because I think we have a completely new answer to the problem of relations between industrialized and Third World countries. I believe that a single European country could not have done the same because it could not have

provided a sufficiently broad base. On the other hand, I believe that if we had tried to operate straight off on a world scale we should have achieved nothing.

Our approach to the Association is a new approach and it meets with current economic needs. It is an approach which allows a number of developing countries to make themselves heard, to achieve development—now being expressed more strongly than ever before.

It is also the right approach for us and for all countries which are poor in primary commodities and in essential products, and we need to readjust our balance of payments, not by borrowing money, not even from a fund guaranteed by the highest transatlantic authorities, but by developing markets in these countries and therefore by helping these countries to keep markets and to maintain a sufficient flow of money to develop. These different measures seem to complement each other through the Association; a series of steps forward has been taken and though this is not the end of the road I think we have ourselves embarked on, and will perhaps help the rest of the industrialized world to embark on, entirely new directions.

(Loud applause)

IN THE CHAIR: MR MARTENS

Vice-President

President. — Does anyone else wish to speak? We shall now consider the motion for a resolution.

On the preamble and paragraphs 1 to 3 I have no amendments listed.

I put these texts to the vote.

The preamble and paragraphs 1 to 3 are adopted.

On paragraph 3 I have Amendment No 5 tabled by Mr Sandri and Mrs Goutmann on behalf of the Communist and Allies Group and worded as follows:

After paragraph 3, insert the following new paragraph:

'3a. Reaffirms its conviction that in strengthening these ties, the principle of non-interference in the political life and options of each member state of the Association must be strictly observed.'

What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) I accept the amendment.

President. — I call Mr Glinne.

Mr Glinne. — (*F*) Mr President, it is very important that we should be perfectly clear on the purpose of this proposal, because the matter will be coming up again at the meetings of joint committees and the Parliamentary Conference of the Association, or the Representative Conference of the Peoples of the Association, to use its new name.

Mr Cheysson has just reminded us that the decision to achieve a new association was political, but that cooperation was not.

Mr President, we must not forget that, within the framework of the new Association, the Representative Conference of the Peoples must be made to work. Its new name expresses, to a considerable extent, a certain attitude which I discern behind the amendment tabled by Mr Sandri.

But the real problem is knowing how far to go. While it is obvious that there must be no interference in the internal affairs of a partner State, and that national sovereignty must be respected, we must also be able to consider the political implications of certain political decisions which will be made. Rather than have a written rule, formulated now in Miss Flesch's report and in the debate on it, it would be far better to let the future produce some kind of unwritten law.

There can be no guarantee that there will not be an outbreak of xenophobia in one of the EEC Member States. It could also happen, as in the past, that some form of genocide will develop on the African side. There could be mass expulsions of the Asians living in an African country.

The development of a country might become the sole preserve of an oligarchy, instead of serving the entire population. Some of the African representatives might come to regard our conduct towards the South African Union as the expression of an unfriendly attitude towards themselves.

Are we then going to say in advance that we cannot deal with such matters either at the level of the Representative Conference of the Peoples or at other institutional levels, because relations between Europeans and Africans are to be put on the same basis advocated in certain quarters for East/West relations, namely politically aseptic coexistence?

Our group has stated that this would not be acceptable, that cases must be judged on merit in the framework of unwritten rules which will gradually come to be established, as the Associa-

tion continues and is renewed. We would not wish to interfere, of course, with an ACP partner country wishing to carry out a social revolution or to transform its economy, or to take ideologically radical paths. The common rule which we should observe, we believe, in this Parliament, is not to prejudge developments whose character and significance cannot be predicted. For reasons of prudence, my group wishes to oppose Mr Sandri's amendment.

President. — I call Mr Sandri.

Mr Sandri. — (*I*) Mr President, I should just like to clear up a misunderstanding of our amendment which seems to have emerged in Mr Glinne's interpretation.

The amendment does not really relate to the various possible forms of Assembly—consultative, representative or whatever. We are about to draw up a Convention with ex-colonial or dependent countries and, like Miss Flesch in her explanatory statement, we want to categorically reassure them that the purpose of this Convention is to extend relations of economic, technical and financial cooperation without in any way limiting their political options. We have a thousand other means of expressing our views on such options.

I believe that, if we act in this way, we can meet an essential need of countries which, having been restricted by us by means of force or paternalism, now demand a guarantee that they will be able to make free political choices.

Thank you, Mr President. This is the only purpose of our amendment as explicitly stated in the text of the explanations presented by Miss Flesch.

President. — I call Mr Deschamps.

Mr Deschamps. — (*F*) Mr President, I should like to say on behalf of my group that we share the attitude described so eloquently and with such telling examples by Mr Glinne.

President. — I put Amendment No 5 to the vote.

The amendment is not adopted.

On paragraphs 4 to 9 I have no amendments listed.

I put these texts to the vote.

Paragraphs 4 to 9 are adopted.

On paragraph 10 I have Amendment No 1 tabled by Lord Reay on behalf of the European Conservative Group and worded as follows:

President

After the words 'associable States,'
the rest of this paragraph to read as follows:

'and urges that special compensatory measures be taken, in particular with respect to the export of bananas from Somalia'.

What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, for reasons explained by the Commission, I am of the opinion that the amendment should not be adopted.

President. — I call Mr Kirk.

Mr Kirk. — Sir, I think there may be a difference in translation here. The English text makes no sense at all. It only makes sense if my honourable friend's amendment is accepted. I hope therefore, that the rapporteur will look at the text again in view of the misunderstanding in the translation here. This was also indicated by what the Commissioner had to say. At the moment it is perfectly ridiculous that, in drawing attention to the consequences of the closure of the Suez Canal, we refer in particular to exports of bananas from Somalia. There are so many other consequences of the closure of the Suez Canal and it is absolutely absurd to restrict it to that particular point. I think that the Commissioner, in his answer, to which I listened with great care, had not taken the point that Lord Reay was making. The point was that there are far wider and more important issues than exports of bananas from Somalia and that we really ought to try and mention them. That is the point of this amendment.

President. — What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, I am no linguist but I believe that the English text is a fair rendering of the French. We had long discussions on this text in committee. We considered a number of versions and at one stage even considered deleting it, because we felt that it was inappropriate within the context of the renewal of the Convention to raise one specific issue. In view of the discussions which have been held, and the agreement reached in committee, I stand by the committee's text.

President. — I put Amendment No 1 to the vote.

The amendment is not adopted.

I put paragraph 10 to the vote.

Paragraph 10 is adopted.

On paragraph 11 I have no amendments listed.

I put this text to the vote.

Paragraph 11 is adopted.

On paragraph 12 I have Amendment No 6 tabled by Mr Van der Hek and worded as follows:

In this paragraph, delete the following words:

'with the goal of providing compensation for the loss of advantages these countries enjoyed, particularly in the area of trade preferences;'

I call Mr Van der Hek to move this amendment.

Mr Van der Hek. — (NL) Mr President, the purpose of the earnings stabilization system is not to provide compensation for the loss of anything, and moreover, in this particular case, it is difficult to provide compensation to those countries previously not associated with the Community, which therefore will not be losing anything. They only stand to gain from the system.

President. — What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, one of the aims of the proposed measure, the earnings stabilization system, is to compensate for the loss of advantages these countries enjoyed in the area of trade preferences. But I am really convinced that this phrase adds nothing to the text and I accept the motion for its deletion.

President. — I put Amendment No 6 to the vote.

The amendment is adopted.

I put paragraph 12 so amended to the vote.

Paragraph 12 is adopted.

On paragraph 13 I have two amendments listed:

— Amendment No 2 tabled by Lord Reay on behalf of the European Conservative Group and worded as follows:

Replace the words 'the ACP countries'
by the words 'the poorest ACP countries'.

— Amendment No 7 tabled by Mr Van der Hek aimed at deleting the paragraph.

I call Mr Van der Hek to move this amendment, which will be considered first.

Mr Van der Hek. — (NL) Mr President, my amendment is rather radical. I propose to delete paragraph 13.

I should like to quote Mr Cheysson, who said that this stabilization system provided a kind of

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right to a minimum income, a right to assistance, as we know it. I do not know how this is done elsewhere in Europe, but we provide these guarantees irrespective of whether it is potatoes, chairs, tables or plums that are being produced. Here, however, this kind of guarantee is being given on the basis of specific products, and I repeat that I find a guarantee on the basis of separate products unfair. In my view it is the total balance of trade that should be looked at. I therefore propose the deletion of paragraph 13, especially since the principle of the guarantee is embodied in paragraphs 12 and 14, in a way that I can accept.

President. — I call Lord Reay to move Amendment No 2.

Lord Reay. — Mr President, to talk of all those products which are of vital importance to exports from the ACP countries is in our opinion too general—it is even misleadingly general. A rich or a relatively rich country, for example an oil- or a copper-producing country could claim correctly, that oil or copper were exports of vital importance to it. In this Fund I think we have to be selective. We do not have the resources to be anything other than selective and I think, therefore, that the Fund must cover a limited number of products and that the criterion should be one of need.

Moreover, to undermine the resistance of the rapporteur, if she feels inclined to resist this amendment, perhaps I might quote from paragraph 42 of her report. There is a sentence there: 'At all events the stabilization system should include those products which are of vital importance as exports from the poorest countries of the Association'.

I think the Commissioner endorsed this amendment and I feel sure, therefore, that the rapporteur will find it possible to accept it.

President. — What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, I agree with the amendment proposed by Lord Reay.

The amendment tabled by Mr Van der Hek, on the other hand, seems to me to question the very principle of the earnings stabilization system. I ask the Assembly to reject it.

President. — I put Amendment No 7 to the vote.

The amendment is not adopted.

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

I put paragraph 13 so amended to the vote.

Paragraph 13 is adopted.

On paragraph 14 I have no amendments listed.

I put this text to the vote.

Paragraph 14 is adopted.

On paragraph 15 I have Amendment No 8 tabled by Mr Van der Hek and worded as follows:

At the end of this paragraph, add the following new indent:

— the Community's obligations towards developing countries which are not associated with the Community;

I call Mr Van der Hek to move this amendment.

Mr Van der Hek. — (NL) Mr President, I have read the text of paragraph 15 over again carefully. It deals with the criteria which are to be applied to bring about equal treatment for the present Associated States and the new Associated States. I have been convinced by Mr Cheysson's argument that the criterion does not apply in this particular context, but it could be applied elsewhere.

For these reasons, I withdraw this amendment.

President. — Amendment No 8 is accordingly withdrawn.

I put paragraph 15 to the vote.

Paragraph 15 is adopted.

On paragraphs 16 and 17 I have no amendments listed.

I put these texts to the vote.

Paragraphs 16 and 17 are adopted.

On paragraph 18 I have Amendment No 3 tabled by Lord Reay and worded as follows:

Delete the word 'non-refundable'.

I call Lord Reay to move this amendment.

Lord Reay. — Mr President, it seems to us that the word 'non-refundable' in this resolution is unnecessary. Non-refundable aid must mean aid in the form of grants, rather than loans; but aid under the European Development Fund is virtually exclusively grants in any case. I think that the author had in mind to distinguish this aid from the export stabilization fund under which, in principle, the contributions are refundable. However, this distinction is unnecessary, since in both cases, in the case of the bulk of aid to be made available under the EDF, both the rapporteur and the committee have agreed

Lord Reay

that the principle of aid being reserved to the most deprived should be observed. Accordingly, I think that the word 'non-refundable' can here be omitted since it may puzzle some who read the resolution and it makes a distinction of no value.

President. — What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, the meaning of paragraph 18 was that non-refundable aid should be reserved as a matter of priority for the most deprived countries, and other forms of aid earmarked for more developed countries. I therefore stand by the text as tabled and I ask that the amendment be rejected.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, on a technical detail, I wish to point out that the future European Development Fund will include allocations to supplement loans from the European Investment Bank. They form part of the aid, but will be used together with the Bank's loans. If, therefore, we are saying that the aid is reserved for the most deprived countries, we shall make the Bank's activities impossible. It is the Commission's recommendation that the amendment be rejected.

President. — I call Lord Reay.

Lord Reay. — Mr President, in view of what has been said by the rapporteur and the Commission, I should like to withdraw this amendment.

President. — Amendment No 3 is accordingly withdrawn.

I put paragraph 18 to the vote.

Paragraph 18 is adopted.

On paragraphs 19 to 21 I have no amendments listed.

I put these texts to the vote.

Paragraphs 19 to 21 are adopted.

On paragraph 22 I have Amendment No 4 tabled by Lord Reay on behalf of the European Conservative Group and worded as follows:

Replace the words 'a good-conduct code' by 'a mutual good-conduct code'.

I call Lord Reay to move this amendment.

Lord Reay. — Mr President, I think this amendment is really self-explanatory. I very much welcome the reference in the resolution to the good-conduct code, but I do not think that in this paragraph 22 the point is made quite explicitly enough that what we need is a code which, on the one hand, should lay down some criteria which we expect private investors to follow in their investment policy in developing countries, and which on the other hand will also offer such investors some guarantee of good treatment at the hands of the governments of developing countries if they follow the criteria laid down. The criteria should, of course, be worked out following consultations with the governments of developing countries and I should think also with multinational companies whose parent company is located in a Member State. The point is that this code should in our view have a reciprocal character. I beg to move this amendment, which I think expresses this wish in the simplest manner.

President. — What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, I am of the opinion that, as Mr Cheysson has just said, private investment has a role to play in development. I believe that what this amendment seeks to achieve is implicitly contained in the wording of the text and also in the explanatory statement. I accept Lord Reay's amendment.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

I put paragraph 22 so amended to the vote.

Paragraph 22 is adopted.

On paragraphs 23 to 25 I have no amendments listed.

I put these texts to the vote.

Paragraphs 23 to 25 are adopted.

On paragraph 26 I have Amendment No 9 tabled by Mr Van der Hek and aimed at deletion of this paragraph.

I call Mr Van der Hek to move this amendment.

Mr Van der Hek. — (NL) Mr President, the resolution states we are in favour of a parliamentary body. I think, however, that it is going too far, especially in view of the sensitivity of some Associated States, for us to give this body a name, especially a name like the one here. 'Representative Conference of the peoples of the Association' is an example of poor use of words and bombast.

Van der Hek

'Conference of the Peoples of the Association' just might do. I would suggest to those who want to include the word 'representative' not to be so fussy.

President. — What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, the committee felt it should use its imagination and find a name for the new parliamentary conference.

In view of what Mr Cheysson has told us about the names currently being considered at the plenipotentiaries' level, I am quite ready to agree to the deletion of paragraph 26, that is to say, to support Mr Van der Hek's amendment.

President. — I put Amendment No 9 to the vote. Amendment No 9 is adopted.

Paragraph 26 is accordingly deleted.

On paragraph 27 I have no amendments listed.

I put this text to the vote.

Paragraph 27 is adopted and is now numbered 26.

On paragraph 28 I have Amendment No 10 tabled by Mr Van der Hek and aimed at deletion of this paragraph.

I call Mr Van der Hek to move this amendment.

Mr Van der Hek. — (NL) I think that this is a point of principle. It is my opinion that we ought to vote for this Association, although I have criticisms of some aspects. I also think, however, that in due course this Association ought to be integrated with the Community's overall development policy.

Giving the Association a permanent character right from the preamble of the new agreement seems to me to be going too far, prejudicing the coordinated approach which we as a Community ought to look for in our overall development policy. I therefore propose the deletion of this paragraph.

President. — What is the rapporteur's position?

Miss Flesch, rapporteur. — (F) Mr President, it has always been the European Parliament's concern to give the Association a permanent character. We said so in the context of Yaoundé and we said so again in committee in connection with the enlargement of the Association. This is why I stand by the text proposed by the committee. I insist that it be retained and ask for the rejection of amendment No 10.

President. — I put Amendment No 10 to the vote.

The amendment is not adopted.

I put paragraph 28 to the vote.

Paragraph 28 is adopted and is now numbered 27.

On paragraphs 29 to 32 I have no amendments listed.

I put these texts to the vote.

Paragraphs 29 to 32 are adopted.

They are now numbered 28 to 31.

Does anyone else wish to speak?

I put to the vote the motion for a resolution as a whole incorporating the various amendments that have been adopted.

The resolution is adopted.¹

Thank you, Mr Cheysson.

7. Oral Question with debate: Relations between the European Community and the Arab States

President. — The next item is the Oral Question with debate by Mr Jahn, Mr Lücker, and Mr Springorum, Mr Bertrand, Mr Vandewiele, Mr Klepsch and Mr Noè, to the Commission of the European Communities on relations between the European Community and the Arab states (Doc. 283/74).

The question is worded as follows:

Subject: Relations between the European Community and the Arab states

In view of the fact that

- the Community has still not wholly assured its energy supplies,
- the Community has still not clearly defined and applied its Mediterranean policy,
- the Arab states have not clarified their position in the Community development policy system

and in the light of the statement by the Heads of State or Government at the Copenhagen summit meeting in 1973, the Commission is asked:

1. What are the principles and objectives pursued by the Commission in its negotiations with the Arab states?
2. Do the Arabs have a clearly defined position in these negotiations that can be communicated to us by the Commission?
3. How does the Commission view the prospects, in its negotiations with the Arab states, for a

¹ OJ No C 5 of 8. 1. 1975.

President

lasting solution to the energy problems and to the balance of payments problems caused by the energy supply situation?

4. How do the Commission's negotiations relate to the corresponding world-wide talks?

I would point out in this connection that the Oral Question without debate by Mr Blumenfeld (Doc. 376/74) on the same subject has been withdrawn by the author.

I call Mr Jahn to present his Oral Question.

Mr Jahn. — (D) Mr President, ladies and gentlemen, over a year has passed since the war in the Middle East, but the political problems facing the conflicting parties there are far from being solved. On the contrary, from time to time there has been a new threat of war and, although the most recent travels of Foreign Ministers Dr Kissinger and Mr Sauvagnargues and the UN Secretary-General Mr Waldheim have resulted in a certain amount of calm in that troubled region, we should not allow ourselves to be fooled by that deceptive peace. Nevertheless, the last war saw a growing desire on the part of all concerned to solve the problems by peaceful means, so there is some hope that matters can be stabilized there in an equitable manner. The development of relations between the peoples in that area is only one result of the war. A few weeks between October and December 1973 were enough to give the world a drastic demonstration of the consequences of dependence on oil, and its effects on standards of living and even indirectly, the future of existing political structures.

Since then, the situation has become even more dramatic. The huge increase in oil prices recently caused the European States to lose their trade balance surpluses. We are now facing a deficit of about 25 000 million dollars, and it is to be anticipated that in 1980 the countries of Europe will be in debt to the tune of 180 000 million dollars to the oil-producing countries. I hope that when we discuss this question we can count on far greater attention from all those concerned. The situation can only be described as balancing on a knife edge.

Everywhere there is a threat of a plunge into inflation, unemployment and a difficult economic and political crisis. In the long term, Europe will be able to preserve its present standard of living and avert serious threats to its political structures only if it succeeds in finding satisfactory answers to the following three questions, which now apply on a world scale.

Firstly, what price will be paid for oil in future and how soon can we anticipate fixed prices?

Secondly, in what way can the foreign currency paid for oil, which is not absorbed by the Arab States themselves, be best directed back into the economy of the industrialized nations? Thirdly, how can we ensure that developing countries retain their prospects for the future, despite the almost prohibitive cost of oil?

Mr President, the European Community must find an answer to each of these questions. A start was made at the Summit Conference in Copenhagen last December.

The Heads of State or Government recommended that negotiations be started with the oil-producing countries in order to achieve broad cooperation with a view to the economic and industrial development of those countries, industrial investment and a stable energy supply for Member States. I would say that another requirement is the coordination of all measures in the production of existing and new sources of energy and corresponding research projects, that is to say a real common energy policy based on a programme, in order to reduce dependence on oil.

Mr President, it is fortunate that all Member States have come to realize that these problems can be solved only if they are approached at Community level. We hope that today's Summit will come up with some concrete steps to this end. Negotiations have begun to take some sort of shape. In October the Secretary-General of the Arab oil-producing States met the responsible Members of the Commission. On several occasions there have been negotiations between the representatives of the Arab States and Mr Sauvagnargues and Mr Cheysson.

My colleagues and I welcome these talks, but we also think it necessary—that is the reason for our question—that the political options on which these talks are based should be clearly outlined in Parliament. Most important, it must be ensured that these talks are based on a balanced and just Middle East policy and that questions of development aid are also discussed. Even the best possible settlement of the energy and currency problems of the European Community would be of little use unless solutions were also found to the growing problems of the developing countries. To put it another way, it is pointless to save on currency with the oil-producing countries and then have to pay more in development aid if that aid consists in the main of settling the poorest countries' oil bills; I have followed with interest the remarks on the question of aid for our Associated States, and feel bound to say that unless these things are taken in hand, development aid will probably be left suspended in mid-air, because at

Jahn

present all trends indicate that the problems are not being tackled.

Mr President, the EEC's relations with the Arab States must be worked out in close cooperation and agreement with the USA and, if possible, Japan.

I would like to say a few words in this connection on the tensions between Israel and the Arab States. We shall be rendering no service to the cause of peace in the Middle East if our policy merely consists of trying to fully satisfy both sides. The shameful consequences of such a policy were recently apparent at the United Nations, when our Member States abruptly abstained from voting because it did not seem possible to obtain a majority in favour of their own views on the text of an unbalanced resolution. To avoid misunderstanding, we must talk to representatives of the Palestinian people and find solutions for the problems of that people, but that does not mean that we are prepared to question Israel's right to exist. The right of Israel to exist and the safeguarding of that right must be guaranteed.

Ladies and gentlemen, the consequences of the development in the oil sector may be beneficial; we may become conscious again of indigenous resources and the need for greater economy. We should remember, however, that the European States are still relatively well equipped to learn this lesson. Our interests are in many ways interlaced with the interests of the other states in the world. We should also take that into account in our negotiations with the Arab States. If we make a clear statement of our own position, this should not be regarded as cutting ourselves off from worldwide attempts to deal with the crisis.

Ladies and gentlemen, prosperity and peace are distributed very unevenly in the world. Let us strive to ensure that the European-Arab dialogue not only helps preserve our own prosperity and the political stability associated with it, but also serves the prosperity of poorer nations and especially peace in the Middle East.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — *(F)* Mr President, the matter we are debating today has been of interest to Parliament for a long time. There have been other debates, notably the one on 25 September. Mr Jahn's intervention has added new perspectives to the matter which has been raised, since he referred successively to the problems of energy policy and oil prices, bring-

ing in the whole question of primary commodities and, in fact, the entire East policy. I do not think that at this late hour, Mr President, we can have a debate on this subject. The Commission would be very happy to have one, but preferably not this evening. With your permission, I therefore intend to restrict myself to replying to the questions which have been put to us, in other words the Oral Questions.

Firstly, what are the principles and objectives pursued by the Commission in its negotiations with the Arab states? I would remind you that the Commission is not itself conducting negotiations with the Arab states, but is simply an integral part of the Nine and the Community in the European-Arab dialogue. I have already reported on this on 25 September, and said at that time that our place at the table was fully guaranteed by the procedures adopted, whether the Euro-Arab table or the European table. In any case, the Treaty has been respected and this assures Parliament, by virtue of the control it has over us, of participation in this dialogue. So much for the procedure.

The direct negotiations we are conducting involve only some of the states; the countries concerned in these talks, in accordance with the principles which have been spelled out on several occasions before this House, include the three Arab member countries of the ACP (Sudan, Mauritania, Somalia), the eight Arab League members covered by the global approach, and the three Maghreb countries plus Israel, which does not belong to the Arab League, but which is being dealt with in the same way. Egypt, Jordan, Syria and the Lebanon are to be granted preferential agreements under the terms of the global approach. When we propose a negotiating mandate to the Council, we shall submit this mandate simultaneously to Parliament and can then have a debate on the subject; in our direct negotiations we are under your control.

What are the objectives? We spoke about the Euro-Arab dialogue the other day; we have just talked at length about the direct negotiations with the ACP; you know about the global approach: it involves seeking out cooperation wherever it may be found.

The second question: do the Arab States have a clearly defined position that can be communicated to us by the Commission? I should like to begin by emphasizing, Mr President, that there are considerable differences between the Arab States. There are rich and poor Arab countries, some are heavily populated and some which are deserts; some lend and some borrow; some of them are linked to Europe, and others are linked to other countries in the world.

Cheysson

The detailed aims of each of these countries are therefore very different. What links them in the joint discussions with us is their wish for development which aims at drawing on the resources of as much as possible of the European market, making use of European technology, profiting from our proximity. Then there is the desire for independence or shared dependence as regards Europe at a time when they already have links with other countries elsewhere in the world. They know this is a good opportunity because we need certain primary commodities from them and they have decided to use this opportunity to their best advantage.

On our side, we recognize that the matters we have to discuss with them can be economically of importance to us, particularly as regards our supplies, the opportunity to relocate certain industries which require space or labour, the opening up of markets which we need to correct our balance of payments. That is the common background. It can be summed up basically in the words of Sir Douglas Dodds-Parker: they have great needs, great resources and a great potential, which all is of interest to us, but we too have great needs, and great intellectual and technological resources.

What are the prospects of finding a lasting solution to the energy problems and the balance of payments problems? How do these negotiations fit into the framework of concerted action? I pointed out the other day that there are only marginal possibilities for dealing with many of the questions which interest us in the European-Arab dialogue. After all, the Twenty-Nine do not represent the most ideal context for holding discussions on detailed matters, and we have to recognize that. Moreover, in the energy sector, we are only talking to a section of the oil-producing countries when we turn to the Arabs, and we, the Nine, only represent a section of the consumer countries. These do not constitute the most ideal conditions for dealing with problems of energy. They will be raised, but they cannot be dealt with there. I would say exactly the same thing as regards recycling.

How do these talks link up with the talks at world level? Unfortunately there are no major talks at world level yet, either on the subject of energy or recycling. The IMF, it is true, and the World Bank, are feeling out the ground and will subsequently talk to us. There is talk, certainly, about meetings between producers and consumers but, as you know, the matter is still very unclear. So, at this point, I cannot give any clearer answer.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — Thank you Mr President. I will certainly be as brief as I can. I tried to raise this point at the last part-session and I feel, therefore, that I would not like to miss this chance of putting one or two points, particularly in view of what the Commissioner has said on the many problems which are implicit in this useful oral question of my colleague Mr Jahn.

I think this question has been put because there is possibly a threat of another war in the Middle East which is greater than some of us here realize. I recently visited Cairo and met a number of representatives from the Arab League and from the Egyptian Government and found very considerable concern over the existing state of negotiations over a settlement of the Arab/Israel problem. I believe myself that the political will on the Arab side to reach a settlement is in fact greater than ever before. The settlement will, of course, accept the existence of a viable Israel and would allow the Jewish branch of the great Semitic race to play once more the valuable role which it has played for so many years in the Middle East.

Now many people realize the great and real difficulties that face this area—over-population, under-production of food, health problems—and the great opportunities to overcome them which now result from these oil revenues. I heard speak of the 'triangle' of these oil revenues in the Middle East, the agricultural development possibilities, especially in Egypt, Iraq, the Sudan and Algeria and growing industrial skills particularly in Egypt. The third point of the triangle was Western technology and help in technical training, as discussed at the Franco-Arab meeting in Casablanca on 2 and 3 November. It was a very useful meeting, I understand.

As to the future, I have always believed that any settlement will need a transitional period. I have said this often before in public and I believe that Europe, which did so much to create these problems, should underwrite this settlement which one day must be reached, to the immense benefit of all those who are lucky enough or could be lucky enough to live in the Middle East. And so, as it is not possible to reach a final settlement in one move, I believe that we Europeans, the Nine, or the Fifteen of the Council of Europe, or the Seven of Western European Union, should be prepared to police any demilitarized zone under the United Nations and should help as an Economic Community in mutual economic exchange and cooperation, on the lines which I discussed in Cairo last month.

Dodds-Parker

Finally, I found a very wide welcome for the visit of the President of the Council and Commissioner Cheysson, whose visits always produce goodwill and practical suggestions. And I think it is worth placing that on record in this Parliament. The Arabs would also welcome, I believe, a continuing dialogue between this Parliament and representatives of the Arab countries. Such a dialogue was found most useful under the Yaoundé Convention. It has been found useful with Greece and with Turkey and is being proposed to South America. Perhaps it might be a function of the Committee on External Economic Relations.

But it is necessary to have continuity. It needs Members who can give a reasonable time over a reasonable number of years to pay regular visits and organize exchange visits so that their opposite numbers can come here. I hope this will be considered by the European Parliament authorities as useful in creating better understanding in these most critical months. And may I therefore ask your Chairman to put this point to the President and to the Bureau in due course.

President. — I call Mrs Goutmann.

Mrs Goutmann. — (F) Mr President, ladies and gentlemen, the energy crisis was not the result of a sudden world-wide scarcity of oil, it appeared fully fledged the day the producing countries decided to increase the price of crude oil. But it should be recognized that this crisis was latent even before the Yom Kippur war.

For months the major oil companies had been deliberately organizing stockpiles and engineering scarcity in order to demand future price increases. There was apparently nothing unusual about that. This phenomenon was brought to a head by the until then unprecedented decision by the producing countries themselves to raise prices. Even today every means is being used to make us believe that the Arabs are responsible for inflation, for the energy crisis, for monetary disorder and even for the unemployment which is increasing in the capitalist countries. But it should be recalled that the cost of oil accounts for only 2% of present inflation rates, and I would remind you that that rate varies between 14 and 18% in much of Europe. Inflation already existed before the decision of the Arab countries, because it is endemic in our economic system and because, despite the efforts of the governments of the European countries, both at national and Community level, it has proved impossible to master. Moreover, the problems we face today as a result of the scarcity, or more exactly the price of oil, is due to the fact that the great capitalist monopolies, the vast multinational companies staked everything

on oil and ignored the national resources of Europe itself, national resources which have been wasted, sold off or even abandoned.

We have a crisis essentially because the industrialized capitalist countries still refuse to accept the fact, new certainly, but eminently justifiable, that countries which have been oppressed for such a long time are finally in a position to profit from remunerative and fair prices for their own natural resources. Not only do they refuse to accept this new economic logic, but they still intend to maintain their political hold on those countries which are gaining their national independence, and they are even trying, by exaggerating the threat of a scarcity of primary commodities, to line up the countries against one another, to incite them to aggression in the name of liberty; they are doing so, in reality, to safeguard the obscene profits of the great monopolies. The Israeli-Palestinian conflict is still being utilized today to inspire a violent anti-Arab campaign. But now, and I say this plainly, the existence of Israel is not at risk and, on the contrary, all international bodies have called for the need to recognize the rights of the Palestinian people. The best way of settling the conflict is not by over-arming the capitalist state of Israel, but by helping to resolve the Palestinian problem by first of all condemning Israel's annexationist policies and accepting that the two communities should live side by side. There is a lot of talk of setting up a bloc of consumer countries to face the producing countries. The United States does not hesitate to use blackmail and threats and has actually called for military intervention against the Arabs if they stick to their policy of holding on to their oil.

But this is not the way to solve problems which are of just as much importance for the Community's future as for the future of the Third World, and it certainly does not take account of the fact that Europe's development depends in large measure on the potential of Africa. The dialogue between the EEC and the Arab countries is simply marking time. The Commission, certainly, is making efforts, but to little avail. Pressure is being brought to bear to prevent bilateral agreements being signed between Member States and the Arab countries, and there is a general wish, more or less openly expressed, that France should support, or more precisely submit to, American demands in the context of an agreement which would also include Japan.

The existence of the Socialist camp which is devoting its efforts to peaceful coexistence and cooperation, the determination of the producer countries to stamp out new colonialist practices, the awareness of world public opinion of this new situation, the struggle of the workers

Goutmann

against austerity, all highlight the urgent need for the European governments to establish new relations with the countries producing sources of energy and primary commodities and the developing countries as a whole. There should not be calls for war, but for cooperation; it is not force that is required but economic development and cooperation with all other countries. Such an operation could put an end to the hold of the monopolies and major oil companies on the wealth of the underdeveloped countries. What is called for, on the contrary, is financial, technical, scientific and cultural aid to enable these countries to learn to exploit their own resources. What is called for is trade based on equity and fair prices for all, industrial cooperation which, while taking account of the international character of production and the necessary division of labour, should be based on the economic and social needs of the populations. To buck at the trend of history is to risk seriously worsening the difficulties for all concerned. This is why we sincerely hope that the negotiations between the Community and the Arab States will be held on the basis of the objectives to which I have just referred and that the Commission will commit itself to doing so. It is, apart from anything else, the best means of reaching a lasting solution to the energy problem.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, I should like to make it quite clear that I am speaking on my own behalf. This morning, when I heard that the President of the Belgian Council of Ministers had been instructed to prepare a report on European Union for the New Year, I asked myself whether he should not write it in Arabic because I think that we are so concerned to satisfy Arab demands that we are making it more difficult to solve the European problems.

I must admit that I feel a bit cautious about approaching this topic because, as a newspaper has said, the area in question is full of mysteries and mirages. In other words, we are talking about an area in which the two super-powers, Russia and America, are engaged and neither side is pulling punches. Unfortunately I am not the sort of person who sees everything as either black or white and I do not think that the world is run by a few powerful monopolies. You cannot look at the world from a Manichean point of view expecting some to be always right and others always wrong.

But, while I am on this point, I should like to thank Mr Jahn and the others for having posed this question. This problem is of fundamental

importance for our independence and development and the progress of our workers, whose quality of life is deteriorating. It is a general point which is worth considering and bringing up over and over again in this Parliament. I should also like to thank the authors because they have given me an opportunity to turn a critical eye on one of the points in the Commission representative's remarks.

Mr Cheysson, whom we well know to be alert and precise, said that this was a good opportunity and they would make use of it. I should like to use this opportunity to stress that in these talks the Commission, not the United States of America or Russia neither of which is European, must adopt a line which fairly respects rights and fairly evaluates these peoples' duties vis-à-vis the Community.

We do not have a guilty conscience and do not have to ask anybody's pardon—we are a gathering of free peoples including a large number of workers whose quality of life is jeopardized. We desire peace, based on respect for the peoples, respect for the State of Israel and respect for the Palestinian people's rights provided that they can manage to create a political organization with which to progress towards reconstructing a state on their own territory. But we cannot give in to blackmail or underestimate the extremely grave situation in which we find ourselves.

Let nobody come and tell us that it is only a question of recycling dollars. Think of the massive purchases of arms, the possible conflicts of tomorrow and the attitude of the super-powers, and it will become perfectly clear that, in the Middle East, our peace, liberty and independence are at stake.

Successive waves of invasion by the Arab people have already led to a massive breakdown of Mediterranean civilization once before. Obviously, we will never see the future by looking backwards but, though it is all very well and just for the Arab nations to begin to understand their essential unity and become independent or even federated, giving rise to another major grouping, this must not violate respect for liberty. In the face of such a process, we must safeguard our own existence and autonomy, not be arms salesmen. Nor should we be timid either. On the contrary, we should fully assert all the rights of our industries and our agriculture, our workers and our scientists, in other words our right to continue to exist as a world presence.

(Applause)

President. — I call Lord St. Oswald.

Lord St. Oswald. — Mr President, relatively late though the hour is, I must claim slightly more than the five minutes you are allowing me.

We are speaking of the most dangerous area of the world we inhabit today, perhaps the most explosive centre of the whole world surface, and therefore we must speak circumspectly. But if circumspection is carried to the point of concealing or denying or even distorting relevant facts because they are ugly, that is in my contention more likely to be counter-productive than creative or beneficial. The ugly facts of Munich and the ugly facts of Yalta are two cases in point. As an Englishman educated for my first sixteen years entirely in my own country, I inherited an almost romantic attitude to the Arab races, which may in itself tend to distort; but in so far as it may reflect prejudice, that prejudice is bound to favour a positive and heartening reply to the question we are now debating.

Since then, on various occasions, in peace and war, I have known Egyptians and have come to appreciate the fine quality of their minds, to regard them as the main immediate hope of raising the social and educational standards of the Arab world through their ability and example. It is therefore profoundly saddening to see that at this moment of history, they and some other nations, whom we have many reasons to respect, are lending their influence to a murderous and often indiscriminately destructive campaign. On 22 November 1974 18 days ago, a harsh and hideous element was introduced into this most delicate, acutely sensitive situation. Yasser Arafat was not only invited to appear before the General Assembly of the United Nations, but was accorded a standing ovation at the end of his speech. The obstacle which I see now placed in the path of the vitally necessary understanding with the Arab Nations is the new apparent dignity and authority which they have given to this bandit, together with the Palestine Liberation Organization of which he is the leader, and the apparent confirmation of that dignity and authority by the United Nations' General Assembly.

At this point I should perhaps make it clear that on this occasion, I am speaking for myself and not for my political group and not for the Committee on External Economic Relations. Though I have no reason to think that any of my colleagues would disagree with me, I must accept the responsibility for the vehemence with which I speak.

The Palestine Liberation Organization is the parent body of a number of highly trained, totally ruthless terrorist gangs, whose names have become individually known through the

crimes they have committed: El Fatah, Black September and others. Recently I have been researching back through the press of the past six years, and I find that the accumulated crime and suffering for which they boast, sets them in a category with the most odious monsters of human history. Because we read of these atrocities individually, and because after a space one is overtaken by another, the sum total of their horror is seldom beheld. Who even remembers that on 22 November 1968, a car loaded with dynamite was exploded in Jerusalem market killing 12 people and injuring 53 others? The spokesman of El Fatah, the creation and command of Arafat himself, claimed responsibility for the act of having killed 120 people, all civilians. The claim was exaggerated by the perpetrators, but ironically enough, six years later to the day, the United Nations celebrate the crime, by inviting Arafat to address them, giving him a standing ovation and formally inviting the PLO to participate in the sessions and work of the General Assembly from that day forward. During the six intervening years, close on a hundred crimes have been committed or attempted.

I would have spoken at greater length, but since you have asked for brevity, I will leave out the details from what has to be a brief speech on a parliamentary question. I mention these matters in order to decry the fact that this man and his organization have now received recognition and authority, not only from the Arab States at the Rabat Summit, but now in the United Nations which claims to represent us all.

There was a debate in fact devoted to terrorism in Northern Ireland, but in which general allusions to terrorism were legitimately made. One peer made his maiden speech, which is traditionally non-controversial. In it he made this totally non-controversial statement; 'Any terrorist campaign will meet with success or failure in accordance with a nation's counter-measures, and these hinge on the loyalties, patriotism, attitudes and motivation of the general public.' Mr President, if the United Nations Assembly is taken to be the general public of the world, what kind of attitude and motivation has it shown? Lord Slim, still being non-controversial in his maiden speech, went on to say: 'To that must also be added the integrity and unity and purpose of the mass of the people, but recently changing values and changing circumstances appear in some areas, to have diluted this tolerance, so that it tends to become a tolerance which is sometimes mere indifference or non-involvement: "I don't want to know, brush it under the carpet".' That also was said in the context of Northern Ireland, but does it not also

Lord St. Oswald

apply to the far wider mass of the public? Is the tolerance and will to non-involvement not even more dangerous? To introduce a more fanciful and exotic note by way of emphasis, the legendary oriental carpet is liable to take off into the air and one effect of that is to reveal anything which has been swept unworthily underneath.

Neither Mr Cheysson nor my right honourable friend, Sir Christopher Soames, who are the two most likely to deal with the Arab nations, are taken to sweeping uncomfortable matter under the carpet. They are realists. And they will know that nothing I have said is intended to discourage or inhibit dialogue or negotiations with the Arab States. It is vital that they should take place and they should be successful. To shun such negotiations would be answering spite with spite, and placing a new barrier to understanding.

But I think it needs saying, and it needs saying in this Parliament, that the Arab nations have made understanding more difficult by dignifying this Supremo of the Assassins. They have done so with the collusion of the United Nations. He claimed to hold out an olive branch with a revolver strapped to his thigh. A whole olive grove would not convince any thinking man of his peaceful intentions. For Arafat to appear in that Assembly, is equivalent to the ghost of Heinrich Himmler appearing on that rostrum in this Chamber, where he would not be applauded. It baffles me, Mr President, how President Sadat of Egypt could have given his open and valuable support to such a man and such an organization. Acceptance would seem to be the attitude of a weak or wicked man and yet President Sadat has on many occasions shown himself a strong and a good man. It would be more characteristic of him to condemn and disavow the methods of the PLO. The aims and the methods of the PLO are not consonant with the aims expressed by President Sadat. Under Article 6 of their covenant, they reject the right to existence of the State of Israel. For that reason they have never even accepted Resolution 242 of the United Nations. President Sadat has pronounced himself prepared for the permanence of an Israel within guaranteed borders. It is only through this that peace can return to the Middle East, and with it some kind of tranquility for the world.

President. — Lord St. Oswald, may I ask you...

Lord St. Oswald. — Mr President, you are wishing to stop me. I am prepared to be stopped. There is more to be said on this important matter and I regret that you are drawing to a

close a speech which was carefully prepared and factual in its content.

President. — I am sorry, Lord St. Oswald, but I have to apply the Rules of Procedure.

I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, the Commission has only been able to give a formal reply to the questions which have been put.

I see now that the Assembly would have liked a political debate and I do, in fact, believe that such a debate is called for. It is not enough to pass judgment on what has happened in this region. We must consider why certain things have happened to find how it is possible for a people to have no other means of expression than those Lord St. Oswald has condemned, to find out how our future, which is tied to theirs because we live in the same part of the world, can be organized. For my part, I would express the hope on behalf of the Commission that a debate could be held at one of the forthcoming part-sessions, in the first few months of the new year, perhaps when we are submitting our recommendations on the negotiations with the four Arab countries which surround Israel.

President. — I have no motion for a resolution on this debate.

Does anyone else wish to speak?

The debate is closed.

Thank you Mr Cheysson.

8. Agenda for next sitting

President. — The next sitting will be held tomorrow, Wednesday, 11 December, with the following agenda:

3.00 p.m.:

- Question Time;
- Motion for a resolution by Mr Springorum on the energy policy situation;
- Oral Question with debate to the Commission on cooperation agreements with the Soviet Union;
- Political debate on the results of the Paris Summit Conference.

The sitting is closed.

(The sitting was closed at 9.15 p.m.)

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 3.00 p.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents submitted*

President. — I have received the following documents:

- supplementary report by Mr Aigner on behalf of the Committee on Budgets on the draft general budget of the European Communities for the financial year 1975 modified by the Council on 28 November 1974 (Doc. 410/74);
- report by Mr Frehsee on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision authorizing the Netherlands to grant aid for agricultural products following the rise in the central rate for the Dutch Guilder (Doc. 411/74).

3. *Statement by the President concerning
Petition No 7/74*

President. — I wish to inform the House that Petition No 7/74, which was referred to the Legal Affairs Committee on 13 August 1974, was considered by that committee on 22 November 1974. The committee decided that the petition was not admissible on account of its subject matter.

4. *Question Time*

President. — The next item is Question Time. The questions for Question Time have been published as Doc. 399/74.

Yesterday we dealt with the Oral Question with debate put by Mr Jahn and others to the Commission on relations between the Community and the Arab countries.

On the agenda for today's Question Time there are a number of questions concerning related problems such as the energy sector, petroleum and so on.

I have declared all these questions admissible since some of them are addressed to a different institution—the Council—or concern aspects other than those referred to in the question put by Mr Jahn.

As yesterday's debate gave us an opportunity to discuss to some extent some of the questions on today's agenda, I would urge all speakers to restrict themselves to the specific aspects of each question, since we will otherwise not be able to deal with all the questions in this Question Time.

We will begin with the questions to the Council. The first is Question No 1 by Mr Noè, which is worded as follows:

'Does the Council not believe that it is becoming increasingly necessary to decide on a single seat for Parliament, the Commission and the Council of the Communities in order to increase the efficiency of the drafting and decision-making processes of these institutions?'

I call Mr Destremau.

Mr Destremau, President-in-Office of the Council of the European Communities. — (F) Mr President, ladies and gentlemen, as the European Parliament is aware and as the Council recently had the occasion to restate, the location of the seat of the Community institutions is a matter to be decided by the governments of the Member States.

By their decision of 8 April 1965 on the provisional installation of certain institutions and departments of the Communities, the representatives of the governments of the Member States confirmed that Luxembourg, Brussels and Strasbourg remained the provisional working places of the Community institutions.

The Council does not consider that this arrangement prevents it from performing its duties.

President. — I call Mr Noè.

Mr Noè. — (I) Mr President, having listened to the Council's reply, I should like to ask the following question. Although it finds that this dispersion over three separate locations does not prevent it from carrying out its tasks, is the Council aware that as a result of this situation, Parliament's overall efficiency is reduced by approximately 20 to 30%, in other words, that its working capacity is greatly impaired?

President. — I call Mr Destremau.

Mr Destremau. — (*F*) I should like to say to Mr Noè that it is rather difficult to put an exact percentage figure to the reduction in the output of the Community institutions, but this situation perhaps has some advantages, since efficiency criteria are not the only ones to be considered. It can have two advantages: it points out the fact that the Communities have a broad geographical distribution; in addition, as Mr Noè well knows, a number of political questions and the need to maintain a certain balance between various cities have to be taken into consideration.

President. — I call Mr Broeks.

Mr Broeks. — (*NL*) If the geographical argument were to apply, we should certainly meet in all nine countries. Our business is not only with the Council; we also have our own activities, which cost a great deal of effort and money. I would like to know from the President-in-Office of the Council what the Council's position would be if Parliament took an independent decision to meet only in Luxembourg in future.

President. — I call Mr Destremau.

Mr Destremau. — (*F*) That is a matter on which the governments of the Member States alone can decide.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (*D*) In considering the cities designated as provisional locations under the agreement between the governments, would it not be possible to guarantee a balance if Parliament had a definitive seat like the Council and other special Community organs in the development stage? I am thinking of a European Cartel Office and similar institutions. Could not special bodies of this kind be located in a city which might perhaps suffer from the fact that Parliament would no longer be a travelling circus?

President. — I call Mr Destremau.

Mr Destremau. — (*F*) I take note of Mr Fellermaier's suggestions. A decision of the governments of the Member States is required.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (*I*) I should like to call attention to an important point. Does the Council not consider the fact that the seats of Parliament, the Council and the Commission are not Community property as a tremendous drain on

resources? It might be advantageous for a number of reasons if in future the Community had its own property.

President. — I call Mr Destremau.

Mr Destremau. — (*F*) I am sorry that I cannot give you a fuller answer, but I must point out that, according to the Treaty, a decision by the governments of the Member States is required. All these suggestions are, to be sure, very interesting, and we shall take note of them—it is my duty as Council representative to take them into account. I can assure you that I shall pass them on to the Council.

President. — I call Mr Patijn.

Mr Patijn. — (*NL*) Is the representative of the Council willing to inform the Council of our concern about the seats of the institutions and of our wish that the Member States once again give their attention to this matter?

President. — I call Mr Destremau.

Mr Destremau. — (*F*) I think that Mr Patijn has understood the answer I have just given. The Council will of course be informed of the wishes expressed in this House today, and I think I can say to him that the President has already written the Council a letter dealing with the question he is concerned with.

President. — I call Mr Seefeld.

Mr Seefeld. — (*D*) I should like to ask you, Mr Destremau, what significance for the future choice of a Community seat the Council attaches to the purchase of land by the European Investment Bank in Luxembourg for the construction of an administrative building?

President. — I call Mr Destremau.

Mr Destremau. — (*F*) I think that the question just asked, which concerns the Bank, has no direct connection with the problem of the seats of the institutions which concerns your colleagues.

(*Protests from Mr Seefeld*)

President. — I call Mr Schmidt.

Mr Schmidt. — (*D*) It has been pointed out several times that no action is possible because Council decisions have not been taken. My question is: if the Council realizes that certain

Schmidt

problems cannot be settled because no decisions have been taken, why does it not take these decisions?

President. — I call Mr Destremau.

Mr Destremau. — (F) I would recall that it is not for the Council to decide this matter, but for the governments of the Member States to take a unanimous decision.

President. — We now come to Question No 2 by Sir Douglas Dodds-Parker, which is worded as follows:

'What further progress has been made in the discussion between the Council and the representatives of the 20 Arab countries?'

I call Mr Destremau.

Mr Destremau, President-in-Office of the Council of the European Communities. — (F) In February 1974 the Council took a decision empowering its President, in collaboration with the Commission, to enter into talks with the Arab countries on matters falling within the competence of the Communities.

In June the Ministers for Foreign Affairs of the Nine gave their final approval to the text of a memorandum, to be addressed to all the Arab countries, in which the Nine expressed in particular their desire to continue the talks begun with those countries.

After a number of preliminary contacts in Cairo and Paris between representatives of the Arab countries, of the President—in his double capacity as chairman of the Political Cooperation Committee of the Nine and President of the Council of the Communities—and of the Commission, it was agreed in July 1974 by common consent of all parties that a General Committee would be set up with the task of defining the areas of cooperation envisaged.

The first meeting was in fact scheduled for 26 November in Paris following a discussion between the French Minister for Foreign Affairs in his capacity as President of the Council with the Minister for Foreign Affairs of Kuwait at the end of July 1974. For various reasons, of which the honourable Member is probably aware, the meeting was postponed at the request of the Arabs.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — First, in view of the very difficult situation in the Middle East, will the Minister do all possible to rearrange this meeting? Secondly, in view of the interest

and goodwill shown recently towards the European Community, will he also encourage and help the establishment of a dialogue between this Parliament and representatives of the Arab countries?

President. — I call Mr Destremau.

Mr Destremau — (F) Mr President, it is perhaps regrettable that the 26 November meeting did not take place, but I think I am expressing the opinion of the Nine when I say that they have in no way abandoned their attempts to establish this dialogue with the Arab countries, with the procedures they are in the process of seeking, which are rather difficult to arrange, and that the objective remains the same: to have this dialogue, which was asked for at the beginning of the year, as I was just saying, by the Communities, and asked for again at the meetings in June and in the context of political cooperation. Consequently, the Council has certainly not given up the idea of such contacts.

Moreover, regarding the point of knowing whether the governments or the Council will encourage contacts between the Parliament and the representatives of the Arab States, I think I can say to Sir Douglas Dodds-Parker that it is entirely up to the Members of Parliament to take the initiative, and that the Council has no particular opinion to give on this point.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, assuming that the European-Arab dialogue does in fact materialize, I wish to ask the President-in-Office of the Council whether he can give an assurance that care will be taken to safeguard the legitimate rights of Israel in the discussions. I also wish to ask him whether he can give information on the progress of similar consultations with Israel, which the Council decided to arrange some time ago.

President. — I call Mr Destremau.

Mr Destremau. — (F) It is clear that it is the concern of the governments in this matter to ensure that the dialogue does not get turned aside from its goal and does not come to conclusions prejudicial to the maintenance of the State of Israel. The governments are in absolute agreement on this point, as the resolutions adopted by the United Nations show, and it is essential for the independence and sovereignty of Israel, and its right to live in peace and to have secure and recognized frontiers, to be reaffirmed as appropriate during these talks.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) I should like to know if this dialogue with the representatives of the Arab countries forms part of the overall negotiations involving all of the Mediterranean countries and if, therefore, it is based on the cooperation criteria laid down some time ago to take account of the Community's Mediterranean requirements and those of the states of the Mediterranean basin.

President. — I call Mr Destremau.

Mr Destremau. — (F) I should like to say to Mr Cifarelli that we must look at the origins of this European-Arab dialogue from the point of view first of the Communities and then of political cooperation. Obviously, the Community has every desire to negotiate with the Mediterranean countries as a whole.

President. — I call Mr Jahn.

Mr Jahn. — (D) I should like to put the following question to the Council: will the Commission and the Council conduct the negotiations on a bilateral *and* multilateral basis, i.e. only with the states of the Arabian peninsula and North Africa, for example, or with all of the countries which met in Rabat and decided on a common political line towards the rest of the world?

President. — I call Mr Destremau.

Mr Destremau. — (F) It is clear, Mr Jahn, that in this matter the Council will work in close liaison with the Commission, which will be brought into all the discussions. The Arab countries as a whole are concerned, but in order to get rid of the idea of a bloc to the extent that it might seem excessive and worrying, I would say that, for the moment, following the postponement of the 26 November meeting, we are attempting to form working parties to deal with given subjects for the agenda, which will perhaps allow the general conference to be convened.

President. — The next item is Question No 3 by Mr Terrenoire, which is worded as follows:

'What conclusions does the Council draw from the postponement of the meeting of the 'General Committee', which was to have been held on 26-28 November to determine a strategy for the European-Arab dialogue?'

I call Mr Destremau.

Mr Destremau, President-in-Office of the Council of the European Communities. — (F) It is

true, Mr Terrenoire, that the Council has not yet drawn any conclusions from the postponement of the meeting of the General Committee, which was to have been held on 26 November, but as I said just now, it is seeking a formula which will allow the dialogue to be resumed under conditions that are satisfactory to all European countries.

President. — I call Mr Terrenoire.

Mr Terrenoire. — (F) If progress is to be made, is it not better to be clear, precise and explicit on the real reasons for the postponement of the 26 November meeting? All of us here know that the problem was the presence of representatives of the Palestinians at this meeting between the Arabs and Europeans. On this point, Mr President, do you in fact think that the Council can find a positive solution in the coming weeks?

President. — I call Mr Destremau.

Mr Destremau. — (F) It is correct, Mr Terrenoire, that the governments were not unanimous and that, faced with this difficulty, the Arab states themselves decided not to come to Paris on 26 November.

As I was just saying, we are not giving up the hope of re-establishing this dialogue, and we shall, as the saying goes, never say die, but a procedure has to be found, and I must say that, for the moment, it does not seem very easy to find.

But the general idea is that we have to go on in the direction the Communities and political cooperation have indicated.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, we discussed this matter here yesterday. Further talks have since been held, which prompts my next question. Have the Arab countries been told or has it been hinted that we expect them to contribute to aid for the developing countries in order to offset the higher cost of oil which they are finding virtually impossible to pay, because our own development aid, which we discussed all afternoon yesterday, will become an absurdity if the countries of the Third World which produce petroleum and raw materials pursue their selfish aims regardless of the distress suffered by other countries in their part of the world.

President. — I call Mr Destremau.

Mr Destremau. — (F) I would thank Mr Jahn for getting away from the political questions

Destremau

a little, since I thought I was here to speak on behalf of the Council of the Communities, but I do note a great readiness to expatiate on political topics. My answer to you is that the question which concerns you has been brought up in the context of United Nations emergency aid, and in this spirit the Council has given its agreement for a special effort to be made by the Communities for those countries particularly affected by the energy crisis.

President. — The next question is No 4 by Mr Blumenfeld, which is worded as follows:

'Is it true that the Council's decision on common commercial policy towards state-trading countries under which commercial policy towards the Socialist state-trading countries may only be conducted jointly as from 1 January 1975, was reached in the face of objections from the Federal German Government and that the latter has already taken action against this decision?'

I call Mr Destremau.

Mr Destremau, President-in-Office of the Council of the European Communities. — (F) As from 1 January 1975, the Community's commercial policy towards state-trading countries will be based essentially on the following legal instruments which the Council has adopted, with, I would point out, the agreement of all its members, on a proposal from the Commission:

As regards contractual policy the Council at its meeting on 7 May 1974, restated the principle that henceforth all trade negotiations must be conducted by the Community. It therefore approved a memorandum and an outline agreement which constitute the basis of a negotiating offer to the state-trading countries.

As regards the autonomous policy, the Council adopted, on 2 December 1974, a decision defining the arrangements to be applied in Member States to imports from state-trading countries of products subject to quantitative restrictions. This decision will shortly be published in the Official Journal of the Communities.

In addition, the Council adopted on 22 July 1974 a decision establishing a consultation procedure in respect of Member States' cooperation agreements with non-member countries, including therefore state-trading countries.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, I should like to narrow the question down to the cooperation agreements. By taking practical steps this year to conclude long-term cooperation agreements, did not the Government of the Federal Republic of Germany make it clear to the Governments

of the United Kingdom, France and Italy that the unanimous decision taken on 22 July 1974 did not quite suit its purposes since it has reached agreements with state-trading countries which are to run for more than ten years although sovereignty in commercial matters is to be transferred to the Community on 1 January 1975?

President. — I call Mr Destremau.

Mr Destremau. — (F) There has to be a consultation procedure, Mr Jahn, for the agreements to be signed, but I should like to make it clear that it has always been understood that there was a clear distinction between commercial relations and economic cooperation, and that the latter remained within the competence of the governments of the Member States.

It is only as regards commercial relations that the Community has been empowered to negotiate on behalf of everyone.

President. — I call Sir Douglas Dodds-Parker.

Sir Douglas Dodds-Parker. — Does this decision cover trade between the Federal Republic of Germany and East Germany and can adequate statistics of this trade be made available?

President. — I call Mr Destremau.

Mr Destremau. — (F) The answer is no.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Although I regret the fact that this question—which should really have been put in the German Parliament—has been raised here by Mr Blumenfeld...

(Applause from the left)

... is it not perhaps the case that the German Government has taken the initiative in establishing a common commercial policy instead of bilateral agreements? This may put the political situation in a clearer light.

President. — I call Mr Destremau.

Mr Destremau. — (F) It might indeed be felt that this question should have been raised in the Bundestag.

(Applause from the left)

We assume that the Member States will faithfully apply what has been agreed. At the negotiations, the governments of the Member States finally agreed unanimously on the procedure.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) For the sake of clarity, may I ask the President of the Council whether this means that what Mr Blumenfeld said, that this unanimity you mentioned was achieved despite the objections of the government of the Federal Republic of Germany, is quite simply untrue?

President. — I call Mr Destremau.

Mr Destremau. — (F) I cannot tell Mr Fellermaier what took place during the discussions, but the text was finally adopted unanimously.

President. — I call Mr Aigner.

Mr Aigner. — (D) I would like to ask the President of the Council whether the Council at least sees that there is a clash between cooperation agreements and commercial treaties and acknowledges that this is not a bilateral matter but one for the Council; and is the Council prepared to come out with a clear definition of borderline cases to prevent the further pursuit of a policy through which cooperation agreements make nonsense of the Community's sovereignty in commercial matters, for this is the crux of the matter?

President. — I call Mr Destremau.

Mr Destremau. — (F) Mr Aigner, the Council has no reason to think that the Member States will not apply in good faith what has been agreed. I would add that the boundary between economic cooperation and commercial relations is extremely difficult to trace. The problem you have just raised is still under study.

President. — The next question is No 5 put by Mr Patijn and worded as follows:

'Why, in one of the votes following the UN debate on Palestine, did a Member State decide at the last moment to depart from the voting procedure previously agreed by the Nine within the framework of European political cooperation?'

I call Mr Destremau.

Mr Destremau, President-in-Office of the Council of the European Communities. — (F) The question put by the honourable Member of Parliament does not fall within the Council's competence, but rather concerns cooperation between Member States of the Community on matters of foreign policy.

However, there was no last-minute modification in voting by one of the Member States. There

were two important resolutions at the United Nations. On the one following Mr Arafat's speech, the nine states of the Community voted in the same way. There was a second vote—and there is perhaps confusion in his mind between the two—on whether there should be a PLO observer at the United Nations. It is true that, on that point, there was not unanimity among the Nine. But on this second point, there was no change in position at the last moment by one of the Member States of the Community.

President. — I call Mr Patijn.

Mr Patijn. — (NL) I note with satisfaction that the President-in-Office of the Council is respecting the agreement reached yesterday at the Summit Conference without waiting for procedural aspects to be clarified. Am I now correct in concluding from Mr Destremau's answer that it is not the case that France was to have given an explanation of voting intentions on behalf of the Nine on the matter of observer status for the PLO, but could not do so because France voted differently from the other eight?

President. — I call Mr Destremau.

Mr Destremau. — (F) Mr Patijn, it was agreed that the President-in-Office of the Council, at the time a Frenchman, should make a statement not on the second resolution concerning observer status for the PLO, but on the first resolution which, as I have said, followed Mr Arafat's speech. The Nine had agreed to leave it to the French President-in-Office to give an explanation of vote.

At the last moment, however, it was decided that the French President-in-Office would not give these explanations of voting.

President. — I call Mr Normanton.

Mr Normanton. — Mr President, will the President-in-Office of the Council take note that the decision by the United Nations to admit a representative of the PLO to address the Assembly establishes a dangerous precedent and is seen, and was seen, as an affront to a large section of the peoples who live in Western Europe?

President. — I call Mr Destremau.

Mr Destremau. — (F) I will take note of what Mr Normanton has just said.

President. — I call Mr Broeksz.

Mr Broeks. — (NL) Mr President, will the President-in-Office of the Council also note that we consider it highly dangerous for armed persons to address the United Nations?

(Laughter and applause)

President. — We now come to Question No 6 put by Mr Laban and worded as follows:

'Is it true that in the vote at the UNESCO General Assembly of 21 November 1974 in Paris on the possible admission of Israel to the UNESCO European Regional Group, no agreement could be reached within the framework of European political cooperation on a common voting position of the Community countries, and if so for what reason?'

I call Mr Destremau.

Mr Destremau, President-in-Office of the Council of the European Communities. — (F) There were, in fact, differences in evaluation among the Community countries on the question of UNESCO. One of the countries held to a geographical criterion, according to which the member countries of UNESCO ought to be classed with the continent to which they belonged.

Thus, we did not think it right that the United States and Canada should ask to be part of the European group, and likewise, one of the delegations did not think it right for the USSR to ask to be part of the Asian group. The outcome of the argument and of political pressures was that the United States and Canada were classified in the European zone, but that it was not possible for Israel to be classified in the European zone.

The geographical criterion has, moreover, been applied in a number of cases, since, for instance, the departments of the Antilles and of Martinique have not been allowed to speak on UNESCO problems that concern Latin America.

Israel was not excluded from UNESCO—that would be quite nonsensical; it was, however, impossible to place Israel in an appropriate geographical context.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I wish to ask the President-in-Office of the Council what conclusions the Nine—perhaps following the United States of America—should draw in the context of European political cooperation from the fact that Israel has now in effect been debarred from membership of a regional group of countries in UNESCO?

President. — I call Mr Destremau.

Mr Destremau. — (F) Mr Laban, it is very difficult to say that any conclusions can be drawn for the European countries. I cannot see in specific terms what could be the outcome. I would point out to Mr Laban that Israel can be invited to regional conferences of states. It is clear that this is a very political problem, and as long as the actual situation we are acquainted with, persists in the Middle East, regrettable incidents will continue to take place.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (I) Mr President, since we are talking of geographical groups I should like to know what decision was taken with regard to the Soviet Union; in other words, is the USSR considered as a European or an Asian country, given the enormous importance of Siberia?

President. — I call Mr Destremau.

Mr Destremau. — (F) I cannot answer you for the moment, but shall let you have the answer later. I would recall that the position of one delegation was that a country should not be placed in a continent other than its own.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Could the President of the Council be somewhat more specific as to who in the Community gave preference to the geographical solution while others, working from other premises, preferred to assign Israel to the European regional group, thus emphasizing the special relationship with this country?

President. — I call Mr Destremau.

Mr Destremau. — (F) I would say to Mr Fellermaier that this comes under political cooperation and is therefore not a Community question.
(Protests)

President. — I call Mr Terrenoire.

Mr Terrenoire. — (F) Is it not the case, and I should like to hear this confirmed by the President-in-Office of the Council, that overall coordination between all the Community representatives at the UN and UNESCO on all the problems to be discussed takes place each day?

If this is so, let it be said!

President. — I call Mr Destremau.

Mr Destremau. — (F) I can confirm what Mr Terrenoire has just said.

President. — I call Mr Dykes.

Mr Dykes. — Mr President, can I ask the Minister to undertake on behalf of the Council that the Council will energetically resist in the future the uses of UNESCO for narrow political purposes for which it was never intended, and in defence of the interests of the western world collectively take a more positive united stand on behalf of the Community as whole?

(Applause)

President. — I call Mr Destremau.

Mr Destremau. — *(F)* Yes, I am sorry about this, even if it does cause some amusement. But it is a question of political cooperation, and not something for the Council to decide. Among the Member States, my own government has said that it does not want to make the UNESCO affair into a political issue. I will pass the question on to my government, who will discuss it within the context of political cooperation.

President. — Thank you, Mr Destremau.

We shall now consider the questions to the Commission.

Question No 7 by Mr Zeller will not be dealt with since Mr Zeller is not present.¹

Question No 8 by Mr Hougardy will not be considered since Mr Hougardy is not present.¹

We will first consider the following two questions together:

— Question No 9 by Mr Brewis, which is worded as follows:

'When does the Commission intend to put forward a regulation on sheepmeat?'

— Question No 14 by Mr Nolan, which is worded as follows:

'In the light of the current stocktaking of the common agricultural policy by the Commission following the resolution adopted by the Council of Ministers on October 2, 1974, does the Commission intend to deal with the question of sheep in its submissions with a view to the early adoption of proposals for a common agricultural policy for sheep?'

I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — Mr President, the Commission cannot say precisely when it will submit formal proposals to

the Council of Ministers and to this House on the common organization of the market in sheepmeat. The first priority in the livestock field must be to restore order to the market for beef.

In reply to Mr Nolan's question, I would remind the House that the Commission has already suggested the general outlines of a possible market organization in its memorandum of October 1973 on the improvement of the common agricultural policy.

President. — I call Mr Brewis.

Mr Brewis. — Is the Commissioner aware of the indignation among the farming community in Scotland at imports of unneeded beef while their exports of quality lamb can be quite capriciously cut off from the continent? As the common agricultural policy is a basic part of the Community, when is the Commission going to put an end to the quite unjustified delay in producing this regulation?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — I think that unjustified is a strong word here. The main difficulty in the meat market, as the honourable gentleman will be well aware, is in the field of beef, and to the extent that there is a problem in the lamb market, it is not in any way because of excessive supply with the Community. It is because what happens in the beef market has a considerable effect upon the lamb market. I would also put to my honourable friend the fact that throughout the whole Community the price for lamb at present is fairly firm. Indeed, in the United Kingdom which interests the honourable Member particularly, it is above the guaranteed price. I am not saying that we should not have, should not aim at having, a sheep regulation. I quite agree that the common agricultural policy will not be entirely complete until then. But there are in fact at this present juncture other and higher priorities in the meat sector.

President. — I call Mr Nolan.

Mr Nolan. — In February of 1974 the Commissioner stated that it was very important to have a regulation on sheep, and he promised this House that he would have one by June of 1974. To date we have no regulation on sheep. Now, the Commissioner is aware that Member States are putting quantitative restrictions on the import of mutton and lamb into their countries from other Member States, and this is the reason

¹ See Annex.

Nolan

I put the question. I want to know when the draft regulation will be placed before this House and why Member States are putting quantitative restrictions on the imports of lamb or mutton from other countries.

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — The answer to the second part of the question is that until there is a regulation each country is allowed to follow its own regulations. There is good and there is bad in this, but there is no doubt that we will not have a full common agricultural policy until we have the sheep regulation, until sheep are included among the commodities subject to a regulation. I cannot, I am afraid, at this point in time, give any promise to the honourable Member as to when a regulation will be drafted, but I know that Mr Lardinois will do so as soon as possible.

President. — I call Mr Howell.

Mr Howell. — Mr President, in view of the chaos experienced in the meat market in the last 12 months, would the Commissioner agree that the time has now arrived when we should be thinking of a meat marketing board for the whole of the EEC?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — That is likely to make the chaos worse confounded.

(Applause)

President. — I call Mr Marras.

Mr Marras. — *(I)* I should not like to leave the monopoly of sheepmeat to my British and Irish colleagues. I live in Sardinia, where there are three million head of sheep, a substantial figure, and I have always followed closely the stands taken by the Commission in this matter. I have before me the reply dated 29 May 1973 to a question by Mr Vredeling, who was then a Member of the European Parliament. The Commission stated that it was considering a proposal for the common organization of the markets in the sheepmeat sector. Has the Commission perhaps changed its tack since then?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — No, we have not gone back on anything, but we have not yet drawn up a regulation on sheepmeat.

President. — I call Lord St. Oswald.

Lord St. Oswald. — Can the Commissioner give us an assurance that in submitting proposals on sheepmeat, the Commission will take account of the views of New Zealand, the Community's principal supplier?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Yes, as in other regulations which it proposes, the Commission will of course take into account the interests of principal and traditional suppliers.

President. — The next question is No 10 put by Mr Gibbons and worded as follows:

'Does the Commission, as guardian of the Treaties, intend to ensure that the principles of free movement are observed, so as to allow Irish beef cattle to be exported to all the Community Member States, and to see that a generalized intervention system is introduced in respect of beef cattle such as would assure both producers and exporters a fair return?'

I call Mr Borschette.

Mr Borschette, member of the Commission of the European Communities. — *(F)* Mr President, the Commission does, of course, see to it that the principle of free movement of products and goods is respected.

To reply to Mr Gibbons, I will say that the Commission bases itself on its decision of 29 November 1974 which, inter alia, allows the application of permanent intervention in the United Kingdom.

Thirdly, the Commission would draw the Member's attention to the recent price proposals where beef is concerned.

President. — I call Mr Gibbons.

Mr Gibbons. — Mr President, I would like to ask the Commissioner firstly, if he would make representations to the British authorities in order to ensure that exports of Irish cattle and Irish meat, both to the United Kingdom itself and in transit through the United Kingdom to the mainland, are not interfered with as they have been in the recent past.

Secondly, I would like to ask the Commissioner whether he would say if the measures adopted on 22 November are of any benefit at all to the producers of young cattle, especially in the peripheral areas of the EEC. I would suggest to the Commissioner that measures such as those adopted are of no value to these producers.

President. — I call Mr Borschette.

Mr Borschette. — (*F*) Where the decision of 29 November is concerned, the Commission will see to it that it is strictly applied. The answer to Mr Gibbon's second question is yes.

President. — I call Mr Howell.

Mr Howell. — Mr President, I find the Commissioner's answer to this question of Mr Gibbons very odd in view of the extraordinary scenes in connection with imports of beef into Britain, when we are supposed to have a common market. I cannot reconcile his answer with the complacency he showed in his previous reply to me regarding the importation of mutton.

President. — I call Mr Borschette.

Mr Borschette. — (*F*) Mr President, the Commission will, in the framework of the Treaty and of the existing regulations, intervene whenever it is necessary to do so vis-à-vis any Member State that might interfere with the free movement of products, whether industrial or agricultural.

President. — The next question is No 11 put by Mr Marras and worded as follows:

'Can the Commission indicate what criteria it adopted in preparing its document entitled 'The Control of Poverty' and whether it does not feel that participation by the authorities in the solution of their problems can only come about through a social programme which provides for full employment, safeguards the purchasing power of wages and guarantees decent pensions to workers?'

I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, in the context of the Social Action Programme, the Commission is charged with presenting to the Council before the end of the year, a programme of specific actions to combat poverty by drawing up pilot schemes. This will comprise a limited series of experimental projects designed to test out new techniques to alleviate poverty and to provide information for future national policies. I am not yet in a position to advise the honourable Member of the Commission's decisions on the matter, but the principal criteria being considered for the selection of schemes include the following: first, they shall be of an innovatory nature, capable of contributing to future policies on a larger scale; second, they shall provide for the participation of the people served by the schemes in their

operation and as far as possible in their planning; third, they shall be of interest to the Community, in that they deal with problems common to several states. A certain number of transnational projects will be included. The projects will deal with a variety of aspects of poverty and will have regard to monetary and employment policy, as well as social protection.

President. — I call Mr Marras.

Mr Marras. — (*I*) Mr President, Mr Hillery has confirmed that the Commission has undertaken to submit its anti-poverty programme by the end of the year.

I should simply like to ask Mr Hillery if his department has informed him that the year has only eighteen days to run.

President. — I call Mr Hillery,

Mr Hillery. — We are well aware of that, and the decision-making process has already begun, Mr President.

President. — Question No 12 by Mr Johnston has been withdrawn.

The next question is No 13 by Mr Radoux, which is worded as follows:

'Has the Commission been able to ensure compliance by the Member States with the obligation to maintain reserve oil stocks equivalent to ninety days' consumption which comes into force on 1 January 1975?'

I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (*F*) Mr President, the Commission has just submitted to the Council its report on the implementation of the directive in question, and on the problems that might stem from the building-up of stocks envisaged in this directive. In the conclusions to this report, the Commission stresses that the motives that prompted the Council to decide on increasing stocks from 65 to 90 days are still valid and have even become stronger through the changes that have recently come about on the world oil market and the resulting changes in supplies to the Community.

The Commission believes, furthermore, that there is no major obstacle to achieving 90-day stocks within the period set out in the directive that cannot be overcome at Community level. According to the information available, the level of the Community's stocks is already very close to 90 days' consumption by the Community as a whole, with some variation between the Member States.

Simonet

It is not, however, possible to give precise figures, since information on security stocks of oil is classified.

President. — I call Mr Normanton.

Mr Normanton. — Most of us will recall that the Committee on Energy, Research and Technology of the European Parliament endorsed the Commission's proposals for stocking, but felt that they should cover not only oil but also coal and the electrical generating capacity of stations with a capacity in excess of 100 megawatts.

Will the Commission therefore comment on the committee's recommendations that the same policy should apply to generating capacity of less than 100 megawatts and also to the field of private electricity capacity.

President. — I call Mr Simonet.

Mr Simonet. — (F) This is something that is now being studied.

President. — The next question is No 15 put by Mr Thornley and worded as follows:

'Does the Commission not consider that it would be particularly appropriate, in the light of the fact that 1975 is to be 'Women's Year', to undertake the examination (promised in answer to my Written Question No 195/74) of the problem of the rights to state support of women who are divorced, separated or deserted by their husbands, and to take whatever measures that lie within its power, to resolve this problem?'

I call Mr Hillery.

Mr Hillery, Vice-President of the Commission of the European Communities. — Mr President, the Commission has not promised to undertake a study of the kind referred to by the honourable Member.

However, the matter is being looked into in the context of a number of actions under the Social Action Programme, particularly those concerning the extension of social security coverage and certain of the pilot projects against poverty now under preparation in cooperation with the Member States.

President. — I call Mr Thornley.

Mr Thornley. — Could I just ask the Commissioner whether he does not think this is a grave social problem? It is a change to get away from sheep and lamb. Would he not think, in the context of the increasing fluidity of movement between the nine countries and the increasing discrepancy in the law between the various

countries with regard to the problem of deserted wives, that the answer given to me on 31 August 1974, which the Commissioner has in effect repeated, does not really answer my question? Does he think this is a satisfactory situation? Does he not agree that it is a very dire social problem, which he and his whole department should look into. To answer that they do not have the statistics available to look into this question is not sufficiently satisfactory.

President. — I call Mr Hillery.

Mr Hillery. — We should be aware that examination of the problem to the extent Mr Thornley would like would take a great deal longer than one year. In fact, a study in one of the Member States took four years to complete, but that does not mean the Commission will find it impossible to do the work in the time he mentioned. The Commission is not turning away from the problem and does intend to deal with it in so far as it can, in the context of the examination I mentioned, within the Social Action Programme.

President. — I call Lady Elles.

Lady Elles. — Will the Commissioner please take note that we do not approve of Mr Thornley's idea of transferring to the state obligations undertaken by husbands to maintain their wives. Secondly, will the Commissioner consider proposals for more effective legislation in the Member States on the attachment of earnings, better family allowances for those wives who have children, in particular where the first child is not receiving any allowance which is the case in some Member States? Finally, Mr President, in view of the fact that 1975 is to be the United Nations Women's Year, will the Commission please take energetic steps to ensure that women can earn their own living in terms and conditions of equal opportunity with men.

(Applause)

President. — I call Mr Hillery.

Mr Hillery. — With regard to the first part of the question, I will pass on the message to Mr Thornley.

I will have the other matters examined by the services of the Commission.

President. — Honourable Members, pursuant to the Rules of Procedure I must now close Question Time.

President

Questions not yet answered will be answered in writing unless the questioners wish them to be dealt with during the next Question Time.¹

I should like to thank Sir Christopher Soames, Mr Borschette, Mr Simonet and Mr Hillery.

5. *Change in the agenda*

President. — As the President-in-Office of the Council must leave us very soon, I propose that we immediately proceed to the debate on the results of the Conference of the Heads of State or Government that has just been held in Paris.

Are there any objections?

That is agreed.

6. *Results of the Conference of Heads of State or Government held on 9 and 10 December 1974 in Paris*

President. — The next item is the political debate on the results of the Conference of Heads of State or Government held on 9 and 10 December 1974 in Paris.

The Minister for Foreign Affairs of Ireland, Mr FitzGerald, whom I bid a hearty welcome, will report on these results. As he has to leave us again very soon, I would ask him to speak immediately.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Mr President, I am honoured to represent here Mr Sauvagnargues, the Foreign Minister of France and President-in-Office of the Council, on this significant occasion. He cannot himself be present, unfortunately, but he was most anxious that Parliament should have a full report on the Paris Summit, and he asked me to take his place. I am turning up three weeks early, as you might say, and I am glad that you do not seem to object to that, Mr President. I am also happy to be in a position to report on a Summit which, I think, has been a constructive occasion and one which will not, I feel, go down in history in quite the same way as some earlier Summits, which, in retrospect and perhaps even at the time, have been considered as not having produced much in the way of real progress.

I believe that the meeting of the last two days has seen considerable progress. I should first like to summarize some of the main themes that seem to me to emerge, before looking in

more detail at the points in the communiqué. First of all, I think there has been progress towards an overall approach to the internal and external, political and economic problems of Europe. There has been progress in bringing these more closely together in a single framework. Secondly, there has been a commitment, albeit for the moment confined to seven countries, to earlier direct elections and to extending the legislative powers of Parliament. Thirdly, there has been evidence of progress towards identifying and making much more specific the concept of European Union by the appointment of the Belgian Prime Minister, Mr Tindemans, to prepare a report on this. From the practical point of view of the lives of the people in our countries, this could prove of very great importance. There has been a firm commitment to maintain economic growth, a commitment now shared by all countries. And there has been a commitment by the surplus countries to undertake their duties in this respect. This may have profound and beneficial effects for our own Community, and indeed for the world outside, which depends for much of its economic momentum on the dynamism of this Community, which is of course such a major world trading partner. Again, there has been the decision on regional policy—long awaited and long overdue. At last it has been taken. There has been, I believe, a significant bridging of differences on matters connected with energy policy. This is not made very specific in the communiqué, but nonetheless it is real, and I think positive results will emerge in the weeks ahead. Also there has, of course, been evidence of a most positive approach to the very difficult problem posed by the question of British membership. The atmosphere of the discussions and the outcome has encouraged all of us who are concerned that this should remain a Community of Nine and that the United Kingdom should find it easy to maintain its membership.

To me those seem to be the main results of the Summit, and I think it is not a bad package to have emerged from a meeting which many of the Ministers feared might turn out something of a damp squib. There was intensive preparation beforehand. The Ministers of Foreign Affairs met every week, for about six weeks, which is something very unusual, but I think it paid off in the final result.

Let me now look briefly at the communiqué itself and the main points in it in more detail. There is a decision that the Heads of State or Government, accompanied by the Ministers of Foreign Affairs, will meet three times a year and whenever necessary in the Council of the Communities and in the context of political cooperation. This decision, I think, is an

¹ See Annex

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important one both in securing a stronger momentum for the evolution of the Community and also in that it brings together more closely the work of political cooperation and the economic evolution of the Community. I am very happy indeed that the first of these meetings will take place in my capital, early next year, because one of the things on which there was agreement—though this is not recorded in the communiqué—was on the desirability of an early meeting of this kind to review, in particular, the economic situation.

There was also the reaffirmation of the determination of the Heads of State or Government gradually to adopt common positions and to coordinate the diplomatic action in all areas of international affairs which affect the interests of the European Community. I think all of us are concerned about this. We are concerned that on any and all possible occasions the Community should act and speak with one voice on political matters. It has not always been possible and we are determined to make greater efforts in this regard. The President-in-Office will also be the spokesman for the Nine. There is also the decision, important from the point of view of this Assembly, that the European Parliament must be more closely associated with the work of the Presidency, for example through replies to questions on political cooperation, put to the Council by Members. And I would be, I think, the first recipient of these questions. I will have to solve the problem of replying frankly and fully, but in a manner that can represent the views of all Nine, to the many difficult questions I am sure will be put during the six months ahead. This association is something which, I believe, Parliament has been seeking and I am glad that we have been able to reach agreement upon it.

There is then the question of renouncing the practice of making agreement on all questions conditional on the unanimous consent of Member States. Whatever their respective positions about the conclusions reached in Luxembourg on 28 January 1966, in my experience all the governments have from time to time abused this arrangement, and have been unwilling to permit the qualified majority voting system to apply, even in very small matters. Here we have a good resolution, and I hope not just a pious resolution, to make a movement forward in this respect, as has been requested frequently by Parliament.

There is also the decision to make use of the provisions of the Treaty of Rome whereby the powers of implementation and management arising out of Community rules may be conferred on the Commission. Again this is something

which Parliament has been seeking. There was the decision to establish a working party to study the possibility of establishing a passport union, and in anticipation of this the introduction of a uniform passport. This, Mr President, was requested by you yourself as recently as three weeks ago, and it is something which the President of our meeting was anxious to do following your request to him, and which we have agreed to undertake. A draft is to be submitted, if possible, before 31 December 1976. Another working party is to be set up in response, I think, to a resolution of this Parliament of April 1973, to study the conditions and the timing under which the citizens of the nine Member States could be given special rights as members of the Community.

Finally, in this particular section, there is a decision to which I personally attach very great importance. The Heads of State or Government noted that the election of the European Assembly by universal suffrage should be achieved as soon as possible. They said that they await with interest the proposals of the European Assembly, which you will be putting forward shortly when you have the opportunity to debate in plenary session the Patijn report. I would like to point out that the Council has said it would wish to act on this matter in 1976. I would like to point out also, that although the Patijn report modestly proposes that these elections should take place in May of 1980, the Council of Ministers, in one of its rare moments of moving ahead of this Assembly in European matters—perhaps an incautious remark, but I think a truthful one—has in fact said that on the assumption that it receives Parliament's views and can act in 1976, these elections by direct universal suffrage could take place at any time in or after 1978. I was about to suggest that a comment might be made on that point and I am glad that it has been made by the author of the report. Another aspect of this question is of course the question of the powers of Parliament. May I say, without any breach of confidence, that in our discussions, amongst Heads of State or Government, that there was a very clear recognition of the undesirability, even impracticability, of having direct elections for a Parliament which has inadequate power.

(Applause)

The interrelationship between the powers of Parliament and direct elections was recognized, and the chicken-egg problem that this poses was overcome by saying rightly that both must be done at one. This question of granting certain powers in the Community's legislative process is one which must now be seriously considered and seriously studied in the period ahead. Then

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we may make a real step forward on both fronts, I would hope, in 1978, as our government proposed at this meeting, and as has been accepted as a clear possibility in the communiqué.

In relation to these matters of direct elections and the powers of Parliament, there are reservations by two countries. It would be my hope, and I know, the hope of all the other seven Member States that these reservations can be lifted. The British reservation is made in relation to the question of renegotiation and the submission of the results of this process to the British people. When the negotiations are concluded, successfully we hope, the British reservation can undoubtedly be withdrawn, and we hope the Danish reserve can be withdrawn, too, and that there can be unanimity on progress in these areas. This unanimity can emerge in the course of the year ahead.

The communiqué also notes that the time has come for the Nine to agree on an overall concept of European Union. It has confirmed the importance which the Heads of State or Government attach to the reports to be made by the Community institutions, and requests the European Assembly, the Commission and the Court of Justice to bring forward the submission of their reports to before the end of June 1975. This is in accordance, I think, with what is suggested in the interim report, the Bertrand report, of this Parliament. This speeding up of the process is, in my view, important.

So, of course, is the invitation to the Prime Minister of Belgium, Mr Tindemans, to submit a comprehensive report, to be based on the reports of the different institutions, but also to take into account a very wide range of public opinion in the Community. This is a very important initiative indeed. We know from the past history of the Community that there are times when progress is best made by giving to one wise man the job of drawing together the different threads and putting forward a proposal which his intuition and his studies suggest is the one most likely to yield positive results. This report, which Mr Tindemans is to submit before the end of 1975, is to be a basis for future progress. I would wish to stress here the reference to the consultations with a wide range of public opinion in the Community. While of course the views of the institutions must be of the greatest importance, it is the wish of Heads of Government that the whole of public opinion should be consulted on this. There was considerable discussion on this point and on the importance of getting the views of employers, trade unions, farmers' organizations on this forward movement:

On economic and monetary union, there has been no weakening of the will and no change in the objective, even though difficulties have arisen in making progress towards this objective. These views are in line, I think, with the report by the Committee on Economic and Monetary Affairs of this Parliament.

The section on the convergence of economic policies is, as I said at the outset, of enormous practical importance. I cannot stress too strongly here the unanimity of view that emerged at these discussions. There has not been until now such unanimity. There have been divergent diagnoses of the problem and of the best remedies. But now, the nine governments are united in their view as to the steps to be taken to achieve an economic recovery in Europe which could be the beginnings of a basis for world-wide economic recovery. There was no holding back here, no divergence of view or emphasis, but an impressive and, I found personally, deeply encouraging unanimity. Frankly, for the first time in 14 months I thought there is hope of avoiding a really serious economic crisis, there is hope of getting out of our difficulties before too long, when one sees such unanimity between the Heads of the nine Governments. There are references to the steps already taken by the Netherlands Government and to commitments entered into by the German and Belgian Governments at this meeting to take the necessary reflationary action to stimulate public and private investment, which at the moment is so badly hit.

There is also, let it be noted, a reference to the Communities' desire to continue to contribute to the harmonious expansion of world trade, especially in relation to developing countries, where the Community has, of course, a very important role to play, because of its importance in world trade as a major importing and exporting unit.

On regional policy, we have at last a decision, which naturally is particularly welcome to my own country, which has been concerned for so long about this problem, but a decision which I think has been welcomed by all. A regional policy is to come into effect in three weeks' time on 1 January 1975, with a fund of 1300m u.a., close, I think, to the figure recommended by this Parliament, and with a first year's figure of 300m u.a.

This is to be financed up to a level of 150m u.a. by appropriations not presently utilized from the EAGGF, Guidance Section. The remainder will be fresh sums to be added to the Community budget. This fund is to be allocated on the basis proposed by the Commission, but recognizing the particular needs of my country.

FitzGerald

The other Member States agreed to adjust their proportions, so as to increase beyond the figure proposed by the Commission the amount available to Ireland, which will now in practice be of the order of 6½%. In regard to unemployment problems, the need for a progressive and equitable social policy was recognized. Paragraph 26 of the communiqué says that, 'when the time is ripe, the Council of the Community will consider, in the light of experience and with due regard to the problems of the regions and categories of workers most affected by employment difficulties, whether and to what extent it will be necessary to increase the resources of the Social Fund.' Of course, some Member States would have liked to see a firmer and more specific commitment, but were happy at least that there was unanimous recognition of the fact that it may be necessary to increase the fund in order to provide for the special needs that will arise in the present economic situation. There is also reaffirmation of the importance which the Heads of Government attach to the implementation of the measures listed in the Social Action Programme approved by the Council on 21 January last.

On energy, what is most important perhaps is not so much what is in the communiqué, as the atmosphere of the discussion. You will see, for example, a statement that the Heads of Government attach very great importance to the forthcoming meeting between the President of the United States and the President of the French Republic. I think the general view was that this meeting could involve important developments, an important step forward in this whole question of the external relations of the Community as regards the problem of energy and recycling of petrodollars. The Heads of Government could have said more on this subject, but, in view of this forthcoming meeting, I think it was generally felt better to be more concise and to await the outcome of these discussions.

On the question of internal Community energy policy, the Heads of Government say that they have invited the Community institutions to work out and to implement a common energy policy in the shortest possible time, and they note that the Energy Ministers are meeting on 17 December next. In view of the fact that this meeting is taking place, it was felt inappropriate to go into details here, and it is expected that a significant measure of agreement can be reached by the Energy Ministers when they meet next week.

Finally, on the question of British membership of the Community, we had a very clear explanation from the British Prime Minister of the basis

on which his Government is approaching the negotiations regarding Britain's continued membership of the Community. The Heads of Government recall the statement in the accession negotiations to the effect that if unacceptable situations were to arise, the very life of the Community would make it imperative for the institutions to find equitable solutions. Having confirmed that the own resources system is one of the fundamental elements of the economic integration of the Community, they went on then to invite the Council and Commission to set up as soon as possible a correcting mechanism which, in the framework of the own resources system and its normal operation and taking into consideration in particular the suggestions made to this effect by the British Government, could prevent, during the period of convergence of the economies of the Member States, the possible development of situations unacceptable for a Member State and incompatible with the smooth working of the Community. I believe that this mandate to the Commission and the Council could provide the basis for an important development which could help very considerably to resolve soon the problem posed for all of us by the uncertainty about Britain's continuing membership of the Community.

In conclusion, I would like to say that I unfortunately have to leave very soon in order to get back to my own country through Paris for dinner this evening, but if there are any questions you wish to put to me when the President of the Commission has finished speaking and if I am still here when he has finished speaking—which I hope to be—I would be happy to try to answer them.

(Loud applause)

President. — Honourable Members, on behalf of you all I should like to thank Mr FitzGerald for his inspired speech, which leaves us with good hopes for the near future.

Mr FitzGerald had informed me that he must leave at 5 p.m. This is, of course, a disappointment for us. I regret this very much.

I propose that one speaker on behalf of each group now put a few short and concise questions to Mr FitzGerald so that he can answer them before he leaves. Mr Ortoli will then make his statement. We can then continue the debate with him.

Are there any objections?

That is agreed.

I call Mr Alfred Bertrand to speak on behalf of the Christian-Democratic Group.

Mr Alfred Bertrand. — (NL) I shall begin by expressing my group's satisfaction at the outcome of this Summit Conference; we did not expect much of it. On a rapid reading of the communiqué and on hearing the introductory remarks of the President-in-Office of the Council all seems to be set fair, and we have the impression that the problems are now as good as solved. I feel the same satisfaction as I did when I read the long communiqué issued after the Paris Conference in 1972.

We hope that information will now very soon be given by the President of the Commission, Mr Ortoli, on the procedures to be laid down to implement certain paragraphs of this communiqué. It is an established fact that the Heads of State or Government have shown a great sense of responsibility and understanding of the incredibly difficult situation facing the Community.

We note with satisfaction that this Summit Conference has to some extent put an end to the dangerous trend towards national protectionism in the Community. We also note, in the light of the political decisions taken at institutional level, that there is a resolve to move towards European integration. We welcome the decisions of the institutions.

Nevertheless, I have a few questions: if there is a readiness to give this Parliament legislative powers, from what quarter are the relevant proposals to come? Should the Commission submit at the earliest possible date a document determining the content of the increase in the European Parliament's powers? Or must the Council decide what powers the European Parliament is to obtain? I should like some clarification on this.

My second question is as follows: can we obtain some explanation of the meaning of paragraphs 29, 30, 31 and 32 on energy policy, which could hardly have been worded in vaguer terms? They can be interpreted in any way one chooses. We certainly do not know what exactly was decided on energy policy. Are we moving towards a Community energy policy? There is no explicit mention of the fact. It has been noted that the energy ministers will be meeting on 17 December, but what does that imply? Does it mean that the Heads of Government are asking the Ministers to lay down a common energy policy on 17 December?

And then great importance seems to be given to the meeting between the Presidents of France and the USA. Will the French President be speaking tomorrow and the next day on behalf of the Nine and if so, what about?

What common position on energy policy can the French President discuss with his American colleague?

I have put these questions in the hope of obtaining at least a little clarification.

President. — I call Mr Spénale to speak on behalf of the Socialist Group.

Mr Spénale. — (F) Since there are barely 18 minutes before Mr FitzGerald leaves us, I shall not develop any arguments. I shall simply express my own satisfaction, and that of my group, since in difficult times when one had the impression of getting bogged down, this Summit Conference has given a fresh impetus in a number of fields.

I would like to ask one question relating to this Parliament. Mr FitzGerald told us that an end was to be put to the chicken-egg argument, and that there should be a move at one and the same time towards election of the Assembly by universal suffrage and towards an increase of its powers, especially its legislative powers. But was the matter of the present concertation between the Parliament and the Council on the budget raised? If not, ought the Summit Conference to apply an impetus to the Council of Ministers so that the problem of our powers can be settled quickly, and in a constructive spirit?

(Applause)

President. — I call Mr Durieux to speak on behalf of the Liberal and Allies Group.

Mr Durieux. — (F) Mr President, I, too, would like to express satisfaction on behalf of my group at the fact that this Summit Conference seems to have taken certain decisions and provided certain impetuses, thus differing perhaps from those that went before. I think this can be a real satisfaction, for I have the feeling that a step forward actually has been taken.

I would like merely to ask the President-in-Office of the Council whether it would not be more reasonable, bearing in mind the location of the various secretariats and of the Commission, and since there has to be a meeting at least three times a year and whenever otherwise necessary, always to meet in Brussels irrespective of the country that happens to occupy the chair, instead of moving around the various capitals?

(Applause)

President. — I call Mr Kirk to speak on behalf of the European Conservative Group.

Mr Kirk. — Mr President, I would like to join with my honoured colleagues in congratulating

Kirk

Mr FitzGerald on the report that he has given us on the results of the Summit.

I have two questions which I would like to put to him.

The first is about the powers of Parliament and is related to the question that Mr Spénale put to him. Mr FitzGerald said that these powers and direct elections were linked. This is a vicious circle familiar to us ever since we have been in this Parliament. We have been told we cannot have powers unless we have a representative function, and that we cannot have a representative function unless we have powers. Has the Summit gone any way towards resolving this particular problem?

The second question, I am afraid, is a wholly domestic one. It refers to paragraphs 34-37 of the communiqué, that is the position of the British Government. Mr FitzGerald confirmed that the statement made in paragraph 35 is one which was attached to the original Treaty of Accession, and that it has always been envisaged that if the contributory situation of any Member State became intolerable, other Member States would be prepared to do something about it. There is, in fact, nothing new about the demand by the present British Government for a revision of the contributory position so far as the budget is concerned.

President. — I call Mr Giraud, chairman of the Political Affairs Committee.

Mr Giraud. — (I) Mr President, I should like to ask Mr FitzGerald if his most welcome presence and statement today, immediately following the Summit Conference, may be regarded as a precedent that will be repeated after every meeting of the new 'Council of the Community', in other words, of the Heads of Government.

I believe that this could become a basic and effective form of cooperation and discussion between the Heads of Government, i.e. the Council at that level, and Parliament.

President. — I call Mr Lenihan to speak on behalf of the Group of European Progressive Democrats.

Mr Lenihan. — First, I would like to ask the President-in-Office of the Council whether he would agree that the secretariat that is now being devised to back up the Heads of State meetings, carries within itself the embryo of a real political secretariat, with the meetings gradually evolving into a form of European government.

The next question I would like to raise concerns economic and monetary union. I would ask the President-in-Office of the Council if he would agree that paragraph 14 is, to put it mildly, rather weak and evasive and that it is in this area that the political will of the Community and the Council of Ministers will be really tested.

Thirdly, would he not agree with a similar comment on the paragraphs on energy, which again I would describe as very weak and again involving an area in which the political will of the Council of Ministers and the Community needs to be demonstrated very positively?

I would say very briefly in conclusion, Mr President, that this communiqué is one that we would all recognize in this Parliament as a start and the first evidence of a move towards political union, but I would suggest that there are very real omissions in regard to economic and monetary union and in regard to energy. As it does represent a start and contains within itself the embryo of political union, it is to be welcomed, but this Parliament must continue to be strongly critical of its inadequacies.

(Applause)

President. — I call Mr Ansart to speak on behalf of the Communist and Allies Group.

Mr Ansart. — (F) I would like to ask the President of the Council a number of questions, keeping other points for the debate later on.

How should one interpret the Summit Conference's reticence on the problems of *détente* at the Conference on Security and Cooperation in Europe?

My second concern is this: a moment ago, the President of the Council mentioned unemployment. He told us that we would have to be content with Article 26, and that he thought that for certain regions and certain categories of worker the money in the Social Fund would have to be increased. Now we have a forecast of four and a half million unemployed by June of next year. How are we going to deal with unemployment that is not regional or in certain categories?

Besides this, the Summit Conferences at Copenhagen and Paris yielded—as everyone is aware—very little in the way of practical results. It seems to me that here the main decisions are dependent on the United States, and not therefore on the Community.

How can one hope to find satisfactory solutions for the Community when there is disunity everywhere, and when monetary disorder is rampant and the dollar is king?

Ansart

Finally, does the President of the Council not feel, like us, that it is dangerous to form a consumers' front to oppose the Arab countries, as Mr Kissinger would have us do?

(Applause from the left)

President. — I call Mr Radoux.

Mr Radoux. — *(F)* Mr President, I would like to ask the President-in-Office of the Council whether I have understood matters correctly. I have read the paragraphs relating to Britain's membership of the Community. It would seem, if we are to believe what we read, that a certain *rapprochement* has been achieved. I believe that if that is so, we must all rejoice at the fact, and congratulate Mr Wilson and the Heads of Government of the other eight Member States.

We, as Socialists, have indeed never wished to see the Community without the United Kingdom in it.

(Applause from the extreme left)

President. — I call Lord Gladwyn.

Lord Gladwyn. — Mr President, I would like to ask whether Mr FitzGerald thinks that all this new vast apparatus is getting near to something like a government of Europe. To reinforce what my colleague Mr Durieux said, it is becoming increasingly impractical to transport this immense machine every two or every three months from one capital to another. Could you not think about holding these meetings either in Brussels or in Luxembourg or anywhere you like provided it is in one place?

Are we to assume that in effect there is to be a sort of merging of the Davignon procedure for conducting foreign policy with the Community machine for conducting economic and social policy? If this is not the intention, would it not be in effect the practical result of this new apparatus, which I believe everybody has agreed to now, including my own Government as far as I can see? There are no reservations—I imagine there are no reservations on the part of the British Government—about this general revision of procedure including the effective revision of the Luxembourg compromise. Was that agreed by the British Government?

I would very much like to have the answer to these questions, if I may.

President. — I call Mr FitzGerald.

Mr FitzGerald. — Mr President, first of all I would like to offer my very sincere apologies

to Parliament for the fact that on this occasion immediately before my Presidency, I am unable to cooperate fully by remaining for the debate and have to leave. In fact when I was asked if I could come today, I hesitated because I did not wish to start my period as President by not being fully available to Parliament. It is my firm intention that in the first half of next year, when I shall have the Presidency, I will be available to you for as long as you want me to be available. I was only asked less than 48 hours ago if I could come today, and I could not change my other plans at such short notice. Do please accept my sincere apologies.

On the first point raised by Mr Bertrand, he suggested the picture I painted was a very, very beautiful one and that I had the impression that all the problems were solved. If that was the impression I gave, then I clearly indicated more than I intended. All the problems are not solved, but for somebody who experienced the Copenhagen Summit and had the intense feeling of letdown at the end of that Summit, where nothing seemed to be resolved and we were going nowhere, the contrast between that and Paris was such as to leave me in a relatively optimistic humour. I do not want to overstress this. The fact is that we have made modest, but significant progress over a wider field than most people anticipated and I think we are in a position to build on that, but we have an awful lot of building to do before we create Europe.

He asked was this the end of a trend towards protectionism. I think certainly the sense of mutual solidarity between the Heads of Government in economic matters was very marked. I think that it was clearly recognized by us all that it is necessary for all to stand firm together and that if at any stage people pursued divergent policies, this could be disastrous for everyone. I think in all the minds of all those present there is still the clear recollection of those terrible events of just over 40 years ago.

On the question of economic and monetary union raised by Mr Lenihan, he said this was a test of the will of the Community. The wording there is modest, and it is modest because of a recognition that what was proposed at a previous Summit on this matter was too ambitious and that we should not make the mistake again of committing ourselves to something we cannot achieve. At the same time it is important to reassert that this remains the ultimate objective of the Community and there could not be a fully integrated Europe if it were not one which was united in monetary terms and economic terms as well as other terms.

(Applause)

FitzGerald

I think the Heads of Government were right to confine themselves to reasserting their principle but not to set deadlines which cannot be met and which when not met do more damage by creating cynicism and disappointment than if they were never suggested in the first instance.

On the question of legislative powers, I am asked by Mr Bertrand, I think, as to how this process will start. Will it be the Commission or Parliament? I would not want to answer that here today and, indeed, it is a question which is more appropriate to the President of the Commission, who will be speaking after me. The formal proposals to the Council have to come from the Commission, but obviously in a matter of this kind the views of Parliament will be vital and they must be presented. The question of what mechanism of consultation to use is something which the President of the Commission can deal with more adequately than I, but it is something that I hope to take up with you or that you will take up with me during the first six months of next year.

Mr Kirk also referred to this question of the vicious circle, the powers of Parliament and direct elections. As I mentioned, there was a very clear awareness of this vicious circle, an awareness that there was no point in restarting that argument and the only thing to do was to fix an early deadline, as early as we could make it, by which time both questions would have to be resolved. Once you start at one end, you enter into difficulties immediately, and it can be argued that you have started from the wrong end. I think that the fact that the two questions appear together in the communiqué is important and I had the clear impression of a universal recognition of these problems, subject of course to the reservations expressed on this matter by two countries which, as I have said, I hope will be withdrawn before too long.

On energy policy, Mr Bertrand and Mr Lenihan have suggested that what is in the communiqué is woolly and vague. I think that there is a certain truth in this. In my initial explanation I implicitly recognized it by trying to explain why this was so. So far as the domestic policy is concerned, this matter, in fact, did not come up for significant discussion, and this communiqué differs from some others in that there was a clear determination that it should confine itself to things that were discussed, instead of having a discussion on a few topics and then inventing a communiqué that would talk about a lot of other things that were never in fact considered. As the Council of Energy Ministers will consider this matter next week, I think the Heads of State or Government did not feel it

necessary to go into it in detail, but we are confident that progress will be made next week.

On the other broader issues, I am asked about the meeting between the President of France and the President of the United States. On such broader issues, as I have mentioned, the communiqué has little to say, but not because this was not discussed—it is a matter the Heads of State or Government discussed when they had their meeting together. I think from that emerged a clear feeling that the best way forward would be through these discussions and that before making any doctrinaire statements of policy it would be better to await the outcome. This was, I think, a practical approach, and I certainly had the impression that there is a possibility of real progress in this area. That will have to be tested by events in the near future.

I am asked by Mr Durieux and also by Lord Gladwyn about where these meetings are to take place. This is something one can argue about, and one can argue whether they should all be in Brussels or whether they could be elsewhere. There is some argument for the Heads of Government meeting occasionally in the capital of each Member State. This has considerable effect on public opinion in the Member State in increasing interest in and awareness of the Community and the mutual interests and solidarity of Member States. I think this should not be dismissed at a time when the Community requires the fullest backing of public opinion in all the Member States. Also, I think that the Heads of Government meetings, though they will, of course, take the form of meetings of the Council of Ministers and will follow the proper procedures and respect Community competences fully when Community matters are being discussed, are unlikely to take the kind of form that the meetings of the Council of Ministers take where there is a long agenda with a lot of different items for which a lot of different experts have to turn up and where, therefore, there is a very large personnel. I think the view exists that these meetings will tend to concentrate on one or two important issues to be discussed at a high level. There will be no question of moving a vast apparatus of bureaucracy from place to place but a relatively modest secretariat from the Council Secretariat offices in Brussels and a small number of advisers attached to each Head of Government. These meetings are rightly described, certainly in the general discussions, as routine meetings.

I do not therefore think the problem is as great perhaps as Lord Gladwyn has suggested. But this is something which must be reviewed in the light of experience.

FitzGerald

Let us have a year or two's experience and then come back to it again as something which I think Heads of State or Government do not have closed minds on and where they would be happy to learn from the experience they gain in the next couple of years.

I am asked by Mr Lenihan about the administrative secretariat. There is, perhaps, some misunderstanding on his part. He asks whether the administrative secretariat is to be a real political secretariat, the beginning of a development towards a European government. I do not think so. The reference to the secretariat is a limited one and in fact the French text is the authoritative one here.

It refers to an administrative secretariat with a small 's'. The English text with a large 'S' is unauthorized.

(Laughter)

I am not being merely humorous on this point. It was the clear intention that this was not to be a new body known as the 'Secretariat of the Heads of Government meeting' but that the administrative arrangements will be provided in an appropriate manner, with due regard for existing practices and procedures. What that means is quite simple. In so far as the meetings of Heads of State or Government are meetings of the Council of Ministers, taking decisions on proposals of the Commission in accordance with Community competences, the secretariat arrangements would naturally be provided by the Council Secretariat. When and to the extent that the meetings discuss political matters, the arrangements that exist at present under which each Member State provides those services will continue, or at any rate each Member State may make its own arrangements as at present or by some slightly different method. There is no question of creating a new body here, and indeed a number of Member Governments are concerned that that should not take place. One of the reasons is that this would raise the whole question—a question put, I think, by Lord Gladwyn—about the merging of the functions of the Community and of the Davignon Committee on Political Cooperation. Here there is an arrangement under which the Heads of State or Government will meet, and at the same place and on the same occasion discuss these matters. Clearly they will discuss them in different formats. But in so far as they are discussing Community matters they must do so—and this is made clear in the communiqué and is something which I think all governments are concerned to protect—in accordance with the Community competences and acting, in so far as decisions are taken, on proposals from the Commission. The procedure for

political cooperation is naturally a somewhat different one and there is no current proposal to change it in order to assimilate it to the Council procedure. And therefore, meeting at the same place at the same time, there will be different procedures applied when decisions are taken. But there is obviously great convenience in discussing these matters together, and in fact in a number of cases it is not easy to distinguish one from the other. There are some matters that the Community has to discuss which have both Community and political cooperation overtones. To segregate them into separate discussions in separate cities, and to do as we have had to do in the past, fly on the same day from one city to another to discuss things that are interconnected, that practice certainly will not continue. But the distinction between the competences is one which will be maintained.

(Applause)

I am asked by Mr Ansart about the question of *détente* in ECSC. If this does not feature in the communiqué it is for the reason I mentioned, that the communiqué confines itself to things that were discussed and this did not come up for discussion. We had a very short period of two days and I think we got through quite a lot.

On the question of the US role in the monetary problems, also raised by Mr Ansart, there is a clear recognition that the US role in the world economy is of course of great importance, and this was referred to both in the discussions which Chancellor Schmidt had with President Ford and in relation to the future evolution of economic policy. Important though the Community is in world trade and the world economy, it cannot by itself carry the burden of maintaining economic growth, maintaining employment. The close coordination of policies which is referred to here as being essential between the Community and the United States, and other countries, too, of course, is vital if this objective is to be secured, and there is a specific and clear recognition of that fact in the document.

I am asked by Mr Kirk, on the question of British renegotiation, whether the reference to that in the second paragraph is a quotation from the Treaties of Accession, and of course it is such a quotation. That quotation sets out the principles to guide the Community if unacceptable situations arise. What is proposed now is that the question will be studied to see what mechanism might best be adopted should such situations arise, and this is being done in what one might describe as very good time, before they do arise. I will not develop that further because I do not wish to become involved in

FitzGerald

what Mr Kirk referred to as internal or domestic affairs. We had a referendum in my own country, and I enjoyed participating in it very much; but I recognize that I will not be as free to participate in the British referendum, and that if I did participate my efforts might be counter-productive.

Finally, Mr Radoux asked whether he was right in feeling, in relation to this question of the British renegotiations, that there was a movement towards each other by countries which have had somewhat different approaches to the matter. I think it is clear that there was such a movement towards each other, and the agreement reached—without undue difficulty—on the study by the Commission and the terms of reference of the study indicates a meeting of minds and the existence of considerable goodwill in respect of this matter.

There was another question which I think I should have referred to earlier. Mr Spénale asked about budgetary powers. This did not come up for discussion by the Heads of State or Government because the Council in fact considered this matter at its recent meeting; its views are on their way to you but there are certain linguistic and juridical problems involved. It did not come up for discussion by the Heads of State or Government because the Council has adopted a view, and you will in the near future hear what its view is.

One other point is the question whether there will be a report to Parliament after each Heads of State or Government meeting. I understand this has been the practice in the past. It is certainly the practice today and I am sure it will be the practice in the future, and under the Irish Presidency it will be the practice after any Heads of State or Government meeting that we have. I do not think there is any problem about that.

I think without overrunning my time too much I have tried to answer the questions fully. May I renew my apologies to Parliament for the unintentional discourtesy I do them by leaving so soon, but the alternative was to do it the worse discourtesy of not coming at all.

(Loud applause)

President. — I feel that I am speaking on behalf of the whole Assembly when I express my heartfelt thanks to Mr FitzGerald for his frankness when replying to the questions put to him by Members of this Parliament.

I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, I

regret that the flow of the debate has been broken by the exigencies of Mr FitzGerald's schedule.

He has, of course, covered many points which I intended to make myself and above all, a good many questions have been raised which make further development on my part unnecessary. Having said this, I should still like to give you my opinion and the Commission's on the Summit.

Like all opinions on summit meetings, it is open to a modicum of doubt, for we all know that part of what is achieved can be assessed immediately but that more time is needed to realize the precise scope of the full range of decisions taken. This has unquestionably been a working Summit at which both issues of principle, such as those which concern the Assembly, and down-to-earth problem have been raised and some of them settled.

This Summit also marks the end of what I shall call 'headline' summits and the start of what I welcome as a more normal procedure under which meetings of Heads of State or Government are brought into the Community orbit. It was from the start a Summit with precise objectives, limited, but major objectives, and the results it produced were equally precise and equally limited, but some of them perhaps are crucial to the future of our Community. Without wishing to make any definitive assessment, I agree with Mr FitzGerald on this point and I think, too, with the initial reactions of the political groups who have not themselves had sufficient time to analyse in depth the text and contents of the communiqué. Decisions were in fact taken and—what is perhaps more important—perspectives were traced which must await the verdict of the future.

A subject which I should like to return to—because I found that my doubts as to how many matters could be dealt with were not entirely unfounded—is what we expected from the Summit. Active preparations were made for it in which this House had a hand. In September and October we discussed here what might come of the Summit, and we were not mistaken in what should be expected of it and what it might produce. Together—you will remember what I said at the time—we decided on two lines of approach.

The first was to improve our machinery and enhance the Community's capacity to act as a political lead-giving and decision-making authority. This has been one of our key concepts since the beginning of the year, particularly when discussions came round to the Summit. Our second idea was that there were funda-

Ortoli

mental problems which had to be tackled and dealt with and that Summits had to be seen to be not merely an opportunity to catch the eye but also a forum where decisions were perhaps few in number, but included some that were important and even telling in their significance. In this respect I believe we can say that the Summit did not fall short of our expectations, and it is my feeling that the Commission did much to prepare it since we were unflagging in our endeavours to ensure that everything that was done served to fulfill this aspiration, which I believe we all shared.

Underlying the institutional decisions there are two or three points which are perhaps worth going into in slightly greater detail than if I were simply to reread the communiqué. Mr FitzGerald has endeavoured to give you further information, and I now would like to give you my views on all these matters.

We were faced with problems of two kinds. First, we had institutions which were working poorly or not at all. We discussed this at length, we produced an analysis, an accurate one, and we suggested remedies. But these did not go very far! We did not attempt to make radical changes. Why was this? Because we made a thorough diagnosis on which the Summit Conference acted: the institutions were not bad in themselves, but the way in which we worked and the way in which the Treaty was applied was. The important thing about the Summit, to my mind, is that it rediscovered that inspiration which, given proper machinery, will guide our endeavours to find a wider range of answers. And the second problem, bound up with the first, was that with the hesitant mood prevailing in the institutions, dangers had arisen that were of considerable magnitude and even of the utmost gravity. It was inevitable that the Heads of State or Government should busy themselves with the problems of the Community. The danger was that this might be done within a framework in which the Community somehow had no part, in which, in other words, the institutions were not the supporting pillars. The Commission's aim, pursued with your backing, was to fit what was desirable, i.e. the political impetus provided by the Heads of State or Government, into the framework and discipline of the Treaties. This is a point which it is my duty to stress, not because the outcome is important in itself, but because it implies a whole range of constraints for the future.

It is now up to us to extract the last ounce of advantage from what has been achieved and to steer clear of the possible drawbacks. The methods that have been chosen go far towards removing the main drawback we had clearly discerned, i.e. the creation of a sort of super-

institution, not really an institution at all, which would have taken us further away from the machinery, the rigour and the guarantees of the Treaty. By replacing what is the Community's in the Community context, we have rediscovered this rigour, this machinery and those guarantees. But those councils must not be transformed into a sort of court of appeal; everything that was said must be effectively implemented; this means among other things that the Council of Ministers must play a full part as an instigator and that the Summit must provide the political impetus, map out the future, and take a number of highly important decisions—regarding which the supreme authority must move to assert itself—but should not seek to supplant our machinery and to run the Community. This is what we must watch out for—we, the Commission, by playing our full part, as we have done in the period which has just ended, in this new European Council, you the Parliament, by playing your full part and ensuring that your advice is given and heard, and the Council of Ministers by playing its full part as the institution which, from time to time, expands to take in Heads of State or Government, but is and always remains an instigator and a decision-making authority.

If we meet those requirements then, having returned to the Community framework, we shall have obtained what we need—greater political impetus—and we shall have kept what we need—institutions working within a sound frame of reference. This was the first remark I wished to make.

My second remark concerns the decision-making process. You have asked, we have asked, Mr Scheel and I have asked that the practice of unanimous voting should cease once and for all. The text produced at the Summit brings out the abuses of the system and makes plain our determination to have done with it.

We must be quite clear about this: it was not said that there would be a full return in all circumstances to the procedures laid down in the Treaty, and the issues of principle which have always lain behind the problem of voting have plainly not been resolved in their entirety. What strikes me as highly positive is the public declaration of the desire to have done with the practice of unanimous voting. But I invite you to reflect on the possible consequences and what we should seek to encourage. The first point is that voting must be done in the Council. What I mean is that we must be bold enough, in certain matters, to decide effectively by a qualified majority vote whenever this proves to be the means by which an effective decision can be taken.

I would add two comments which have nothing to do with the legal position but have practical

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implications. The first is that even where the Treaty calls for unanimity, I should like to see wider use made of abstention, which means not preventing a decision. The Treaty requires unanimity in many areas, and this must not be turned into a new procedure to thwart this welcome desire for more effective decision-making. This is one of the reasons why the Commission, looking beyond the problem of the qualified majority, so strongly urged more frequent use of abstention as a sort of complementary procedure; as you know, the Treaty does not consider abstention as a legal obstacle to regarding a decision as having been taken unanimously.

The second remark I wish to make is perhaps not highly original but, to my mind, of capital importance: it is and must not be enough for the Council to end the practice. The whole system, especially at the base, at expert level, proceeds from the assumption that unanimity is the rule and blockages begin well below Council level. The appropriate directives and instructions must therefore be issued, the necessary resolve must be affirmed at political level and the whole machinery must be geared to the taking of sound decisions that settle issues clearly.

Projects are held up while the search for an agreement goes on, much to my consternation and sometimes to yours. In certain cases of quite minor importance, where each one of us, if he were responsible, would listen to the arguments for a minute and then say yes or no, the files pile up and experts talk for hours and days without the Council even being informed, let alone called to make a decision. This is a very bad thing! If I say this with great feeling it is because I do not believe in miracle cures. I believe in progress on the grand scale—and this is a case in point — but progress must reach down to the base, and this is one of the things we must watch out for, since in the last analysis, what we are talking about is the efficiency and speed with which decisions are taken and these decisions must be sound. I believe that on the whole, the machinery we have guarantees the soundness of our decisions. That was my second comment.

My third will not surprise you. It is that for us—and I believe for you—it is extremely important that for the first time there has been serious talk of elections to Parliament by universal suffrage, that the political will to do so has been proclaimed and that dates have been fixed. I know that reservations have been made—Mr FitzGerald spoke of them. But the very fact that the language used was no longer one of vague reference to what the Treaty might suggest as desirable for the much more distant

future, and that the matter was considered important enough to be discussed at the first Summit in the new series—or the last in the old series—this, to me, means recognition of a feeling which has gradually emerged as a consequence of your efforts. I believe that if we are to realize all our ambitions in this Community of ours, clear expression must be given to its democratic nature and the institutional balance must evolve as time goes on. European Union cannot come about without a vastly different institutional balance in which the legislative process and legislative powers are clearly recognized.

It has been asked who will do what, who will be the chicken and who the egg, if I may so put it. Is Parliament to take the initiative? Is it the Commission? We must think about these things and discuss them together. We shall have a first chance to do some serious thinking on the subject in the near future. The reports we are to prepare on European Union offer an opportunity to state the problem in general terms and probably also to suggest possible developments. I must say that like Mr FitzGerald, I gained the impression that in the talks between the Heads of State or Government a close link was established between the prospects for elections by universal suffrage and those for the development of Parliament's legislative powers.

Even if I cannot give a full answer today to the questions which you legitimately raised, I want you to know that during the preparatory period, we shall be very heavily committed in all matters affecting Parliament. I do not say this because I am in Parliament; I say it because in my various speeches to this House, I have taken on a sort of moral commitment towards you in the matter when I have told you what the Commission sees as desirable developments in this Community of ours. Each time I spoke I referred to Parliament; this was not to give me the feeling, in preparing for the Summit and at the Summit itself, that I had done my duty and that we could then drop what was one of the Commission's major ideas.

I must therefore tell you how pleased I am at this first success. It is now for us and you to act together, to make ambitious but realistic proposals to the governments so that we can achieve the aims we have set ourselves. I do not believe that this can be done in a matter of weeks, nor do I believe that you in this House think it can. But I do believe that there is reason to hope and that a sense of purpose has been affirmed. Procedures must be worked out, and we must realize that elections by universal suffrage are a major objective, as is the place of Parliament during the period which is now beginning. Such are my views, I stated them

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in September, and I am even happier to repeat them today because what is said in the communiqué marks a very big step forward.

You have also had further details on one of our basic problems, the procedure leading to European Union. I shall not repeat what decisions were taken and what procedures were put forward since Mr FitzGerald has already spoken of them. I shall simply state my view that the new procedure lends greater importance to the work which we shall be doing together in this field. When the idea of a report was being discussed, I personally made a point of stressing the responsibilities which you and we had been assigned. I recalled that responsibilities had been vested in the institutions by a decision taken at the Paris Summit and that those responsibilities had to be fully met; for us this means drafting our reports but it also means that when the time for consolidation comes, you and we must work together. There must be no wiping clean the slate of the previous phase; on the contrary, we must build on and strengthen what has gone before. These are things we will have to talk about, things we will doubtless have to talk about with the Council or with Mr Tindemans. The facts of the matter are that we have responsibilities, those assigned to us, and that a dialogue must take place since it is a notion which found expression in all our debates on European Union and is now written into the communiqué issued after the second Paris Summit.

I think we have reached here—you asked me about procedures, we are not going to decide on them immediately—one of the points which we shall have to go into, in the Political Affairs Committee or perhaps in plenary sitting, in order to align our positions and come to a clear understanding of what we want. What I want I have said on other occasions; it is respect for the role of the institutions as originally intended; it is that our work should serve a useful purpose and genuinely inspire whatever findings we may reach. And it is not my impression that our reports could disappear through the trap-door of a new procedure.

You have seen for yourselves that the Communiqué opens the door to what seem to me to be satisfactory answers; we must simply discuss what can be done to ensure that all this is translated into practice in the best possible interests of the Assembly and of European Union. Since you are the Assembly of Europe, you must say what you have to say just as we who are part of the executive must do, and this right through until the procedure is completed and not just on a provisional basis or before a certain date. Such is my position. It is clear as to the considerations which prompted it, but

I shall not go into procedural details. Nor shall I dwell on points of substance because you questioned Mr FitzGerald fairly closely, I think, on this. One thing is clear; you cannot overload a Summit Agenda, the number of items must be limited and very carefully prepared.

I believe that if this Summit has produced something, and I hope that the future will bring the evidence, it is, despite what has been said, partly because it was well prepared and partly because it did not discuss too many matters. In fact there were still too many on the agenda. The subjects dealt with are of capital importance, not only for the future, but also for the technical success of our work in the weeks and months ahead.

There is one decision which I as President of the Commission found highly gratifying because as you know, I had made it a touchstone of intentions: I refer to the setting up of the Regional Fund. The first and most important thing was that agreement was reached. I can assure you that no effort was spared by the Commission, its President and the member responsible. We did everything in our power to bring about an agreement.

Secondly, it is a sound agreement. Of course the figures are not as high as in our first proposal. But we were careful thereafter to uphold the principle of a regional policy extending to everyone. But as it became clear that we would not have two thousand million or slightly more, we took it upon ourselves to propose that the money be concentrated on a very limited number of fronts. Our reasoning was that the lower the figure, the more the effort should be concentrated on areas where requirements were greatest. This idea was behind everything the Commission did during the interim period to bring about a decision, ensuring among other things that two countries, Italy and Ireland, which are guaranteed under a special protocol, should receive by far the relatively largest share of this fund so that it could be said that Europe had honoured its general undertaking and had put a policy in hand and not simply set up an aid or emergency fund. The Commission as you know was strongly opposed to a fund of this kind, considering that it was not what had been intended and did not square with the policy of balance which is one of the basic tenets of our Community.

On the subject of converging economic policies I would simply observe that determination was expressed to give prominence not only to the struggle against inflation but also to the efforts to combat recession and maintain employment. I feel that this is a highly important point in the Summit communiqué. From the Community

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point of view it is important that the Heads of State or Government should have agreed in their assessment and on the aims to be pursued. It is also highly important that it should have been clearly stated that we have responsibilities towards each other and that within a Community, surplus and deficit countries should pursue policies which combined to sustain the economy and the fight against inflation. It is highly important, too, that the surplus countries should have stressed their willingness to support the economy, taking the view that in addition to what is useful within the Community, there is also the question of help for others. Sustaining economic activity means stimulating imports where appropriate. This helps to promote activity in other neighbouring countries. It is likewise highly important that the links which are being forged beyond the frontiers of each Member State and beyond the Community, between the policies of the major industrialized countries, should have been perceived and given prominence and that the determination of each and every one to prevent recession should have been given such clear expression.

Mr FitzGerald replied at length to the various questions on employment and energy. You are right, the communiqué does not say very much on this matter. But I think we can take away with us the impression left by Mr FitzGerald that there is a firm resolve to settle all international problems through dialogue with the producer and the consumer countries. The procedures and machinery have still to be decided, but this takes time. I feel that the sort of shared inspiration of which Mr FitzGerald spoke is a good thing.

However, there is one point which as President of the Commission I should like to make: it is one that I have stressed since the beginning, as you know, and stressed again yesterday; it is that in my view there is a basis, and that basis is the common energy policy. We have the tremendous problem of energy, and we have a Community which must tackle its major problems together. We have specific interests which we must defend. And finally, it is only by pursuing together an energy policy which meets the interests of our peoples that we shall give the full measure of our strength and weight in the world.

I would add that as far as we are concerned, we expect the meetings on 17 December and in January to make headway in this area. And that is more important than another Summit declaration, for it is here that the immediate future lies and the opportunities for successful action which the Commission and Parliament—

you have stated your views on the matter—find so important.

Mr FitzGerald spoke of Britain and replied to your questions. It is true that the budget problem, as it was discussed, points the way to a procedure the details of which will have to be thought out. I must confess that I have not yet had the time to consider exactly what can be done and how it can be done, but there is no doubt in my mind that in the interests of the Community, we must hope that Britain remains and that the British presence must be ensured with due respect for the rules and aims of the Community.

You will reply that these are mere words. They are not. They are a blueprint which we must all follow since in pursuing this twin objective—the Community on the one hand and since we need her, Great Britain in the Community on the other—we have a sort of rule of conduct, a sort of rule of conscience which I believe is determinant, and I personally welcome the fact that discussions have begun in what I trust is as favourable an atmosphere as possible for the future and one which, to judge from the Summit, will, as Mr Radoux said, open the door to hope.

This is what I wanted to say, ladies and gentlemen. Once again I am sorry that I cannot go over item by item everything that was said, but I have already spoken for long enough. I think that we have opened up an avenue. I think that we have opened up a procedure. I believe that your responsibilities and ours have grown because it is the Community framework which has been strengthened.

As I see it, if we work well, what happened yesterday has closed one of the doors to unhealthy intergovernmental practices. For me it was of capital importance to hear it said when the Heads of State or Government met to discuss Community affairs: the Council is meeting. This we have obtained, and it is much more than what we have had so far. I hope that this Summit will produce other useful results, but they will be the outcome of what will now be routine work since they will follow from what has been set up—an instrument, a procedure, which is the Treaty procedure but strengthened as regards political impetus. It is now for us to ensure that it remains the Treaty procedure and that this political impetus finds genuine expression.

(Applause)

President. — Thank you, Mr Ortoli.

I welcome the fact that both the Council and the Commission have rendered an account to the European Parliament immediately after the Paris Summit.

President

I will now give Members the opportunity to react to Mr Ortoli's statement. I propose that any Member who wishes to speak be allocated five minutes' speaking time. Mr Ortoli will then be able to reply, following which the debate will be closed.

Are there any objections?

I call Mr Ansart.

Mr Ansart. — (*F*) We have been promised a debate since Monday. On Monday a number of questions were put during a mini-debate. Now that the Summit is over, it deserves a wide-ranging debate. It has been stated since this morning that the leaders of the groups would speak. Speaking for myself, I object to 'clearing away' the points I have to make—for that is the term to use—and clearing them away in five minutes.

President. — I would remind you that we will be having another debate in January.

I call Mr Radoux.

Mr Radoux. — (*F*) Exactly, Mr President, since we have the opportunity to put questions to the President of the Council and since we have heard from Mr Ortoli, I think like you that it might be right and sensible, with a paper from the Political Affairs Committee, to have a full-scale debate here in January, after a period for thought. I would like to record my agreement with what you have suggested, and will limit myself to a comment on something Mr Ortoli said. He recognized that this Assembly has a great deal of work to do. Well, I will agree with him; the Assembly is going to have to work from now on; but I would add—putting forward the opinion of my own group, which is doubtless also the general view, that what we must do straightaway is to thank all the Members of the Commission, and its President, for the work they put into this Summit Conference. We are in fact quite sure that the Commission made it possible for us to achieve substantial results, and that thanks to the talents and the efforts of its President we shall in the future be able to arrive at useful conclusions.

President. — I call Mr Alfred Bertrand.

Mr Alfred Bertrand. — (*NL*) Mr President, I support Mr Radoux's proposal that instead of opening a debate immediately we should first make thorough preparations for it. I would also ask the President and Bureau of Parliament whether it would not be desirable for the Bureau to refer the individual paragraphs of this communiqué to the appropriate committees,

which could then discuss them with the Commission.

Mr Ortoli has said that a procedure is now being sought, but has not yet been found. May I make a suggestion? Specific committees are competent to deal with the questions of converging economic policy, the energy problem and the institutional question. If the relevant paragraphs were referred to the appropriate parliamentary committees, which could then discuss them seriously with the Commission in preparation for a full debate in January, we should at least have done something positive.

President. — The political debate on the results of the Conference of Heads of State or Government has already begun. The Presidents of the Council and the Commission have spoken.

Your President feels that we should react now if we are to be a good parliament. By January a great deal of water will have flowed under the bridge.

I call Mr Durieux.

Mr Durieux. — (*F*) I do think, Mr President, that it is difficult to enter into a major debate today, bearing in mind that although Mr Ortoli, the President of the Commission, is here with us there is no one to speak from the Council benches.

Although we may make one or two supplementary comments, I do not think we ought to get into a long debate today. In January, on the other hand—and here I take up the suggestion just made by Mr Bertrand—I believe that we should have a long debate, a well-prepared one, and I thank Mr FitzGerald for saying that he would give it all the time it needed. We shall devote a whole day to it, two if necessary, but we must for once have a proper debate, which can take place in an unhurried atmosphere. If we are given this assurance, I believe, we can be content today with just ten minutes per group.

President. — Ladies and gentlemen, I propose that each group have ten minutes' speaking time to respond to Mr Ortoli's statement and that we close the debate after he has made his concluding remarks.

Are there any objections?

That is agreed.

I call Mr Alfred Bertrand to speak on behalf of the Christian-Democratic Group.

Mr Alfred Bertrand. — (*NL*) Mr President, I repeat that the Christian-Democratic Group

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learnt with satisfaction of the results achieved at this Summit Conference, which had not been expected while the conference was being prepared. The representative of the Council and Mr Ortoli have both commented on the decisions reached at the Summit.

We share Mr Ortoli's concern at the institutional problems; we are witnessing an attempt to strengthen European integration and at the same time to improve and adapt the working of the institutions. The first paragraph clearly reflects a determination to allow the Commission to play a broader role as the stimulus, driving force and executive of the Communities. Parliament has been given the concrete task of drawing up a draft convention on direct elections for submission to the Council. The Council undertakes to reach a decision on the convention in 1976 and direct elections could then take place in 1978.

But there is no such clarity, and here I share Mr Ortoli's concern, in the passage concerning the powers of the Parliament and their extension in the legislative sphere. What procedure is to be followed here? Should the Parliament submit appropriate proposals, or is the Commission to forward such proposals to Parliament, after which joint proposals would be presented to the Council?

I should like to hear Mr Ortoli's views on this in order to see how this decision is to be implemented further at the level of the institutions. I would also point out that a number of decisions have been taken under which the citizens of the Member States will be more closely involved in the Community. The proposal for the passport union seems to be moving in that direction. But who is to make the practical proposals? The Council or the Commission? The Community procedure to be used for this purpose must be clarified.

In economic terms this development is likely to be extremely important but I should like to hear from Mr Ortoli whether he has already thought about how it is to be implemented.

As to the convergence of the economic policies of the Member States, paragraphs 16, 17, 18, 19, 20 and 21 put forward a number of interesting ideas, but the question arises as to the concrete form which this convergence of economic policies is to take. Is the Commission to submit proposals to the Ministers for Economic Affairs and Finance responsible in these matters in the form of draft regulations and directives on conjunctural and budgetary policy and also on price policy? The text states that the Ministers for Economic Affairs and Finance will be responsible, within the framework of Community pro-

cedures, for implementing these guidelines. Does this mean that policy guidelines are to be proposed by the Commission to the Council of Ministers for Economic Affairs and Finance? This is not clear from the communiqué, but the matter must be clarified if we are to determine the correct procedure.

The same applies to the problem of employment. It is rightly said that in promoting employment the aims must be progress and justice if the cooperation of the social partners is to be assured.

It is also said that the Economic and Social Committee can play an important role in this. The Economic and Social Committee in fact already has the right of initiative—unlike Parliament. Is Parliament to be given the opportunity of contributing to this development of employment policy through proposals from its Committee on Social Affairs and Employment? Or must we wait for the Commission, acting on an initiative of the Economic and Social Committee, to make proposals after which the social partners can be called in? I do not think the intention is to cooperate with the social partners through the Economic and Social Committee. That committee is something other than a tripartite conference in which the social partners are directly consulted. Here, too, clarification is essential.

Paragraphs 26, 27 and 28 seem to me extremely important, but they are still disappointingly vague. Although we welcome the fact that an experimental, operational basis has been created at long last for the Regional Fund by endowing it with 1 300 m u.a. for a period of three years, thus enabling it to function, I have the impression that the European Social Fund—and I would draw the Commission's attention to this—is being hindered in its normal operation. Certain measures which the European Social Fund can at present take according to its Articles 4 and 5 are now apparently to be forced into the background. We are now told that the European Social Fund should be used in the first instance for the benefit of those who are hit by serious consequences of the economic recession. And if the resources now available to the Social Fund are not sufficient, a study can be made to determine whether they should be increased to enable the fund to fulfil its function.

This does not alter the fact that new provision has been made in the context of the European Social Fund for handicapped and migrant workers and that additional measures have been laid down for persons affected by reorganization; appropriations have been requested for these headings in the 1975 budget. But now we are facing a recession in 1975 which creates a

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need for even stronger intervention by the fund. The intervention measures from the fund for the benefit of areas afflicted by unemployment may well have to be widened. I hope that the Commission will make the necessary concrete proposals on the operation of the European Social Fund.

We are deeply convinced that the two principal instruments at our disposal in the Community for the pursuit of a genuine anti-inflationary policy, for the maintenance of employment and protection of purchasing power are the Regional Fund and the European Social Fund. Having regard to the present conjunctural situation, these two funds must be able to function and be endowed with sufficient resources to discharge their tasks at Community level in accordance with the political resolve which has now been evinced.

We shall not look at energy policy today as we prefer to wait until the Ministers of Energy take their decisions on 17 December following the talks between the French President and the President of the United States. It was, however, striking that both the President of the Council and Mr Ortolí said to us: be patient for three more days and you will see progress in the area of energy policy after the French President has talked to the President of the United States. Ladies and gentlemen, do not take it amiss when I say that this aroused my suspicions as a parliamentarian. Something must already have been decided, but we must wait until the talks have taken place. I therefore believe that as far as energy policy is concerned we should wait until the Council meeting of 17 December and then determine our options and attitudes in January in the light of the results.

On behalf of the Christian-Democratic Group I join Mr Radoux in expressing our thanks to the President of the Commission and the Commission itself and in congratulating them on the results achieved at this Summit Conference through their efforts; the communiqué gives a real impression of a resolute sense of purpose. The Christian-Democratic Group expresses its warm appreciation to the President of the Commission for this and is now counting on him to see that the various paragraphs are really implemented.

(Applause)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — I call Mr Broeks to speak on behalf of the Socialist Group.

Mr Broeks. — *(NL)* Mr President, I believe that there is indeed every reason to feel some optimism about the results which were achieved or appear to have been achieved at the Summit Conference. But I still remember that there seemed to be good reason for optimism when we read the Paris Summit communiqué in October 1972, which seemed in paragraph 15 to solve the problem of decision-making in the Council. However, as you are well aware, the Council took no decisions until 1 July 1973.

The decisions set out in paragraphs 6, 7 and 8 seem to give rather more grounds for optimism. But I still have the impression that we cannot be entirely convinced. When I read in paragraph 6 of the communiqué that not all decisions need be taken unanimously, I am not learning anything new. The real question is this: what decisions are still to be taken unanimously when that is not stipulated in the Treaty? When will a representative refrain from voting and accept that something has been decided if the other Member States are in agreement? Whether or not progress is in fact made will depend on the practical interpretation given to paragraph 6.

We are pleased to see from paragraph 7 that the Permanent Representatives are to be given greater freedom of action, but we know too little about the way in which they are accustomed to work for us to be optimistic at this stage. Sometimes we have the impression that many matters are blocked precisely by the Permanent Representatives with the result that no progress is made. Let us wait and see what happens in practice.

When I read in paragraph 8 that a great many matters are to be left to the Commission, I am inclined to ask the President of that body how many of the 400 proposals now waiting to be considered can be dealt with by the Commission on its own and whether he has any idea what points will be considered further by the Permanent Representatives.

We are also pleased at the fact that the President of the Commission attended all the meetings of the Summit Conference and that in future—although this is not indicated here—he will also be attending the three annual conferences. The President of the Commission has told us that the agendas of these conferences will no longer be overloaded, but that just two or three important points will be dealt with. Is the intention then that the Commission member who has dealt with the points in question should attend the conference or will the President of the Commission alone be present? I believe it would be particularly useful to the President of the Council if the Commis-

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sioner responsible were also present at the discussion of such important matters.

Mr Bertrand has raised a number of important questions; he asked for example who would be taking the initiative on specific matters. It will be interesting to hear the reply to that point, but I would say that we as Parliament already have the right to make certain proposals through our own committees.

I find it highly satisfactory for the Commission to present proposals for our consideration, but there is nothing to prevent us looking at these matters ourselves in committee and presenting suggestions if we so wish. Our committees often work in the presence of the Commissioner responsible. Perhaps a measure of agreement can then already be reached between the wishes of the Council and the wishes of Parliament, which can only facilitate matters.

My group agrees that the problem of energy should not be discussed at this time. This seems to me an extremely forthcoming attitude to adopt.

We heartily agree that the individual paragraphs of this final communiqué should be discussed further in committee so that in January we can conduct a better founded debate which will serve a more useful purpose. This does not mean that we in Parliament must be in agreement on all the matters at issue but at least further consideration will show where the difficult points lie.

We do not agree with the limitation of speaking time to five minutes which makes a debate impossible. If a debate is entered on the agenda it cannot be deleted at the request of one of the political groups. That is why we consider it appropriate to hold the debate.

For the rest, I willingly endorse what Mr Bertrand said about the funds and the possible need to extend them.

President. — I call Mr Patijn to speak on behalf of the Socialist Group.

Mr Patijn. — (NL) After what my colleague, Mr Broeks has said I only wish to make a few brief remarks.

We looked upon this Summit Conference essentially as the summit of energy policy and social and economic policy; those are the important issues of the moment—the social and economic development of Europe and the problem of energy policy in the Community. If there is now any enthusiasm about the results reached by the Summit Conference on these two points, the only cause for such enthusiasm is that the

meeting did not break down. It is hardly possible to assert that the basis has now been laid for developments in Europe in the areas of energy and social policy or that we shall be out of the wood by 1980.

I recall the Copenhagen Summit. Two days later a Council meeting was held at which squabbling developed on matters which the Heads of State had agreed on just before. I await with great interest the Council meeting on Monday and wonder what the outcome will be. I hope that something will now happen but I am not optimistic in the sense of expecting agreement to be reached next week.

We are disappointed that the Summit Conference did not indicate clearly how the social and economic problems are to be tackled; the Community's unemployed certainly cannot see from this communiqué what measures are to be taken to combat unemployment. This was not the Summit Conference of economic and social policy, nor was it the Summit of energy. It was the Summit of the institutions and of regional policy, although I must say right away that the agreement on regional policy could better have been reached four months ago by the Council.

I have one question on regional policy. The plan now adopted gives each Member State a specific share in the Regional Fund—I would not say an equitable return. This is fixed for three years, but I hope it is clear from the percentages fixed for a number of rich countries in the Community that this is a temporary matter and that the Regional Fund is intended in the first instance for the poorest areas of our Community; this is apparent from the percentages and from the special treatment of Ireland.

I also find it rather shameful that for the sake of good form 1½% is being given to Belgium and the Netherlands as evidence that they are taking part. Why not be honest and set up a fund for the three or four countries that really need it! I hope that will be done in the future and that the present solution is merely a temporary face-saving answer.

I also have a comment to make on the British renegotiations. My impression of the final paragraphs on British membership is favourable for two reasons. Firstly, the principle has been confirmed that this is not a Community of 'fair returns'. The principle has been clearly established that the system of own resources must continue, and every insider knows that the system of own resources means that revenue representing the Community's own resources will be automatically made over to the Community, regardless of what the individual amounts are. At the same time, however, a cor-

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rection is necessary for the United Kingdom. If I were Prime Minister Wilson I should face the renegotiations which are now about to begin in earnest with confidence; the principle of a correction has been accepted, and on that basis Paris has been a good start to the renegotiations with the United Kingdom. I hope that the outcome will be what we should all like to see: England's continuing membership of the European Community.

Finally a question on direct elections. Both the statements by Mr FitzGerald and Mr Ortoli suggest that European elections should go hand in hand with greater powers for the European Parliament. I ask for nothing better. But I see no link between the two issues in the communiqué itself. This simply states that elections must be held and that powers must be increased. My question to Mr Ortoli then is as follows: is an increase in powers a precondition for elections, yes or no? For all these years we have been confronted with a vicious circle because no one can tell us what powers this Parliament must have before elections can take place. I now assume, for the time being at least, that there is no such link between the two issues and that elections will take place in 1978 without reference to the powers we then have, although I hope our powers will be substantially greater by then.

My impression is favourable. The emphasis at the Summit Conference was not placed—as had been expected—on social and economic policy, although important analyses were made of that aspect; the emphasis was placed on the institutions. Now that the institutions can set to work within the Community, I hope that the social and economic problems will be given first priority on the agenda by all nine Member States.

President. — I call Lord Gladwyn to speak on behalf of the Liberal and Allies Group.

Lord Gladwyn. — I should like to begin, Mr President, by admitting that in my remarks the day before yesterday regarding the likely outcome of the Summit I was too pessimistic. I am glad to say that I was too pessimistic. I think that the Heads of State or Government have certainly done considerably better than I thought they would do. I admit that straightaway. It is true that on energy they are regrettably still not united. On monetary and economic policy they merely hope for the best, without, as they say, abandoning their various ideals and objectives.

Unfortunately, the date for direct elections is still held up by a predictable reserve on the part

of the British and indeed of the Danish Governments which, however, we may perhaps expect legitimately to be lifted in a few months time. The Ministers have not yet, as desired by Parliament in the resolution which they passed the day before yesterday, gone so far as to actually accept the rules of the Treaty of Rome in regard to voting in the Council.

They have taken a decision which may take them away to some extent from the famous Luxembourg compromise. Of course, the great difficulty here is to know when a matter is of supreme importance and when it is not, and it still remains open for any Government to say, even in the Committee of Permanent Representatives, that a matter which they attach importance to, is a matter of supreme national importance. We are up against the old difficulty, but I agree a certain advance there has been made.

It is also true that a fairly satisfactory step has been taken towards a regional policy, in the shape of the constitution of an admittedly modest, but still substantial Regional Fund, and that this of course is certainly to be welcomed. Where I personally think that the Heads of State of government have gone beyond expectation, is in respect of procedure, and of political cooperation generally, especially in deciding to set up what might legitimately, I think, be called a Super Council or a Supreme Council of the EEC. On the whole, I believe that the idea of a meeting of Heads of State or Government three times or possibly four times a year is a good one. But we must look at the other side. We must surely consider what this new system is likely to imply, which is, I think, that more and more difficult and important decisions will not be taken in the normal Council of Ministers, but rather by the Heads of Government themselves. It is pretty obvious that will be the result. Moreover, the emphasis on the increasing role of the Permanent Representatives, coupled with the agreement to modify in practice the famous Luxembourg compromise on unanimity rule, which I suppose will now be applied in the Committee of Permanent Representatives, will presumably mean that most decisions will, subject to reference to the Supreme Council, now be taken in that committee, and that the Council of Ministers will become progressively less important. Under the new rules on unanimity, if the Committee of Permanent Representatives cannot arrive at decisions, the Council of Ministers will not be able to take such decisions because the Supreme Council will be the supreme arbiter, and it will take the decisions. Consequently, the present Council of Ministers may be reduced to practically nothing. That is a pos-

Lord Gladwyn

sibility. Some people might even consider it a danger. On the whole I should say it was a good development. But I would like to ask Mr Ortoli whether he believes that such a development is likely.

For the rest the emphasis laid, in paragraph 4, on the increasing association of Parliament with the work of the Presidency on political matters, is of course greatly welcomed as is the reference to the necessary role of the Commission which is made in paragraph 3, which I hope means that increasing importance will be attached to the Commission. What I am not altogether sure about, as I said in my question to the President-in-Office, is how far the so-called Davignon procedure is likely to be affected by the new arrangement. As I see it in paragraph 3 it is flatly stated that it will not be affected at all. On the other hand, it does appear that the Heads of State or Government, when they meet, will deal not only with strictly Community matters, but also with foreign affairs. Indeed, it is more and more evident that foreign affairs and economic and social affairs cannot, in practice, be separated. I imagine therefore that when the Heads of State or government meet, they will eventually, no doubt, deal even with such matters as defence. When they do meet therefore, are we to understand that close-by, presumably in neighbouring offices, there will be their own Council secretariat—with a small 's', I understand? The political directors, presumably have to be there. The correspondents, whose roles recently have been increased, will certainly have to be there. I cannot imagine that the Permanent Representatives themselves will welcome their exclusion from this higher oligopolis. They will probably be there, and of course the Commission will be there as well. After all, if the Heads of Government are really going to act on the initiative of the Commission, as they say they are, in accordance with the Treaties, most of the Commission and some of its staff, presumably, will have to be present when such high matters are submitted to the Supreme Council, for a decision. If that is so, will not the new Community Council be well on its way to becoming, as I think Mr Lenihan suggested, a sort of government, a European embryo, even if a provisional one? It seems an inevitable tendency. It really seems to me, therefore, pretty unrealistic to say, as I think the Minister did say in reply to me—though no doubt, he was representing simply the Council view and not his own—that all the work inherent in the establishment of such a machine can be undertaken with a tiny secretariat if it is really going to take major decisions affecting the whole of Europe. Surely this machine must be situated near or in the vicinity of the great organs of

the Community. If this is accepted, then it means that this new machine can only be situated in Brussels, if it is going to work at all. I would very much like to ask the President of the Commission what he thinks of that. Naturally the representative of the Council gave his own reply, but I imagine the Commission might have an independent view on this, and if they have, why can they not tell us what it is? Do they not agree that this machine ought to be in Brussels? I thought from their point of view it would clearly be desirable.

In general, however, I must say that our spirits have been lifted by the Summit. It is evident that the Heads of State or government really do now wish to cooperate wholeheartedly with this Parliament, and I think it is up to us now to reciprocate by endeavouring to help than over the enormous political stiles which are often placed in their way, as we all know, by public opinion.

I would end by making one short reference to the British aspect. If I might respectfully do so, I should like to congratulate Mr Wilson on having achieved such a result as is set out in paragraphs 5 and 35 and particularly 37. I gather that when he got back to London—I only heard this indirectly on the wireless—he and Mr Callaghan expressed great disappointment. They apparently thought that something much more should have been achieved. I must say I cannot think what more they could have expected.

A correcting mechanism is going to be worked out by the Council and the Commission, and if the correcting mechanism applies the principle laid down in paragraph 37, I do not know what the British Government have got to worry about in the year 1980.

Anyhow, I hope and believe that this will be the basis for some acceptable renegotiation, and I should hope that the correcting mechanism will emerge from the Commission and the Council without any great delay, so that this whole business of British membership can be settled within the next few months.

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

Sir Douglas Dodds-Parker. — Mr President, I am happy that Lord Gladwyn's pessimism has once again been belied. I am surprised that he should be surprised that the Committee of Permanent Representatives may come out on top of mere ministers, because I remember the day when he was a very powerful one-man Committee of Permanent Representatives and I was a mere junior minister. Perhaps his judgement

Dodds-Parker

may have been better, but I think he generally won. I am happy that we both agree now that we can welcome this communiqué. I believe most important points have been cleared by the future President-in-Office and by Mr Ortoli in reply to points made by the groups earlier this afternoon and in answer to questions. I think I should just like to add on behalf of the European Conservative Group my congratulations to all, including Members of this Parliament, the Ministers, the Commission and the Secretariat who have worked so hard to achieve what I believe is a considerable progress.

The first quick point I would like to make is on the closer political cooperation envisaged, especially in the second half of paragraph 4, which I think, in view again of what Mr Wilson has been setting out to achieve, is a considerable achievement for all of us. I am glad that we all felt encouraged that, in view of these paragraphs and the others that Lord Gladwyn has mentioned, my country is going to maintain its membership.

Secondly, in general terms, paragraph 3 talks about a permanent secretariat with regular meetings. I think Mr Ortoli spoke of this as being routine. It does seem to me that the *ad hoc* approach to this secretariat has meant that we expect too much of it; and when we do not achieve all we hope for, then we are disappointed. I think the fact that there will be meetings every four months will mean that, as routine, Ministers can meet to discuss these problems and produce results rather more frequently.

Again, in paragraph 12, considerable progress has been made on parliamentary responsibility. But the point made by Mr Patijn is not clear to me, because I believe myself that Governments will hesitate to give considerably increased powers to Parliament until they see the outcome of direct elections. That does not mean that I will not urge that we should be given increased powers and that we should have early direct elections as envisaged in this communiqué. Mr Kirk made this point earlier to the President-in-Office when he was here.

I welcome, too, the modification of the Luxembourg Agreement under paragraph 6. Regional policy I will leave to my colleague Mr James Hill, who is chairman of the Committee on Regional Policy and Transport.

On paragraphs 29 to 33 on energy, it does seem to me, as said in many parts of the House and by Mr Patijn in his last intervention, that there is insufficient sense of urgency in this paragraph. As I have said twice in this House in the last 48 hours, I believe the situation in the

Middle East is much more tense than many of us realize, having just paid a visit there, and I do urge all those concerned to press on in making decisions on cooperation. If there is a further war or outbreak of trouble in the Middle East, I believe the oil crisis will become more acute than it has ever been hitherto.

Finally, on the membership of the United Kingdom, I believe that all who really hope and believe in the future of Europe will realize that our remaining in the Community is the best and probably the only way of continuing prosperity and freedom for all of us who live in the United Kingdom. I would like to thank particularly Mr Radoux for his friendly words about the continuing association of the United Kingdom. I might point out without prejudice that in fact the Liberal Party and the Conservative Party who have been here from the beginning represent some 60% of the electorate, and therefore I would like to think that we represent a substantial part of British public opinion on this particular issue.

President. — I call Mr Hill, to speak on behalf of the European Conservative Group.

Mr Hill. — Mr President, I will concentrate only on the regional policy side of the Summit, about which I am extremely pleased. In fact, though Mr Patijn said earlier that the smaller percentages for the wealthier nations should be dropped, I cannot say that I agree with him on this.

I would not like to think that the Regional Fund could not be far-reaching in the content. Certainly the petition for the industrial complex at Toul in France is a case that has been accepted for consideration by the committee, and now that industrial project will come within the authority of the Commission; so there is one very good point for the members of the French delegation.

There is also the understanding that the Italian committee that is sitting on the Messina Straits project, considering whether it is to be a bridge or a tunnel, asked the Commission at the last committee meeting in Brussels for the authority to have a sum sufficient to carry out an initial survey. Now that this letter has been accepted and placed before the Commission, I think there is great hope for the Messina Bridge project to go ahead. Certainly, after the initial survey and possibly with Regional Fund money and the assistance of the European Investment Bank, the project could well be started in the not too distant future.

Denmark has a great undeveloped area, Greenland. They may not want to develop it imme-

Hill

diately, and obviously it is completely out of their power to develop it, though they are perhaps one of the wealthiest nations of the Community. All these points please me because it does mean for the first time that we have an overall regional policy rather than just donor nations and others that are just receiving benefits and getting the biggest percentage of the fund.

There are problems. There are trans-border problems even on the borders of Holland and Germany. There has been a report by Mr Gerlach on this very set of problems. Certainly there are problems in Germany of frontiers which are just blank walls rather than borders, and certainly there are many problems in Ireland between the two parts of the island, where the trans-border problems will perhaps be minimized by the use of some of this Regional Fund. Perhaps there will be more cooperation, even if it only starts at the commercial level, between Ulster and the Republic of Ireland. So this Regional Fund is far-reaching. It goes far beyond just the commercial aspects. It is interesting to note too that Italy, which has been the main recipient of the funds of the European Investment Bank—in fact in 1972 it received 57.5%, or 1 430m u.a. from the bank—will now be in a very strong position to receive another 40% from a Regional Fund.

These peripheral areas of the Community, which in the past may have been areas from which people migrated may in the not too distant future be areas to which people will once more flow back and prosperity will return. So I am all for this spread. I never thought that France should be completely excluded, though France is of course a very prosperous, indeed growing industrial giant. Some areas of the western part of France of course have as bad or as low a gross product as any other part of the Community. There are things that can be done in the Regional Fund such as constructing the motorway to Bayonne that will go, I believe, from Calais. All these various projects can now come in, and it would not, I think, be right for Member States to support these projects all on their own when obviously they are for the whole benefit of the Community.

The United Kingdom is to get 28% of this fund at the beginning, and I think this is extremely acceptable. I, too, must perhaps praise Mr Wilson and Mr Calaghan for the efforts they have made. I think it has been due more to the goodwill of the other eight Member States, and of one of them in particular. Be that as it may, we have arrived at this very heartening Summit report, and I, too, look forward to a far expanding Regional Fund, and I think today our hearts

are uplifted because for once we see the true unity of this great Community.

(Applause)

President. — I call Mr Lenihan to speak on behalf of the Group of European Progressive Democrats.

Mr Lenihan. — Mr President, our group welcomes the communiqué now before us following the meeting of Heads of State or Government. We believe that the results of this meeting have been practical.

They mark a first step on the road towards a sense of reality in regard to dealing with the problems that heretofore have tended to frustrate the objective of European Union. I welcome particularly what is set out in paragraph 13, in which the Heads of State or Government state that the time has come for the Nine to agree as soon as possible on an overall concept of European Union. With that end in view the institutions of the Community, including this Parliament, have been asked to put forward their recommendations before the end of June of next year on how they view European Union and what practical steps can be taken in that direction. I think the first practical step has been taken by virtue of this Conference of Heads of State or Government because here we have established in a tentative, embryonic form what a European government of the future will be. In my view it could only take shape on the basis of Heads of State or Government coming together in this manner. The weakness heretofore has been that such conferences have been held on an *ad hoc* basis. Now we have a start towards institutionalizing to some degree these meetings, by specifically stating that they will be held three times a year, by emphasizing that there will be a secretariat, with a small 's', but at least a secretariat to start with. The very fact of meeting at least three times a year must give rise to the development of a political secretariat attached on a continuing basis to such a European Council of Heads of State or Government. This, I believe, is all important because the frustrations of the recent past have largely arisen because of the lack of decision-making among our institutions. Basically the difficulty has been to devise some method whereby decisions could be made and implemented. We have such a method in each nation-state through the elected government. Fundamentally, what was lacking heretofore in our Community was the institutional framework for such decision-making. I believe we have it in some form now in the formula of regular meetings of Heads of State or Government as suggested by this

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communiqué. I believe it will have to be strengthened with proper secretarial backing, with proper expertise, and without doing violence to the procedures of this Community and the Treaty of Rome itself. It would be sterile to divorce political cooperation and cooperation in foreign affairs from economic and social development.

If we are really to believe in European Union, all these areas are interdependent, and one of the weaknesses heretofore has been the lack of involvement by this Parliament in matters relating to political cooperation and matters of foreign affairs and defence.

The other important development in the communiqué, which again shows a positive political will, is the establishment of the Regional Fund. Although, coming from my country I would prefer a bigger fund, the fact of the matter is that we now have a fund after twelve months of frustration and delay. And I have every confidence that the Commission will administer this fund on the basis of increasing allocations for seriously disadvantaged areas, which can be itemized on the basic criteria of need rather than a transfer of resources.

I think it is important on an occasion like this that we should be critical in a constructive way as well as allocating praise where it applies. I have allocated the bouquets by saying a start has been made and that a political will has been demonstrated towards improving the decision-making process where it has been mostly lacking, at the level of the Council of Ministers, and that the long awaited Regional Fund has been established. But there are serious omissions or weaknesses in this communiqué. Indeed, the whole basis of the future of our Community is dependent on achieving economic and monetary union by 1980. Unless we get monetary balance, unless we tackle the energy and inflation difficulties that have given rise to the monetary imbalances, unless we thereby get our currencies into equilibrium, we will not achieve economic and monetary union by 1980. This is the most fundamental target of all.

It appears now to have receded somewhat into the more distant future, but unless we achieve some real success in this area over the next twelve months—and we can only achieve that success by a very strong demonstration of political will—then this Community will not make the progress towards economic and monetary union, which is all-important and fundamental to European Union itself. We can only achieve economic and monetary union, achieve the balance of our currencies, by determined action in regard to inflation and in regard to

the energy crisis. There must be determined, common European action in these two areas in the coming twelve months.

In particular, the paragraph in the communiqué relating to energy is in my view very weak with regard to the central problem which it presents at the present time as far as this Community is concerned, and linked with that the whole problem of achieving some degree of economic development which will absorb the growing unemployment problem which is besetting every country in the Community. Now, at the present time I appreciate that there are paragraphs in this area dealing with the convergence of economic policies, and the maintenance and enhancement of employment is rightly emphasized as being fundamental. It is also emphasized that the social policy will be made available in this area. But I feel that this is not enough and that what must emerge is a determined, concerted common European approach in regard to the whole problem of monetary control, inflation, economic development and the whole energy area and that it is this very practical area that concerns the lives and livelihoods of our people and the whole future of this Community, as a Community with a high and a growing standard of living. It is in this precise area that the communiqué is weak. I welcome the communiqué insofar as it is strong on strengthening the decision-making process in the Council of Ministers, insofar as it is strong in regard to this Parliament, as regards direct elections, insofar as it is strong on the Regional Fund. But there are very serious omissions which will have to be faced in the year ahead, and it is in this precise area that challenges face this Community as regards really showing whether it has the political will to succeed as a joint Community.

President. — I call Mr Ansart to speak on behalf of the Communist and Allies Group.

Mr Ansart. — (*F*) Mr President, ladies and gentlemen, we are neither satisfied nor disappointed, because we have never harboured any illusions about the results of this Summit Conference, which demonstrates the inability of the governments of the Nine to settle the real problems facing our Community in a way that will bring progress.

The Paris Summit ended with an agreement, the façade of which offered a poor, a very poor picture of the difficulties and the deep divergences that continue to undermine the Community, and of the crisis in which it finds itself. I had occasion, a little while ago, to comment to the President of the Council that there had

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been scant mention of highly important matters such as East-West relations, jobs, unemployment and inflation, except that it can be said today that they are being studied. As to difficult problems like energy, we are not to know what was said about them. This silence we find worrying, for we fear it is paving the way for fresh capitulations or compromises called for by the United States.

As this Parliament is meeting, there is great disquiet in all our countries. Millions of workers are wondering what the future holds. What we know today about the Summit will not help to make our Community popular.

To be popular among the ordinary people, the Community should be in the forefront of a new social policy. But it has no social policy; the one announced at the 1972 Summit has never got further than intentions.

Indeed, the 1974 Summit has confirmed that the governments of the Nine never had any intention of fighting rising prices by attacking capitalist super-profits, but that they are trying to get the workers to pay for a crisis for which they are in no way responsible. This is why, from the social Europe of 1972, reaffirmed with already rather more timidity at Copenhagen, we have very quickly come to a Europe of sacrifices, of restrictions and of rapidly-growing unemployment which is now becoming the worker's baleful travelling companion.

Can anyone say today that the right to work is not a basic and inalienable right, to be satisfied everywhere and for everyone? Do you want a Community of the people? Then go and explain to the hundreds of thousands of young people who are out of work, before they even got their first jobs, that all they are going to be offered is words. It seems that we can say—and just now I noticed that the President of the Council was silent on the matter—that there was nothing in people's hands, nothing in people's pockets, and that everything was in the speeches. Unemployment, therefore, is going to continue and next year we shall be seeing the sad parade of several million unemployed, and this in an era that is remarkable for prodigious developments in technology and science.

Yet austerity is not bound to be, and sacrifices and joblessness are not inevitable. We know where the root of the evil lies. Can it be because no one wants to say the word 'multinational' that the debate has been dodged today? Because that is what it is all about.

Nobody has said anything about the domination that is exerted over national life in each of the countries, and over the life of this Community of ours, by the multinational companies—be they French, or German, or Dutch, or British,

or American—who impose their rules and will in the long run even jeopardize the existence of the Community.

There is, however, a striking contrast between the untold riches accumulated by a handful of big companies and the tragic fate that awaits more than one working man in our nine countries. At the last past-session of the European Parliament I had occasion to say that possibly we shall, at the start of this year, see the equivalent of the working population of a country like Belgium registered as unemployed. If this is the case, do you not believe that the Regional Fund we have heard mentioned is, though we are glad for the countries and the peoples who have just had their first hand-out, likely to become an extension of the unemployment benefits office for regions in decline? This is why we say a firm 'no' to such a policy. And we ask the democratic workers' movement to say 'no' with us—as they will—and to demand that those who have done the damage put it right.

I am talking here about big multinational companies because in the way in which big capital is forcing the Community to operate it will soon become nothing else but the board of directors running the affairs of big capital, against which the people are going more and more to set themselves.

The Community did, it seems, have one success—the agricultural policy; but since September we have seen the farmworkers of the nine countries, in their turn, feeling that they could see no place for themselves in the Community's social policy.

There are further grounds for disquiet after this Summit; they lie in the decisions on Europe, on a real Europe, on our country and on its sovereignty. I have already had occasion to say in this Chamber that we stand for a workers' Europe, which we offer as the alternative to the bankers' and financiers' Europe. Europe and the idea of Europe will survive only if they are synonymous with social progress, with the harmonious development of the nations and with training for people, and only if Europe progressively gives work to everyone in his own country. This is the fundamentally democratic, progressive content that we see Europe as having.

It is a concept that depends on the strength of each of the nations making up this Europe. I have already had occasion to say in this Parliament, speaking for my friends in the Communist and Allies Group, that for us European cooperation must be based on the sovereignty and independence of its nations and peoples.

(Protests from Mr Radoux)

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This is not a policy of national self-sufficiency and turning in on oneself; quite the contrary, we think it is the only way to make agreements firm and lasting. This is why we did not accept transfers of sovereignty where we have not always been told what areas they would cover and what scope they would have.

Mr Radoux would surely not want to give us the spectacle of interrupting only the Communist speaker, while agreeing with everyone else. I am quite ready to argue with him on this issue, as he knows.

From this viewpoint the abandonment of the unanimity rule, a move we are against, will make the policy of each of the countries dependent on the countries that produce wealth and power. Far from bringing about agreement between the countries of Europe, giving up the unanimity rule is likely to give rise to a new Europe, a Europe of clans and divisions and of the powerful imposing their will.

But the pressing question of the day in this era of ours is not the decline of nations and of national feeling; quite the opposite—it is a matter of their development and spread. It is, besides, beyond anyone's power to destroy what centuries of struggle, of hard work, suffering and life together have forged between men living in the same country and making up the same nation.

The Paris Summit also discussed energy, oil and—leading on from this—the relations we shall need to have with the Arab countries. Here, again, we believe that the Community must take up a clear-cut position, devoid of any ambiguity. It must recognize that the world has changed, and that fresh relationships need to be built up on this basis. This changed world involves the fact, among others, of the national liberation of virtually the whole of the peoples previously colonized. These peoples have, after an interruption amounting for some of them to several decades, picked up again the threads of an independent life as a nation, a life marked from the outset by a substantial social, technical and cultural backwardness that is the sad heritage of colonialism. Neo-colonialism took over for a while, but in recent times, in the Middle East, these same nations have taken their wealth into their own hands, a wealth consisting primarily of raw materials that Europe needs, in particular oil. Because of this, the new situation demands that new economic, political and cultural relations be established, based on mutual respect, shared interests, non-interference, and the independence and freedom of individual nations. This policy, thrust on us by events, did not need oil and the need for oil to make it a just policy. It is just, because it is

of our times. The nations demand that all shall enjoy the right to freedom and dignity.

As to the consumer front so dear to Mr Kissinger, a matter on which the President never gave an answer, this is something that offers a tiresome reminder of the days of gunboat diplomacy. In our day and age it could lead to catastrophe, and would in any event mar our normal and new relations with the Arab countries.

I am closing my remarks, Mr President, having shown a great deal of goodwill. I regretted the absence of such important matters as East-West *détente*. I will stress only that the European Community must reject a policy of blocs; it is a policy that runs counter to the way the world is developing, and to the aspirations of the peoples of the world. Our Community must most of all reject this stifling servitude to the United States, which has resulted in its being the real ruler of the Community, and which has meant the Community becoming the region Mr Kissinger was talking about early this year, when he claimed the right of the United States to decide everything for everybody. The year began with these words from Mr Kissinger, and it is ending with an ever-increasing predominance by the United States over the work we do and the decisions we take. These, Mr President, were the points we felt needed to be made during this debate. We believe that the Community is at a cross-roads, that it is time—and is essential—for it to take the right road, which is that of the workers, of democracy, of social progress and of peace, something that is shared by the Communists, the Socialists and the forces of the Left in Europe.

Having said that, Mr President, I would ask for one minute more. I want, on behalf of my group, to voice a protest at the fact that though we were promised a debate on this issue it has been found necessary, at the last moment, to make it into a mini-debate. Since Monday everyone has been in agreement that the Summit Conference is important; we even called for the presence here of the Ministers and of the Commission, and now all of a sudden we feel that what was important yesterday and could not be put off can now wait for another month.

I have already been to two political meetings. Both times, the Minister came along at the end of an hour and told us he had to attend a dinner. The Minister who was with us today had a dinner to go to as well. I want to protest, on behalf of my group, at the European Parliament being treated in this offhand manner. And besides, who will understand why Parliament, meeting while the Summit is going on, does not think it worthwhile to hold the real debate

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everyone was waiting for? It will not help to raise the prestige of a parliament for Ministers to treat it in such an airy fashion. When we are treated this way, it is not our habit to say thank you.

President. — I call Mr Giraud, chairman of the Political Affairs Committee.

Mr Giraud. — (I) Mr President, ladies and gentlemen, I shall be brief. I could not, either as chairman of the Political Affairs Committee or as author of the motion for a resolution which was discussed in this House last Monday, remain silent through this debate, however 'mini' it might be.

I shall say that a debate was wanted and has taken place. It is a debate which was intended to provide an opportunity for airing first impressions. In my view, a communiqué of this importance requires more thorough and broader-based consideration, and for this reason I agree with those of my colleagues who have called for a vast debate to begin in January on the basis of a document submitted by the Political Affairs Committee with, I should imagine, contributions from the other committees on those matters which fall within their terms of reference, so that what was decided in Paris and what will be discussed at the next meetings of the Heads of Government can be considered in depth. I say this because we hear that the first meeting of the Council at Head of Government level is to be held early in the New Year.

The second thing I should like to do is to extend my sincere thanks to Mr Ortoli. Not only for the statement he gave today, not only for the undertaking he gave in Paris as a participant in the Summit Conference, but also for his effective contribution, within the Political Affairs Committee, to the preparations for the Summit.

Finally, I would say that I was highly gratified to read what is written in paragraph 2 of the communiqué. It is said there that the Heads of Government recognize the need for an overall approach to the internal problems involved in achieving European unity and the external problems facing Europe. What does an overall approach mean if not an overall policy, in other words a policy with a capital 'P'? It means that we are leaving the Common Market behind us and are moving on towards political union, European Union.

There is a certain consistency in the communiqué in that other major decisions taken at the Summit are linked with this objective; direct elections to the European Parliament before 1980, the involvement of Parliament in problems of dates for preparing the reports on European

Union which are to be submitted by the individual institutions by June 1975 and then, for the end of that year, a coordinated report is to be presented by the *ad hoc* group presided over by Mr Tindemans, the President of the Belgian Council of Ministers.

There is unquestionably a measure of consistency in all this. But at the same time there is also inconsistency. Parliament, especially the Political Affairs Committee, should give some thought to this matter. How can we talk of an overall policy while continuing to distinguish between Community policy and political cooperation, in other words external policy?

As things are, I fail to see how lines of demarcation can be drawn between the one and the other activity among the Nine. How can one distinguish for example between the policy of economic cooperation towards third countries and the common commercial policy? Looking further ahead, we must realize that these inconsistencies must be resolved if we are effectively to attach any precise meaning to what is said in paragraph 2 of the Paris communiqué. To me these are basic questions which demand careful consideration and on which everything else depends—economic policy, monetary policy, energy policy, those essential aspects of the Community's future economic and social life and essential aspects not only of European but also of world politics.

I have a feeling, to me a significant one, that the Summit Conference reached its conclusions not only through bilateral contacts within the Community but also through external contacts, from the meeting in Vladivostok to the Paris meeting between Brezhnev and Giscard, the Washington meeting between Schmidt and Ford and the meeting which will shortly take place in Martinique between Giscard d'Estaing and Ford. The direction given by the Paris Summit, in other words the decision of the nine governments to form a Council of the Community to pursue an overall policy, fits into a world context. Such then are the premises; it is for us to draw the conclusions.

IN THE CHAIR: MR BERSANI

Vice-President

President. — I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, I should like to begin by thanking the various speakers for what they have said on the Commission's role in the present development of the Community, and especially Mr Bertand, who

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was the first to express the Assembly's satisfaction with the results obtained, whose scope, and limitations, we all appreciate. I think that this emerges very clearly from what has been said, but there is no doubt too that what was achieved went far beyond the somewhat gloomy predictions that had been advanced. You will perhaps have noted that during the waiting period, the Commission did not join in the sombre chorus for, as we saw it, there were highly familiar matters up for discussion and the fact that a meeting had been decided on to discuss them in full awareness of how our institutions worked and in full awareness of a few major problems, was bound to produce results, provided that proper preparations were made. We shall now be faced, as Mr Bertrand pointed out, with problems of implementation and as always, this will not be an easy matter.

Elections by universal suffrage will mean a lot of work; this we know full well. You yourselves must produce your conclusions in January, and the report must be carefully considered; in 1976, we must come up with our findings; this must be followed by a series of ratifications; voting procedures will have to be laid down in each Member State; this is a tremendous task, and I must say frankly that I find 1978 an ambitious deadline. I believe that it was important to be ambitious for it is perhaps the surest evidence of the supreme importance which the participants in the recent Paris Summit attach to the development of the work of Parliament.

Mr Bertrand and Mr Patijn spoke of the problem of legislative powers, the problem of working methods, the problem of the relationship between legislative powers and elections by universal suffrage. No absolute, formal link was, nor, to my mind, could be established between elections by universal suffrage and the extension of legislative powers. The representative of the President of the Council pointed out, as I did myself, that each clearly has a very close bearing on the other. If you wish to elect Parliament by universal suffrage then—and this is what many of us have been saying for a long time—you wish to see its tasks expanded, you want this Parliament, elected on a new basis and representing directly the peoples of our countries, to be able to speak with a stronger voice among the Community institutions and to express not simply advice and opinions but a power, a right which will effectively allow it to play its full part, the part which falls to a parliament elected by universal suffrage such as we conceive it. So let us not speak of formal links, because none was clearly established in the communiqué, which is after all the basis on which we shall work, but a link there undoubtedly is. And I would say, even if the point was not made in the communiqué, that there is also

a link with the problems of European Union and the future lines of development of our Community.

We cannot here affect to believe that there are problems which are wholly separate from each other, that there is a problem of legislative powers, a problem of universal suffrage, a problem of the development of European Union, for after all, European Union does imply powers, administrative structures, an executive, and democratic control.

We must therefore go into all those problems, and we shall be forced to recognize and establish links between the one and the other. This is why we have to do some deep thinking because it is a complex matter whose origins go back beyond this communiqué; we began some considerable time ago, but now there is a stimulus, there are objectives, there are dates and, I may say, there is a deep-rooted and extremely powerful incentive, for once the debate starts, there is a strong likelihood that the whole task will be brought to a conclusion and a certainty that action will be taken and energies more properly channeled.

As regards legislative powers, I feel that the necessary preparations should be discussed in our report on European Union. I shall consider with the Commission what we can do on our side to discharge our responsibilities and when we can submit proposals. We could draft these tomorrow, by which I mean that it is a subject which, if need be, lends itself to improvisation or rather to speedy conclusions, for the groundwork was done some time ago. You are as familiar as I am with all the reports which have been drafted. All of the previous studies stand out clearly in my memory, the Vedel report for instance, and also those carried out either by this House or by the Political Affairs Committee. What we must decide on now is how this legislative action should be developed, what should be done in the shorter term and what in the longer, and we must seek to devise a genuine strategy, if I may use the term, culminating in the election, by universal suffrage, of a parliament with more extensive and renewed powers.

I believe that we shall all have our work cut out. I should not like to lay down a procedure at this stage, but what I will say is that we are going to give the matter our serious attention since this is our aim and our conviction. And I think that in the year ahead we shall have to discuss these various problems at length.

I shall close this topic by mentioning one point on which I am, however, extremely cautious; while I clearly perceive the political link, the logical link, between elections by universal suffrage and legislative powers, I should prefer not to

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lay down a whole batch of conditions, the end effect of which would be that we should always be looking around to see if they had all been met and then producing reasoned arguments why we should have neither one nor the other. Are we not agreed on the first? Then let us not attempt the second; if we do not agree on the second, let us not attempt the first. And in this matter, despite the logic which I believe was behind what Mr Patijn said, I would not agree to establishing too formal a link between the two procedures although the deeper, the inner link of course remains.

Mr Bertrand put a question on the convergence of policies, asking me how this was to be done. The essential points which emerged from the Summit that ended yesterday are, to my mind, the return to the Community framework, consolidation within the Community framework and the complement to the Community framework. I believe that a number of things were lacking in our Community experience. I am not saying that we should change the Treaty, but I believe that certain things were missing and that we have realized this. What was certainly missing was a way of providing political impetus, other than laterally, within the Community system. One can talk endlessly about meetings of Heads of State or Government; the point is that at a certain stage, the political will sought expression and tended to find a peripheral outlet. That we should, within our institutions, agree on a way of providing political impetus strikes me as an excellent thing. Similarly, I believe—and I said as much when I explained what I hoped from this Summit—that, from the point of view of Parliament, a certain number of things were indeed lacking and all we have done together and with the Council in the matter of budgetary powers, even if this chapter is not yet closed, is in my opinion an essential and obvious adjunct to the workings of our Treaty, leaving aside its larger perspectives.

A moment ago I said 'Community framework', and for me this is the key word. Community framework, Community discipline and Community guarantees. This is why, earlier on, I laid strong emphasis on the fact that this new line fits into the context of the Treaty and that the purpose of what we have been doing was that this Council, whenever it dealt with Community matters, should be *the* Council of the Community, with Community disciplines, Community obligations and Community guarantees. From this point on, when we speak of policy convergence, Mr Bertrand, this must effectively take place through Community machinery, but I believe that adjustments are required in practice.

First, greater initiative is probably called for in this area. Quite frankly, I believe that our problems being what they are, we must work on a more intensive scale. And this is why we in the Commission have strongly urged that the Council of Ministers for Economic Affairs and Finance should meet regularly and often. It may seem stupid to say that people will meet once a month to discuss problems. But when they meet once a month to discuss problems, you have a proper procedure on which action can be based. When they meet twice a year, you have those long, somewhat sterile periods of preparation. And—perhaps I am a stickler for procedure though I do not think so—I believe that the responsible politicians must meet often if they are to discharge their responsibilities within a strictly defined framework, and that means that we, the Commission, must make greater efforts in this field and that you, Parliament, must help us.

There is one point of capital importance in this connection, Mr Bertrand, which you did not deal with. It is that the convergence of our economic and monetary policies must not involve a gradual move, *de facto* if not *de jure*, away from the Community ground and that we must not end up with what would be essentially a procedure for mutual talks as a basis of our policies. I believe that we are moving away from this danger. But it is there, which is why I should like the Commission to make proposals and Parliament to deliver its verdict on them, why there should be opinions and why this procedure, which is cumbersome and imposes constraints, should come in to play as often as possible even in matters which, by their very nature, often do not lend themselves to it, because of the economic situation, because decisions must be taken speedily, because we are working in an international context, because there is a certain mobility inherent in economic policy and economic life.

And yet we must make efforts to introduce the greatest possible measure not of constraint in the wrong sense of the term but of policy in the right sense of the term, a policy which is closely geared to Community intentions and Community realities. And I would say this: the Summit raises no obstacles to this whatsoever; indeed the whole Summit makes it easier since we are in the Community framework. It is for us, acting together, to make it work as best as we possibly can. This is true in the economic field, it is also true where social affairs are concerned, and it is my hope that the full range of consultation procedures that have been planned and set up will be developed to the fullest possible extent. Whether it is in the general consultation of the Economic and Social Committee, or in a tripart-

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tite conference like the one beginning on Monday, where serious talks can be held on problems of employment between the ministers, both sides of industry and the Commission, there are opportunities for doing useful work, and I trust that step by step we shall succeed in bringing all our procedures in this area into closer touch with reality, for it is my belief that this kind of cooperation must be carefully organized.

You asked me what practical proposals we were going to make in the social field. You read the text of the Summit communiqué and you asked me about the Social Fund. On this subject I should like to remind you that a short time ago, thanks to you, we achieved a limited success in that the Social Fund appropriations were increased beyond what the Council had initially decided or planned. Following the procedure involving Parliament—and we asked for a great deal—there was a first increase in appropriations. The time has now come to act. Projects must be concentrated where they can do most good and we must be quick to draw inferences from the experience we gain, but I should like to put you and others who have commented on the Social Fund on your guard against the idea that the Community Social Fund is a major cure in itself or even a sovereign answer to the social problems which may arise in the Community. It is an aspect of social policy but there is the whole range of social policy to consider and the whole range of direct national policies and co-ordinated policies which have an essential role to play. And it is not with an extra 150m u.a. that we can come properly to grips with the social problem. Let us therefore expand our efforts, let us ensure that what we do has the greatest possible impact and effectiveness, but we should not expect that by somehow transposing those problems to Community level, we can successfully deal with them there. I should like to think so, but I do not believe that it is at present a realistic approach, although this did not prevent the Commission from adopting on the Social Fund the views with which you are familiar and which I upheld throughout the period of preparation for the Summit.

As far as energy is concerned, you said that you were slightly sceptical. I for my part told you what my hopes were. It is quite simple: I should really like to pursue a common energy policy, and I say this for fundamental reasons. I should like to see it because I believe that we need it and I believe that we need it for ourselves, both within and outside the Community. If, as I hope, we move towards a proper dialogue, marked by mutual trust, and seek solutions on a genuine basis of cooperation, then we must harness the strength which we possess. There is nothing to prevent Europe from throwing its full weight into the balance, or rather there is nothing to

this external action which should prevent Europe from doing so. And in this respect, the common energy policy is quite frankly essential. I am aware of all the limitations and all the difficulties. I may add that I do not think it is a cure-all, but I am convinced that it is for all of us, all the peoples of Europe, of capital importance to defend our position and interests, in a spirit of cooperation, Mr Ansart, and not in a spirit of confrontation, for Europe's policy must be a policy of dialogue. I would remind you that cooperation with the producer countries was one of the points listed in the Summit communiqué and as you are well aware, one of the points which the Commission has stressed since May 1973, before the crisis broke. Mr Broeks asked me how all this was going to be done and then he questioned me on the efficacy of the voting measures which have been advocated. He will note that I went much further than this in what I said earlier. I said that voting was not enough as an answer to the problems of Community efficacy. We must vote when we wish to settle a matter, but we must also organize ourselves for decision-making. And the disease of unanimity does not lie only at the summit; it has now spread to the base. We have some four hundred decisions, regulations or proposals pending.

There are proposals which do not go through because they are outdated or unsuited to their purpose. And if we, the Commission, want things to go well, we must have the courage to withdraw proposals which are outdated or fail to meet their purpose. We have tried to do some spring cleaning by withdrawing or modifying a certain number of proposals.

My second remark is that the backlog is not abnormally large. There are many matters which go a long way back but, despite everything, there are many which are going through, happily at a rate which would be regarded as normal by any government. But as far as these proposals are concerned, I feel that we shall have to do again what we did I believe last May and then in September and that is to lay down a series of priorities and, with the Committee of Permanent Representatives, expedite procedures and patiently seek out and remove obstacles where they occur.

I was about to say that it is not an exalting task, especially at Commission level, but it does form part of our responsibilities, for we are also technicians. We have in the Commission a complete procedure; we now make out card-index timetables with which we can pinpoint the stage which a proposal has reached at any given time; we introduced it a year ago; we have thus a sort of logbook for every project we initiate so that we can follow it up and try to take appropriate

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technical or political action. It is a task to which several of my colleagues are giving very close attention, and we can talk about it again some other time if you are interested.

I do not think that it was decided at the Summit how many items would be discussed. I told you that in my view it was not necessary to discuss many. I believe that this conclusion was reached after the Copenhagen Summit and probably too at the previous Paris Summit. I think that it was realized on several occasions that the more items there were on the agenda the more difficult it was, in purely physical terms, to cover them and to do what is essential, in other words to reach the heart of the problem, because what is essential, despite appearances, is not the communiqué. It is the habit of serious discussion at government level to devise a policy and then to determine its scope and the means by which it is to be achieved.

People who, after all, do not see each other every day may need some time to define the essentials of a policy. So I feel therefore that no more than two or three items will be dealt with at each Summit.

Secondly, I feel that the problem of the Commission's presence is one which we shall have to discuss with my colleagues, for in returning to the Community procedure, we also in a way find ourselves back with our own procedures since from that point on, there is the Commission and its functions and there is the whole Council apparatus which must be brought into the process. Like you, I feel that this is an important question; it also explains why I personally am extremely happy that we are returning to the Community orbit. For I make no bones about it: what I have been doing for the last three months, presiding over the Commission as efficiently as possible and, at the same time, being everywhere at once to attend to the problems of the Summit, is a passionately interesting, but a wearing task. And it does not always produce the desired efficiency—believe me, I know what I am saying. My desire is to give the institution of which I am President its proper place, not only for myself, but also for my colleagues and for the Commission.

This is one of our constant concerns and one which we shall return to when the time comes to plan the subsequent stages, for I believe that it is a useful and even a necessary thing. It is also true that there cannot always be thirteen at table, no matter where. It is a bit like being invited to dinner and bringing the whole family. What I believe is that we who lay claim to efficiency should, by adopting sound collegial procedures, impose on ourselves the conditions which produce efficiency. This does not seem to

me to be very difficult; besides we have come a very long way towards it.

Mr Patijn said that the Summit, at least in its essentials, had not been exactly what was expected. I was going to say that it never is; each Summit so far has produced the unexpected, this last one perhaps less than the others because at bottom, it discussed practical problems and gave directions; it remains to be seen how these will be followed. The perennial problem is not that of Summits, it is the problem of the whole of politics, of all the ministers and of all the Heads of Government, for if it were enough to think and speak, there would be millions of men capable of doing what there is to do. But then comes the whole task of transforming a political impetus into hard facts and this is much more difficult. It is an art which is not easy to practise.

As regards the Regional Fund, I should like to say that the decision taken was a sound one. It is not a blueprint for a fair return and I disagree with you here. A way out had to be found, and I believe that what we proposed and was accepted had the greatest chance of success and came closest to a Community solution.

It does not involve a fair return; approximately 75% of the fund will go to three countries. But where you are mistaken, if you will allow me to say so, is when you say that the rich countries are being given something which they ought not to have. In this respect Mr Hill was quite right to point out that this is not where the problem lies: we are not giving to countries but to regions and you, Mr Patijn, are a poor advocate for the Community if you erect a country as a barrier to the needs of the regions. We are not here to say that we are effecting a redistribution once removed; we are here as a Community for we wish to pursue a Community regional policy and to say that we shall put certain resources at their disposal. And if you then turn to me and say that the blueprints are made out in the name of countries and that I should look at the communiqué and read it, I would reply that since a region is part of a country and does not otherwise exist, we are forced to say that in effect, the money will go to a country, but for its regions, together with a directive concerning a certain number of regions where agriculture is predominant, where industrial structures are outmoded, where there is structural underemployment and where problems are extremely serious. And I would add that the directive which we must issue to ourselves is that the money must be spent in full accordance with this objective; what I would like to see is the submission of dossiers on the regions in each country which may be regarded

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at Community level as problem regions. And I have the impression from all the debates which have been held in this House that this is true for all countries. Looking at the result for each country, since we must find a financial half-way house, we can see that the idea of administrative support clearly shows that it is not a question of fair return but of balance: 75% for three countries were the figures I mentioned.

As regards Britain, I told you that we need a Community and we need Britain in the Community. I hold strongly to both ideas and refuse to give up either. We need a Community; this is the problem we are dealing with; this is the problem to which, I hope, a clearer answer is beginning to emerge, and it is for us a guiding consideration. It is a question of life itself, a whole range of problems which we see emerge, but our policy hinges on the idea that what we are doing, we wish to do with Britain. These are the two considerations which are today gradually emerging from discussions.

I have already replied to you on the question of direct elections. Lord Gladwyn hesitated between pessimism and optimism, first pessimism then optimism. He wondered how the whole apparatus was going to work. To tell you the truth, as far as the Committee of Permanent Representatives is concerned, it is not a question of getting it to do what it is not responsible for; I think this would be a bad thing. But many of the matters which we have to handle at state level need not be dealt with by the ministers themselves. This is a fact of Community life, some of our procedures are cumbersome, and many matters are referred to a sort of collective decision-making process which, in a government, would very often be resolved by the individual decision of a minister or occasionally by a delegation of powers from a director in a government department. We must not allow ourselves to be ensnared by the idea that by definition, all Community matters are matters for ministers. This would get us nowhere. We must therefore have bodies which can reach certain conclusions, and the Committee of Permanent Representatives is extremely useful in that it can settle, before they are referred to the ministers, matters which need not go to ministerial level. But two points should be made here; the first is that the decision remains in the hands of the ministers either through direct procedures or by the mechanics of delegation. The second is that the real problems must go to the ministers and that the Committee of Permanent Representatives must not become a sort of political cut-off point. It has not shown any such tendency; on the contrary, I am convinced that it can be given greater responsibilities and powers while maintaining the principles of

political virtue. I would prefer to see the Council of Ministers take up fewer problems which are not at its level, and to refer more to the Committee of Permanent Representatives but this is another matter.

As regards the political secretariat and what you have called an 'embryo government', you know my views, and they are not close to those held by Mr Lehinan. I see no reason to change them. I do not see what purpose would be served by a secretariat per se, a sort of encumbrance without any basic usefulness.

I believe it was wise, wishing to conduct policy with a capital 'P' as Mr Giraud said, to make do with a secretariat with a small 's', as the Summit said, because basically, our problem is a conventional technical problem. We have a Council which has resources at its disposal; let it use them; we also have political cooperation: I am not aware that it has withered away for lack of typists and minutes. On the contrary, it has grown. Thus, although this is not said, the problems of a secretariat have been settled. For my part, I am quite happy with the idea that when he convenes meetings of his colleagues, the President of the Council will be perfectly capable of making the work arrangements himself.

Beyond this practical consideration, there is a question of principle on which you will not be surprised to learn that the Commission, through me, has not yielded an inch. There was some risk that the secretariat would become a source of initiative, supplanting in a way the institutions set up by the Treaty for that purpose. I consider that the responsibilities of the Commission and of the Council must be fully maintained. Our task is to propose, and the Member States can request us to submit proposals. We are responsible for supervising their implementation. Each of the Member States must do what it pledged itself to do. I failed to see the point of a secretariat of this kind, but I perceived the dangers.

I therefore welcome the fact that the problem of the administrative secretariat will be dealt with along the traditional lines, which are the simplest; we shall use the staff available to us and leave it to the President to organize the meetings for which he is responsible, without new bodies, new figures and new institutions. As regards the problems of location, you have heard Mr FitzGerald's reply. My impression is that there will be meetings in Brussels and elsewhere. The main thing is that they should be effective; which is why I was concerned at the apparatus you described; conference rooms full of political directors, correspondents, experts from the various groups, between 300 and 400 people; all this is precisely what I personally

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should very much like to avoid. It is important that the ministers should agree to meet between themselves, with as few people present as possible, to discuss the real problems appropriate to their level, which generally require no more of them than work—that is their job—a political sense—I hope they have it—and the ability to handle government business. It is also to be hoped that meetings of this kind will cease to be what I called ‘headline events’ and that as part of a normal, regular, though not routine, Community process, they will appeal less to the craving for the sensational than has been the case hitherto.

Sir Douglas Dodds-Parker said that we must not expect too much of these Councils. I believe that he is perfectly right. They must be expected to do what is expected of them; this means that the Council of Ministers must function properly in the field of external affairs and that from time to time the Heads of Government must sit down and take careful stock of the situation, settle one or two outstanding issues, and plan ahead. And it is a good thing that they should have the opportunity for serious talks on European affairs and world affairs, for an institution of this kind can help to create a spirit of mutual comprehension on the major political issues of the day.

I shall say once more that I hope that these meetings will cease to be ‘events’, for after all meetings of Heads of State at European level are part of the process of building a Community.

I shall not reply to Mr Hill: in my answers to Mr Patijn and Mr Lehinan I gave my views on the secretariat. Although I am against the idea of a secretariat, I do agree—and I think I said so—when I spoke of a sort of complement to the functioning of our institutions within the framework of the Treaty—that our Community lacked the means with which to give expression to political impetus. He was right to say that we must not want everything at any price, we must single out what is important. In short, although we must not try to set up a single authority on which everything depends, we must ensure that what is done takes on the fullest possible significance.

I think I have already replied to one of the points which Mr Ansart made. On many others, he expressed a feeling without really asking a question. I should nevertheless like to say two things to him: where economic and social affairs are concerned, it is after all important that the Summit affirmed a determination based on a common assessment and on common objectives on the full range of problems which exist in this area. And I believe that if we re-read the communiqué we shall realize that something was achieved.

It was not intended that the Summit should supplant each of our institutions, especially the Council of Ministers and for example the Council of Ministers for Economic Affairs and Finance or of Social Affairs. In one specific case this determination was clearly brought out; objectives were specified, a willingness to concert policies was expressed and it was clearly stated that the means required for the purpose would be provided. This is no mean achievement.

My second point has to do with his general observations on the Summit. By giving ourselves an organization *in conformity with the Treaty*—and here my major theme reappears—in order to take joint action in those sectors faced by the serious problems with which we are familiar, we shall achieve something substantial if our determination remains strong. For there is no doubt that we must prove in the period that lies ahead that we have an efficient common organization with which we can take joint action in response to the tremendous challenges which face us in the energy sector.

I agree with Mr Giraud that it was important to place Community action in a more global context and to reintroduce some sort of consistency. I personally could not have agreed if this had been done by loosening the Community tie. And it is worth noting that the Community machinery has been left fully intact.

But we must not become schizophrenic, as Lord Gladwyn said; a many-sided policy must be a policy and not a bundle of divergent policies.

I was very sorry at one stage that, by a sort of artificial mental disjunction, creating a subtle distinction between what the Community was and what it was not, an apparent attempt was made to ban political discussion in the Community. But in energy policy for example, we are pursuing a basic course of action in the most political sense of the term since we shall have to hold talks with the producer and the consumer countries. I cannot agree that politics should be taboo in the Community. Our action is a political action. All of us, in the Council, the Commission and Parliament, are political animals, and the Community is a political creation.

It was necessary that this should be more clearly recognized. The Council of the Community will provide the mainstay. It is a good thing that the Commission should now be present everywhere, should speak up when it so wishes, even in matters which are not necessarily and obviously Community matters and whenever it considers that Community interests are at stake.

During the last three days I have been able to express the Community's views whenever I

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wished and wherever I was. This is a factor making for an overall approach. I do not wish to concern myself specially with political co-operation—we have enough to do as it is—but I shall never accept that we should fail to weigh the policy we wish to pursue, within an overall concept with the prospects of a level of effectiveness which are not limited by the articles of the Treaty alone.

(Applause)

President. — Thank you, Mr Ortoli.

The debate is closed.

7. Present situation with regard to energy policy

President. — The next item is the debate on the motion for a resolution tabled by Mr Springorum, chairman of the Committee on Energy, Research and Technology, with a request for consideration by urgent procedure, on the present situation with regard to energy policy, following the conclusion of an international agreement of Member States of the OEDC to safeguard energy supplies and to set up an international petroleum supply agency (Doc. 366/74).

I call Mr Springorum, who has asked to present his motion for a resolution.

Mr Springorum. — (D) Mr President, ladies and gentlemen, I am extremely sorry that I must now lead you back from the heights of the Summit Conference to the dismal plains of energy policy.

The Committee on Energy, Research and Technology today submits a motion for a resolution for approval by this House. This motion is prompted by our concern that any loosening of the Community's energy policy might lead to the break-up of the Community itself if our sails are not trimmed early enough to prevent it.

You all know that there are two proposals on the Community table for a common energy policy of the consumer countries. The French Minister for Foreign Affairs takes the view that these two proposals, both of which do no more than point the way to a solution, are distinguished by only subtle differences. But it is my contention that they are so absolutely different in their basic concept that it would be absurd in the extreme to maintain that they can both be implemented at the same time. No, the more strongly it is held that they can be implemented in parallel, the sharper is the conflict between them.

I have already said in this House that it would be a mistake to believe that the energy crisis was in any way over. The time-fuses on the two oil weapons, supplies and prices, are still ticking away, and anyone who listens can hear them plainly. What we do not know is whether and when they will explode. But it will certainly happen some time.

The International Energy Agreement would seem to be a first move to ward off those dangers and any committed European who peruses the agency's statute must be filled with envy when he reads the section on voting procedure with its provision for majority decisions. The message is clear—a group of 16 countries have made something possible that we in our Community seem unable to achieve. And it is equally clear that majority decisions can be accepted when no country claims a right of veto for itself and is not afraid of being outvoted. Bearing in mind that the United States have 51 votes out of a total of 148, that the eight Community countries have 49 and that 89 are required for a majority, we can plainly see that the United States has set an example of sound cooperation and that although in the event of a crisis they would be the main contributors, they do not in this case claim any right of veto for themselves.

However welcome the creation of this agency may be as a sort of fire-fighting unit to be called if the crisis grows acute, it is a threat to the existence of the Community for its members do not include all, but only eight of our Member States. And I leave it to each one of you to imagine what might happen, in the eight Community countries, too, if divergent measures were taken in this agency and if this unity were to break up. Its end could also spell the end of the European Community, and the Treaties would undoubtedly be worth no more than the paper they were written on.

I spoke a moment ago of the two alternatives; they are both familiar to us but they are mutually exclusive. Any attempt to apply both will certainly end in failure. But compromises are possible between the two. I had hoped that a compromise would be found before, and I still hope that one will be found on 17 December, but it is now and in the next few weeks that every effort must be made to keep the door to a compromise open, and this is the purpose of our resolution.

The French demand for a dialogue between the producer countries, the developing countries and the industrialized countries is certainly justified, and it must take place at some stage.

The French proposal sees the United States, Japan and the Community as the representatives

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of the industrial countries. Unfortunately, however, only eight Community countries are represented in the agency, and the Community is not a member. An essential requirement for any compromise whatsoever, if it is to succeed at all, is that the same partner sit at both tables, in the agency or in the forum proposed by the French Government. Otherwise the planned energy policy would simply not work.

In our motion for a resolution we therefore call upon the Council not only to implement a common energy policy, which it has already so often decided upon, but also, as the Community, to adhere as soon as possible to the International Energy Agreement. We regret that France has so far been unable to take the decision to say yes to this agreement, but respect the reasons which prevent her from joining. Despite this, we still consider it essential, if France does not alter its views, that in addition to the eight countries who are already members, the Community should accede to the agreement as a full member as provided for in Article 72. This is quite possible both politically and legally. Similar cases have already occurred. Only a few weeks ago—I mention this simply as an example—it was decided that for trade purposes, the GDR should be regarded as an internal area by the Federal Republic but as a third country by the other eight Member States. If it became a member of the international energy agency, the Community would necessarily have to be the spokesman for all, since any further break-up in those eight Member States would be bound to lead to a final split.

On behalf of the Committee on Energy, Research and Technology, I would therefore invite the House to adopt the motion for a resolution which we have submitted and, by so doing, to call on the Council, which meets as the Council of Ministers for Energy on 17 December, to agree to the accession of the Community to the International Energy Agreement, not only to prevent a further crack in the Community edifice and to pave the way for a common energy policy, but also to lend purpose to the compromise which is beginning to emerge. I would therefore request you to adopt the resolution.

President. — I call Mr Noè to speak on behalf of the Christian-Democratic Group.

Mr Noè. — (1) Mr President, ladies and gentlemen, the Christian-Democratic Group will vote in favour of the resolution which the chairman of the Committee on Energy, Research and Technology has just presented.

I should like to add a few words to what he has already said. Above all, I wish to make two

points: the first is that this agency can bring about a change of style and method in dealing with the energy problems of Europe, and hence of our Community, since the continuity which the Commission wished to ensure has too often been broken in the past through waiting for decisions by the Council of Ministers. The result is that we have not had continuous action in the past, but now the opportunity for it is offered to us. At the same time, by extending the geographical area and increasing the number of countries interested in finding answers to those problems, a realistic objective will be attained.

I remember the justified concern expressed last year by Vice-President Simonet when he said that if shortages occurred, it was much more important for us to agree with the USA and Japan on allocating supplies than to enter into competition with those countries. This is the course which we have now taken. There are 16 countries and the larger area represented when decisions are discussed is undoubtedly an important factor. Having said this, I should like to speak of the tasks assigned to the agency and the instruments with which it will be or is being provided—it was set up about a month ago—to carry them out. The tasks are four in number. The first and most important is the allocation of energy resources in the event of a shortage, a problem which has rightly been preoccupying Vice-President Simonet since last year. The second task is to shed clearer light on the multinationals which supply these products. The report on the multinationals will shortly be discussed in this House, and I feel the opportunity must be taken to achieve the clarity which everyone wants. In this way our peoples will reap the technological and commercial benefits which the multinationals offer, and the multinationals themselves will find an acceptable place in our economic context.

The agency's third task concerns the substitutes for petroleum and hence the scientific and technological research required to introduce these substitutes in the medium and long term.

Its fourth and final task is to prepare for negotiations between the oil-producing and consumer countries.

A programme on so vast a scale would clearly take a very long time to discuss. I shall take care not to go on at length—I have already said I will be brief—not only because of the late hour, but also because this extremely important organization, which has broken new ground, is still in the development stage. I shall simply say that four committees have been set up in the OECD in Paris and have already started work on these tasks. In addition, a steering committee is already at work, and a

Noè

management committee is to be set up in the near future.

Mr Springorum has already referred to the voting procedure: the United States has 51 votes, Italy 9, Britain 9 and Japan 18. This should encourage the Community to act jointly since it is obviously the only way to make our influence felt. Our combined votes might then be decisive.

The negotiations with the oil-producing countries, which the French have so much at heart, are, as I have already said, in the hands of one of the four committees. Six months may be needed to prepare them. I heard yesterday that President Giscard d'Estaing feels that the talks should begin in February. I think it would be more realistic to allow for a six-month period. Thorough preparations are necessary if the two groups—not mutually hostile as has often been said in this House—are to find answers to their mutual problems in a spirit of cooperation.

We should therefore welcome the creation of this organization, to which we shall often have to refer the numerous problems—I do not say all—that we have discussed and will continue to discuss in this House and which will of necessity go through this agency.

Progress in this field is clearly a basic political requirement, which stems from the vagueness of the Summit communiqué on energy problems, a vagueness which we all understand on the eve of the meeting in Martinique. There a link must be found between the two systems to which Mr Springorum referred so that they can exist side by side.

I know that in Martinique they make excellent cocktails by mixing fruit juices and rum. I hope that in the energy field, too, what is good in one system can be blended with what is good in the other; this would allow progress to be made and lend greater incisiveness to the debates we hold in this House because it is here that we can provide the effective frame of reference we all feel is necessary.

President. — I call Mr Kater to speak on behalf of the Socialist Group.

Mr Kater. — (D) Mr President, ladies and gentlemen, on behalf of the Socialist Group I should like to say immediately that we approve in principle the motion for a resolution which has been tabled by the Committee on Energy, Research and Technology following exhaustive discussion and review. I should like, however, to make the following comments in firm support of the political will towards a common energy policy which is expressed in this motion.

We welcome the energy agreement signed on 18 November by eight Member States of our Community with other OECD countries. There are several reasons why we do so:

Firstly, this agreement should and must create the long overdue crisis machinery by means of which future interruption in oil supplies can be dealt with jointly and in a spirit of solidarity.

Secondly, the agreement will finally provide—and this is in the interests of all concerned—a means of furnishing information on the oil market and on the activities of the international oil companies.

Thirdly, the agreement promotes and improves the multilateral cooperation required to reduce our long-term dependency on supplies of mineral oil and will help to ensure that at long last, clear concepts can be worked out and programmes devised for the rational use of energy, for the speedier development of alternative sources, for energy research and development and for uranium enrichment.

Fourthly, the agreement proceeds clearly and unmistakably from the intention, to which there is no political alternative, not only to seek with other consumer countries and the oil-producing countries ways and means of ensuring reliable supplies on terms which, in the interests of future world economic development, should and must be reasonable, but also to introduce appropriate forms of cooperation with those countries.

Mr President, ladies and gentlemen, with the duties described under those four points, the international energy agency to be set up under the agreement will assume considerable significance.

Since we in the Socialist Group not only recognize this significance, but have also in the past called for and encouraged this move towards a common energy policy in an overall political perspective, we can only regret that one of our Community partners has remained outside. We hope that this situation will be reviewed and changed as soon as possible in the interests of all concerned.

I feel that in this connection, too, attention must be called today in this House for the umpteenth time, and called in even stronger terms, to the economic, social and political need for a Community energy policy. This is not the first time this year and in this House that I have spoken on the subject.

Nor is this the first motion for a resolution that the Committee on Energy, Research and Technology has tabled over the years; it has

Kater

had some success with the Commission, but so far relatively little political impact in the Council, whose helplessness over the years in the matter of a common energy policy became publicly apparent, and for many doubtless tangible, only when the crisis broke.

Hence our joint and repeated call to the Council not to be content with its resolution of 17 September which, though couched in positive terms, has had little political impact, and at long last to accept the Commission's proposals for a new energy strategy, which have been and are clearly supported by this House.

The Commission's work programme in the field of energy policy, which was drawn up following the Conference of Heads of State or Government in Copenhagen on 14 and 15 December 1973, is and has been for more than a year a political skeleton. It may have thrown some light on the crisis and its effects on the balance of payments situation and led to the creation of an Energy Committee, but it has done nothing to meet the energy crisis foursquare, to prompt the major Community measures required to reduce energy consumption, to ensure the proper working of the common energy market in the Community or to implement the promised Community programme for alternative sources of energy.

And I feel that today in this House, this should not be left unmentioned: the Paris Summit of the last two days has again left unanswered some of the questions which become acute a year ago. To us as a Parliament this can only mean that our long-standing demand for the implementation of a Community energy concept in the form of an energy strategy as proposed this year by the Commission must not be further deferred or bandied about by the Council.

We are of the opinion—and I think we should state it here, even to a relatively empty House—that it is high time for the Council, in energy matters, to leave theoretical considerations behind and move on to hard facts.

Let me close with the following remarks: the precarious position in which our economy—and hence ultimately all our policy sectors—finds itself as a result of the energy crisis, whose effects, far from being over, have only just begun to be felt, places a duty on us politicians not only to see our situation as it is, but to state it publicly in even stronger terms than before.

The close relationship between energy consumption and gross national product is not unfamiliar to us. Countries with a particularly high gross national product have always had and still have

a relatively high energy consumption. And we also know that, as in the past, the performance of our economy—e.g. the rationalization of our industry—depends on energy consumption and particularly on the greater use of electricity.

The issue, then, in this month of December and in this debate, is not the Christmas lighting in our towns, but whether in the future we shall be able to produce goods of satisfactory quality and sell enough of them at competitive prices on the world market.

Perhaps, or so we must hope, we shall all succeed in the long term, following the necessary structural changes, in finding and adopting ways and means of securing a certain standard of living in an industrial country with a steady consumption of energy. But judging from our past experience, this is unlikely to be achieved in the next ten to twenty years.

Mr President, ladies and gentlemen, this is why not only every Member State Government, but also the Council of the Community must draw plain inferences from this crisis and adopt the practical ideas put forward by the Commission. In our view, responsibility for energy policy must not be left in future either to economic oligopolies or to individual members of our Community, each ploughing a lone furrow; since energy policy is vital to the economic and social existence of all of us and hence to the political existence of our Community, as has been noted several times today, the Council must at long last be prepared to assume active responsibility for a Community energy policy.

The renewed appeal recommended to Parliament in this motion is in our view, and for all these reasons, not only justified from an economic and social point of view; it is quite simply a political necessity and as such has our full and unqualified support.

President. — I call Mr Blumenfeld for a procedural motion.

Mr Blumenfeld. — (D) Mr President, I find it quite unacceptable that we should be debating with only two or three Members present. Nor can the Commission be expected to speak on such important issues as this and the following one to an empty House. I would therefore request you either to suspend proceedings and to ensure that our colleagues, most of whom are outside, return to the Chamber or to defer discussion of those two items until tomorrow's sitting.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, the last item on yesterday's agenda was a question which I had put; the Commission, and Parliament, too—the last fifteen Representatives who were present—were of the opinion that it should not only be discussed from a technical point of view but should be thrashed out politically in this House, making it necessary to hold a major political debate on the Middle East. Today again my question on the EEC and cooperation agreements, another major issue, is last on the agenda, and a further question of mine is last on tomorrow's agenda. I find that this is really asking a bit much from a Member of this House who concerns himself with the problems of the Community.

President. — Honourable Members, tomorrow's sitting is likely to be extremely busy, and if we adjourn the debate on this subject, we shall find the work that still awaits us in this part-session that much more difficult to accomplish. Therefore, while fully appreciating the objections raised by Members, it would not seem to me appropriate to suspend proceedings now, particularly as the debate will be closed shortly.

I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, I think you are quite right. It will be difficult to postpone until tomorrow the items still remaining—there are two of them, including the question by Mr Jahn. The difficulty is to keep the Chamber well filled at the end of the day when there are no controversial items on the agenda. There are no differences between the groups on Mr Springorum's resolution. That is one of the reasons for the lack of interest.

I therefore advocate continuing the proceedings because I cannot see how we could deal with these items tomorrow. They cannot be postponed until Friday either because after midday on Friday there will be no one left to debate them. That is one consequence of Parliament's working methods, and as long as we have a dual mandate, it cannot change.

President. — One Member has now spoken in favour and one against. I put Mr Blumenfeld's proposal to the vote.

The proposal is not adopted.

I call Mr Leonardi to speak on behalf of the Communist and Allies Group.

Mr Leonardi. — (I) Mr President, let me say immediately that we cannot accept the motion for a resolution tabled by Mr Springorum; des-

pite all his observations and the misgivings expressed, the fact remains that with this text we would be approving the creation of an agency, the initiative for which came from the United States within the context of OECD.

This agency is already in an advanced stage of development and imposes commitments far beyond those which have so far been refused at Community level. I appreciate what Mr Noè said about this being an agency to give continuity and breadth to an energy policy; however, we look at matters from a political and not from a technical viewpoint.

In our opinion, the commitments which this agency imposes are not in keeping with the basic interests of our countries, which are the largest consumers and as such, should have pursued, in close cooperation with the producer countries, a common policy of their own as part of their endeavours to achieve a Community identity.

I would point out that this problem of energy is a cornerstone of Community construction and that during all the years the Community has been in existence, there has been a current of thought and action which has always sought to make political capital of the weak position of the Community as a large consumer of imported energy and to make it strong through Community research into alternative sources, better use of existing resources and finally through cooperation with the producer countries to ensure peace in the area in which our direct interests lie.

This process will be thwarted, and further progress made impossible, as a result of the decision to set up the agency and of the commitments which it places on us vis-à-vis countries whose interests are clearly different from ours and not confined to energy matters but linked, directly or indirectly, with other problems of the utmost importance such as the monetary problem and that of the external relations of our Member States with other consumer countries and the producer countries.

We believe that in the circumstances, to approve the creation of the agency, as called for in paragraph 4 of the motion for a resolution, would be a return to the old Copenhagen decisions of December 1973. Furthermore, the implementation of the energy policy proposed by the Commission, weaker than the one that would be accepted in the agency, at a time when suggestions are being made to achieve a European identity through the special position of the Commission within the agency itself, seems to us to be nothing but a return to well-known

Leonardi

ambitions which have no chance of being realized.

For this reason, I believe and hope that the Assembly will vote against the motion for a resolution tabled by Mr Springorum.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — (F) Mr President, I shall deal first of all with the actual terms of the resolution. I had the honour of being in on the birth of this resolution when it was presented to the Commission, I was involved to a fairly large degree in the discussion the draft resolution gave rise to, and as I have had occasion to say, but gladly say again today, the resolution does in each of its points reflect exactly the position of the Commission, in particular in mentioning in paragraph 5 the need for promoting participation by the Community as such in the activities of the agency in the various fields this will cover.

This is a proposal which the Commission itself made, which is still 'on the table' and which the Commission intends to keep 'on the table' because it feels that if there were a need for, for instance, setting up the arrangements for sharing in times of scarcity, this solution alone will guard us against the very serious risks of breaking the provisions of the Treaty.

As to the various comments that have been made, I think I can say that over the next few days, both next Tuesday and next weekend, the relatively vague parts of the communiqué will most probably be made clear.

We hope that it will be possible to resolve the major difference of opinion between the eight of the Member States who joined the agency and the ninth that stayed out in a pragmatic way, in a way that is perhaps not satisfactory from the legal aspect for the immediate future but at least looks towards an eventually fruitful dialogue with the producer countries and a minimum of consultation among the industrialized countries—without which it is impossible to enter into this dialogue.

I would add that, as was said a moment ago, we must both—you and us—work to ensure that in these fresh developments, developments we pray for, Europe will be able to affirm its identity and in particular that from next Tuesday onwards we have a common policy on energy.

I hope, I repeat, that this fluid situation I have just described will 'gel', and that during the next few days we shall obtain a clearer picture of things.

The Commission has, incidentally, from today decided to exercise its right to take part in the work of the agency as an observer.

A meeting will be held next week of the executive council of the agency; we shall be attending, and will try to examine in a concrete and pragmatic way how we can ensure that the work of the agency and the efforts of Europe as such proceed in parallel, so that if at a given time action by us should be blocked while that of the agency progresses, our whole identity will not finish up diluted within a larger whole, making it impossible to work out a common energy policy.

President. — Thank you, Mr Simonet.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. Oral Question with debate:

Cooperation agreements with the Soviet Union

President. — The next item is the oral question with debate put by Mr Jahn, Mr Burgbacher, Mr Härzschel, Mr Klepsch, Mr Mitterdorfer, Mr Mursch, Mr Schwörer and Mr Springorum to the Commission of the European Communities (Doc. 211/74).

The question is worded as follows:

'What information has the Commission on American-Soviet cooperation agreements or on bilateral and private economic cooperation in general, and on the exploitation of Soviet sources of raw materials?'

I call Mr Jahn, who has asked to present the question.

Mr Jahn. — (D) Mr President, ladies and gentlemen, as we yesterday debated a most important question of external policy before an almost empty House, I am not surprised that we are doing so again today.

The matter before us now, and I raise it with a certain satisfaction, is that the European Community has taken effective steps to incorporate a new aspect of East-West trade, the cooperation agreements, into the common commercial policy.

It took two years' strong perseverance on the part of Parliament to induce the Commission to break its silence on bilateral agreements to promote East-West trade. This afternoon's Question Time, especially the question on the cooperation agreements, leaves me in pensive mood. I have been following this question for two years as

¹ OJ No C 5 of 8. 1. 1975.

Jahn

rapporteur and can only say that the individual Member States are systematically undermining the sovereignty in matters of external trade which is written into the Treaty.

We must be honest with each other regardless of what country or what party we belong to. I maintain as rapporteur that most cooperation agreements contravene the EEC Treaties. We must discuss this quite frankly in this House for today—and I have listened to all the speeches—we have been euphoric in our thanks to all those who in Paris helped to ensure that a step forward was taken. We set up this Community in the Rome Treaties with the aim of achieving, through external trade policy, external economic policy and economic policy, a Community which would subsequently pave the way for political union, and what we are now doing through the cooperation agreements is to play down completely the external trade policy, for when I look at the investment agreements which have been concluded by virtually all the Member States, I fail to see what we will have to talk about in future. This is why I find it extremely important to raise the matter in plenary sitting so that we clearly realize where we stand, despite all our so-called successes.

I have witnessed several Summits here and have followed the debates closely. The important thing is what the balance sheet looks like at the end of the day.

We have a Council decision dated 22 July which commits the Member States to notify the Commission of the details of cooperation agreements.

Ladies and gentlemen, I have tried to obtain particulars from my own government, and also from the United Kingdom, Italy and France. It is a masterpiece of secret diplomacy. Neither the interests rates nor the period of amortization are obtainable, and I wonder where we are heading if we as a Parliament put up with this in the long run.

Under the heading: Legal status of cooperation agreements, an expert opinion I have seen states that if we attempt to assess cooperation agreements in relation to the categories of the EEC Treaty, we can very quickly draw an initial conclusion, even with an extremely limited understanding of trade policy. Under Article 113 of the EEC Treaty, cooperation agreements, as the classical means of directing the movement of goods, come under the responsibility of the Community as part of external trade policy and cannot, as hitherto, remain outside this policy.

This was the whole point of my question: cooperation agreements between western countries and the USSR are in no way the preserve of the Community states, and I would be misun-

derstood if it were thought that I was against cooperation agreements. I am for them. But the terms must be clear for everyone to see, and they must be clear between all partners in the Community.

Apart from ourselves, the USA and Japan are major partners in the important business of supplying technology in exchange for raw materials. We read attentively the communiqué issued after the meeting between former President Nixon and the Soviet leaders on 3 July 1974. It describes cooperation as an important means of developing trade relations between the two countries. Both sides wished to encourage the conclusion and implementation of contracts of this kind between American corporations and Soviet organizations, pushing up the trade figures in the period 1973-1975 to a total of 2 300 000 dollars.

These intentions were confirmed at the latest meeting between President Ford and Soviet Party Secretary Brezhnev. Mr President, ladies and gentlemen, compared with trade between the EEC states and the USSR, these are not exceptionally high figures for in 1973 alone, EEC trade topped the two thousand million mark. EEC trade has always been considerably higher than US trade with the USSR, but the US growth rates over the last few years have been simply phenomenal.

We very much welcome this development, and I had the opportunity to say so in a recent report for the Political Affairs Committee. We see in closer economic links a means of establishing stable and peaceful relations between states. But we also feel, and this is the purpose of today's question, that the special relationship which is beginning to emerge between the USA and the USSR must be watched carefully. We are also of the opinion that government measures to promote East-West trade should not only be frankly discussed between the EEC partners but also between the western nations, between us and the USA.

I would point out in this connection that COMECON has evidently developed an outline blueprint for cooperation agreements with third countries. Use has been made of this blueprint, as shown by the agreement between COMECON and Finland concluded on 16 May 1974. If the Community and the USA do not make immediate efforts to align their positions in this area, they may well run the risk of being played off one against the other.

Perhaps the Commission has a happier story to tell. But if the Commission cannot give us enough information, then I would propose here and now that the Committee on External Econo-

Jahn

mic Relations should seek to obtain a picture of the situation by publicly hearing representatives of national export finance and insurance institutes.

I broached this question in a conversation I had as a member of the European Parliament Delegation to the USA, but the answers I heard from the American side suggested that we would have to negotiate in greater detail with the USA, on the basis, naturally, of a clear-cut Community position defined in advance.

May I close by saying, Mr President, that it is important for the Political Affairs Committee to go into the question of cooperation agreements more fully than we have done so far, for these agreements could in certain circumstances drive the Community apart because they completely bypass the Community's sovereignty in matters of external trade, effective 1 January 1975, and develop a new system of relationships which we did not want.

It is therefore my opinion that the Committee on External Economic Relations should make a thorough review of the implications of cooperation agreements for the external trade policy.

President. — I call Mr Gundelach.

Mr Gundelach, member of the Commission of the European Communities. — Mr President, I most sincerely agree with Mr Jahn that this is a question of very great economic and political importance and it certainly would have merited a full debate in front of a fuller House. Secondly, let me say that there are a number of specific points which entered into the oral introduction of the written question by Mr Jahn in regard to trade statistics and explanations thereof and were examined on the basis of information supplied by the Commission in the relevant committee. I do not therefore propose to take up too much time in analysing the development of trade figures tonight. I will only make one comment and ask Mr Jahn to bear in mind in analysing the figures on the increase in trade between the United States and the Soviet Union that a not insignificant part of this has been due to sales of gain under special conditions, not without a considerable amount of criticism as you know, within the United States itself. I am only mentioning this in order to indicate that the picture is one with a lot of nuances and shadows, and I therefore think it would be better for a more detailed statistical analysis of the trade development to be given and discussed in committee.

I will concentrate first on answering the specific content of Mr Jahn's written question and then

secondly, address myself to some of the important political considerations in regard to co-ordination agreements which he has raised this evening. The information available to the Commission on American/Soviet cooperation agreements is essentially contained in published material. At the end of last June two such agreements were concluded in Moscow. The first is a 10-year agreement to promote economic, industrial and technical cooperation. Concrete measures under that agreement are to be taken by the joint committee that was established in 1972 for commercial cooperation between the two countries. The agreement provides for the exchange of economic information. It also deals with various practical matters such as help in the finding of premises, in hiring local staff and in securing visas, to make it easier for the industrial and commercial representatives of each country to operate in the other.

The second agreement is a five-year one on energy matters. This is designed to facilitate joint research and the development of various forms of energy. It largely takes over from the scientific and technical cooperation agreement between the two countries and one or two other cooperation agreements signed in 1972.

The honourable Members who pose this question go on to ask about private economic cooperation in general and the exploitation of Soviet resources of raw materials, but what matters politically to them and to the House as a whole is, I am sure, the general issue of where our Community stands in relation to the United States, to Japan and to other countries, in cooperating with the Soviet Union to develop the natural resources of that vast country for our mutual benefit.

I believe that this is a matter, as I said to begin with, of the greatest importance in the long term. It is also a peculiarly complex one, and it would require a great deal of political will on the part of our Member States (as well, naturally as a great deal of expertise and administrative resources on the part of the Commission) if the Community were to conclude and—more important—to implement and operate fully fledged cooperation agreements with the Soviet Union. Politics is the art of the possible, and I think we have been wise at the present juncture not to bite off more than we can chew. However, what we have bitten off, as I will explain in a minute, is also considered at the moment to be the barest minimum.

The position in the Community now is this. Trade agreements between individual Member States and East European countries will, as you know, cease to be valid from the end of this year and the Community stands ready to nego-

Gundelach

tiate Community trade agreements with any East European country that would like to do so. The Council has now agreed an outline of the sort of trade agreements we envisage, and the Commission has communicated that outline to our potential partners.

But cooperation agreements deal with technical, industrial and scientific cooperation, with investments and their financing and such forms of cooperation and remain at this stage a matter for Member States. What the Commission proposed is that these cooperation agreements should at least be subject to a consultation procedure in the Community and my colleague, Mr Dahrendorf, discussed these proposals with Parliament in February.

Last June the Council accepted our proposal and the House, I am sure, will be glad to know that the first meetings under this procedure have been held over the past few months.

Thus, for example, honourable Members will have seen in the press that in October both the Federal Republic of Germany and France completed negotiations for supplementary cooperation agreements with the Soviet Union. The Commission was very fully consulted on certain aspects of these agreements, both before the negotiations began and again while they were going on, and the texts of both agreements were submitted to the Committee on Cooperation Agreements on 12 November.

As far as export credits are concerned these texts contain no precise government undertakings as to either the duration of credits or the concessional rates of finance to be applied. They merely stipulate that the most favourable conditions for financing would be granted by each partner, and I quote, 'in the framework of their respective regulations'. In the case of the French agreements the Commission has, however, been given more detailed information in the past few days, which we are now studying and which is, in fact, coming up in the Policy Coordinating Group for Export Credits either today or tomorrow.

Mr President, this procedure of consultation which is under way and which we sincerely hope will help to bring about the kind of information Mr Jahn was asking for, is vital to the Commission and I quite accept of vital importance to this Parliament. We hope this information will be forthcoming in the course of these consultation procedures. We hope that they will be instrumental in bringing about greater cohesion, greater transparency, a greater degree of cooperation, in the development of the individual cooperation agreements between Member States and other countries, and

in particular the Soviet Union and other East European countries.

This is what I consider to be the minimum necessary at the present moment, because it is quite evident that in the modern world foreign relations, foreign economic relations, foreign trade, are no longer based to the same exclusive extent as only about ten years ago on traditional trade measures like the tariff system, quantitative restrictions, subsidies and so on.

Particularly in relations with state-trading countries they are increasingly being built on other elements—investment policy, technological cooperation—these various other elements to which Mr Jahn and I have already referred. Any common economic policy towards the outside world which is worth its name will therefore have to take into account gradually and progressively these new elements of foreign economic policy. We are satisfied that the first steps have been taken in this direction with the consultation procedure. We are not satisfied that it is the last step. It is the beginning of a development which must eventually lead to these basic elements of a modern foreign trade policy, particularly in regard to state-trading countries, becoming a really integrated part of the common trade policy of the European Economic Community. This is the goal of the Commission. This is the way we are trying to direct these consultation procedures, and I am sure that this line of thinking, this line of action will meet with the full support of this House.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, I should like to thank Mr Gundelach. I am most grateful to him for having said that cooperation agreements were entirely new factors in the external commercial policy which we had not yet under control. They have been and are being developed day by day in the consultations held with the individual states which conclude these agreements, and not only with Eastern European countries. But we have ourselves decided unanimously in this House that we wish to control everything that is decided with third countries anywhere in the world.

This consultation procedure, as far as I am aware, Mr President, has so far proved unsatisfactory both to the Commission and ourselves. At the beginning of the year this Parliament decided that consultation must take place on all cooperation agreements from the initial stage of negotiation to signing and ratification, and I am convinced that we cannot remain content with a vague consultation procedure: the Political Affairs Committee and the Committee

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on External Economic Relations should—and this is the purpose of my remarks—be given the exact figures which I cannot obtain from my national parliament; and I ask here under what terms agreements are concluded with third countries or with state-trading countries so that we can see if they comply with or are in conflict with the Treaty, and I particularly thank Mr Gundelach for saying that there has been only a minimum of consultation so far.

What I say here is prompted by a deep concern, and this is why I ask: where do we really stand if, in this Community, we do not even have the basis of a clear concept of external economic relations? That is the question, Mr President, that I wished to ask; it should be discussed openly in the Political Affairs Committee, in the Committee on External Economic Relations and again in this House, so that we do not allow our own Treaty to be undermined.

President. — Thank you, Mr Gundelach.

The debate is closed.

9. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, 12 December 1974, with the following agenda:

10 a.m., 3 p.m. and possibly 9 p.m.:

- Vote on the draft general budget of the Communities for 1975 and on the motion for a resolution contained in Mr Aigner's supplementary report;
- First report by Mr Leenhardt on multinational undertakings;
- Report by Mr Yeats on the retention of the rights and privileges of employees;
- Oral Question with debate to the Commission on the indexing of earnings;
- Report by Mr Mitterdorfer on proposals for directives on the removal of technical barriers to trade;
- Report by Mr Seefeld on sea transport problems;
- Report by Mr Hill on permanent links across certain sea straits;
- Report by Mr Noè on environmental pollution caused by energy production;
- Oral Question with debate to the Commission on the Community action programme for the protection of the environment.

The sitting is closed.

(The sitting was closed at 8.50 p.m.)

ANNEX

*Oral Questions, which could not be answered during
Question time, with written answers.*

Question No 7 by Mr Zeller to the Commission of the European Communities.

The Commission announced a year ago that it was undertaking an inquiry into the behaviour of oil companies on the European market in the light of the rules on competition. Having regard in particular to the recently published findings of a similar inquiry held in France by a parliamentary committee of inquiry, can the Commission indicate its short-term plans in this area?

Question No 16 by Mr Cointat to the Commission of the European Communities.

What measures does the Commission intend to take on the basis of Articles 85, 86 and 89 of the Treaty establishing the EEC and in the light of its own inquiries and that of a Member State, in order to ensure compliance by the oil companies with the obligations laid down by the Treaty of Rome?

Combined answer.

The programme of investigations into certain aspects of the activities of oil companies within the Community, announced by the Commission in its Press Release of 21 December 1973, is due to be completed by the end of the year.

It is expected that after appraisal and analysis of the large quantity of information obtained, conclusions about the compatibility of the comportment of the oil companies with the rules of competition to the Treaty of Rome will be available to the Commission early in 1975.

The fact that work is still proceeding on these general investigations does not preclude the Commission from taking separate action in respect of any specific complaint referred to it and indeed formal proceedings are already in hand in one such case.

Question No 8 by Mr Hougardy to the Commission of the European Communities.

In view of the conflicting information about EEC oil supplies and price forecasts, what plans does the Commission have for improving information to consumers and industrialists?

Answer.

The sources of information relating to oil supplies to the EEC countries and to price forecasts would not seem to have the conflicting nature to which the honourable Member refers.

1. Information on crude oil supplies to the EEC countries is readily available as a result of the existence of Regulation No 1055 adopted by the Council in 1972. Under the terms of this regulation, Member States supply the Commission annually with figures on imports during the preceding financial year and forecasts of imports for the coming year, broken down by country of origin. If necessary this information may be provided within shorter time limits and come directly (with the appropriate confidentiality from the companies.

The value of this regulation—thanks to the way it is implemented—is beyond argument. The Commission has for this reason proposed to the Council that it be extended to cover imported petroleum products. This proposal was made in July 1973, and the Commission hopes it will be adopted by the Council at its meeting on 17 December.

2. Price forecasts, on the other hand, have hardly any meaning at the present time. In general, price estimates can be based only on hypothetical factors, and from this viewpoint do lead to conflicting information.

In collaboration with the Energy Committee the Commission is, however, trying to pinpoint the various cost and price factors which, when added together, will give the prices of petroleum products before consumer taxes are applied.

What is being aimed at is a true picture of these effective prices, which should eventually lead to their becoming more consistent throughout the various Member States and thus facilitate the free movement of goods within the Community.

This study is at present being made by a working party set up by the Energy Committee. It should make it possible, within a reasonable time, for the Commission to forward sensible proposals to the Council and for the latter to discuss them.

3. In this way the Commission is, by bringing together existing instruments, proposals already made to the Council and proposals still to come, continuing to improve its knowledge of oil supplies and prices. This is indispensable for putting in hand an energy policy in which, through consultation, both the producers and the consumers in the Community are or will be associated.

Question No 17 by Mr Bayerl to the Commission of the European Communities.

What is the Commission's view of the fact that the Council in instituting proceedings in respect of offences against Community law, has neither issued directives pursuant to Article 100 of the EEC Treaty nor made appropriate additions to the Treaty pursuant to Article 235 of the EEC Treaty, but intends to have this matter resolved by inter-governmental agreement—particularly in view of the establishment of effective Community responsibilities in this field and the participation of Parliament pursuant to the aforementioned articles?

Question No 18 by Mr Fellermaier to the Commission of the European Communities.

To what extent have individual penalties, particularly as regards the severity of sentences, differed until now in the various Member States in judgments of offences involving advantage being taken of Community law and subsidy swindles?

Question No 19 by Mr Hansen to the Commission of the European Communities.

What measures does the Commission intend to propose to the Council for the investigation and prosecution of criminal offences so that subsidy swindles perpetrated by foreign states can be combatted by the Community on a supranational basis?

Question No 20 by Mr Broeksz to the Commission of the European Communities.

What, in the Commission's view, is the possibility of developing a uniform system of jurisdiction for the criminal prosecution of offences against Community law and of assuring identical application of the law, even though the proposed inter-governmental agreement in this field precludes any Community competence in jurisdiction?

Combined answer.

The four oral questions concerning prosecution for infringements of Community law have probably to be considered against the background of the report of the Special Committee of Enquiry (Doc. No SEC (74) 3981 final).

This report discusses among other things the work undertaken by the Commission in the field of administrative cooperation, penal sanctions and judicial aid. Details of this work can be found in the Commission report to the Council of Ministers of Justice (Doc. SEC (74) 4227 final), in preparation of the meeting of Ministers of Justice in Brussels on 26 November.

A. Oral question by Mr Bayerl.

Mr Bayerl has asked how the Commission views the fact that infringements of Community laws will be regulated through a Convention between Member States and not through Community rules.

In order to answer that question, one should realise the true nature of the problem. At the moment, loop holes exist, resulting from the absence, in some Member States, of jurisdiction to deal with infringements of Community law committed outside the territory of the Member States, and the absence of national laws to protect European funds.

This means, in fact, that the fight against infringements of Community laws and Community funds cannot be pursued with the necessary effectiveness and vigour.

Clearly, this is not a satisfactory solution.

At the meeting of the Ministers of Justice, the Commission stated that it would submit to the Ministers a draft Convention for adoption in 1975 if possible.

The Commission has also recently approved the report of the Control Commission which underlines the necessity to increase cooperation between authorities of Member States.

Furthermore, the Commission will study the possibility of extradition in the area of frauds for particularly serious crimes.

We all know that infringements and frauds have received wide public attention. The main objective must be to extend and coordinate the application of national penal laws throughout the Community, in order to prosecute and punish infringements which—because of their international nature—would otherwise escape legal sanctions under existing national jurisdictions.

Article 100 is concerned with the approximation of such provisions of national laws, regulations or administrative actions but to close the existing loop holes in prosecution for inter-state frauds, the parallel adoption of national codes does not provide a satisfactory solution.

It does not solve problems of conflict between jurisdictions in different states.

Article 235 envisages action by the Community and permits regulations as well as directives.

It does not, however, seem to be sound legal practice for the Community to intervene in national criminal law to the extent of regulating that small part of the criminal code involved in this matter. National criminal law in each Member State covers a vast field.

It is ordinarily the preserve of the national parliament.

The regulation of national criminal law goes to the root of the legal principle and organization of the Member State.

B. Oral question by Mr Fellermaier.

It seems very difficult to compare the penalties imposed by courts in the various Member States in cases of frauds against Community funds.

First, the constitutive elements of the infringements are different; secondly, the weight of the evidence against the co-authors may vary from case to case; thirdly, the role the accused played in the inter-state fraud may also differ; and, finally, the personal circumstances of the co-authors may differ.

The Commission has already decided to study this complex problem in the context of its Working Group on Penal Law composed of national experts.

C. Oral question by Mr Hansen.

At the moment, the Commission considers the improvement and the strengthening of cooperation between the national authorities charged with the discovery and investigation as the most appropriate means to combat frauds against agricultural funds.

For this purpose, the Commission has submitted to the Council, in the field of investigation of frauds, several regulations concerning the improvement of collaboration between the administration and services concerned.

As far as prosecution of fraud against Community funds is concerned, a Convention is being drawn up which is considered to be an adequate legal instrument for closing certain loop holes occasioned by the limitation of Member States' jurisdictions to national territories.

Furthermore, the Convention provides that the Community funds shall be assimilated to national funds to ensure the protection of the former.

D. Oral question by Mr Broeksz.

The possibility of arriving at a uniform jurisprudence applicable in the whole of the Community and to guarantee a uniform application of the laws to be applied

on infringements of Community law is difficult to conceive as long as there does not exist a uniform penal law in the Community.

Such a harmonization meets technical and political obstacles.

These obstacles cannot at the moment be overcome.

In this situation, the only possibility of having an effective pursuit of infringements of Community law consists of an adaptation of the proposed convention.

To conclude my answers to all four questions, I want to stress the importance the Commission attaches to an effective pursuit of infringements.

A lot of work has to be done in this field.

The Commission is fully aware of the importance of this task and within the existing possibilities, we do our utmost to prevent infringements of Community laws and frauds against Community funds.

In order to achieve these ends, the Commission needs the active participation of Member States, the European Parliament, as well as public opinion.

Question No 21 by Mr Van der Hek to the Commission of the European Communities.

'Is it true that, as stated by Commissioner Sir Christopher Soames, in response to a proposal from Australia, talks were held in Washington on 15 October 1974 between the Community and the countries which traditionally export beef and veal to the Community?

If so, what was the result of these talks and what has the Commission in mind as regards further consultations with these countries?'

Answer.

I can confirm that, on the initiative of Australia, informal conversations took place on 15 October in Washington, with the participation of the Commission.

The object of the meeting was to get a better view of the medium and long term prospects of the world beef market. It was agreed to arrange similar meetings again in future.

The Commission has also held consultations in Brussels with the Community's major suppliers of beef. I and my colleague Mr Lardinois saw the Ambassadors of these countries on 15 November. The Commission's wish is to find suitable import arrangements to replace the import ban, which is clearly causing problems for our traditional suppliers. So far it has not been possible to find a solution, but our consultations are continuing.

Question No 22 by Mr Della Briotta to the Commission of the European Communities.

'Does the Community consider that the common wheat supplied to Italy during the summer of 1973 by other Member States pursuant to Regulation (EEC) 2104/73 is really being used to 'safeguard the proper development of the market', thus relieving shortages in certain areas of southern Italy, and that the Italian Government is justified in requesting authorization to sell off some of that wheat 'at a price compatible, having regard to the deterioration in the quality of the product, with the intervention price for feed grain?'

Answer.

The Commission considers that the cereals that have been supplied to Italy under Regulation EEC/2104/73 have made it possible to put an end to speculation in that country. The operation has allowed a more normal development of the market to be re-established, at the same time alleviating the shortages that affected certain areas of southern Italy.

With regard to the Italian request to which the honourable Member refers, I can tell Parliament that the Commission has just proposed to the Italian authorities that they should as speedily as possible arrange for sale by permanent tender of all the common wheat from other countries that is still in stock.

The conditions for this sale by tender are those set out in Article 6 of the Council Regulation, stipulating in particular that the wheat be destined solely for human consumption.

SITTING OF THURSDAY, 12 DECEMBER 1974

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 10.15 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

I call Mr Yeats for a procedural motion.

Mr Yeats. — Mr President, I have been asked by Mr Liogier, the rapporteur for Report No 285, which is the sixth on the agenda for tomorrow morning, to say that he has to take part in an important parliamentary debate tomorrow afternoon and therefore must leave during the morning. He would consequently like this important report to be placed first on the agenda tomorrow morning rather than sixth, and I would be very glad if the House could agree to making this small change in the agenda for tomorrow morning.

President. — We will consider this matter.

2. *Membership of committees*

President. — I have received from the Liberal and Allies Group a request for the appointment of Mr Achenbach to the Committee on Economic and Monetary Affairs to replace Mr Krall, and Mr Krall to the Committee on Development and Cooperation.

Are there any objections?

These appointments are ratified.

3. *Draft general budget of the European Communities for 1975 (vote)*

President. — We come now to the final stage in the procedure for the adoption of the General Budget of the European Communities for 1975, a procedure which has conferred upon us new powers and new responsibilities.

In November we had the opportunity to table draft amendments to non-compulsory expenditure, and to propose modifications to compulsory expenditure.

As far as compulsory expenditure is concerned, the Treaty required the Council to accept, amend or reject Parliament's proposed modifications. This it has done, and the results are given in Document 400/74. Parliament has nothing more to say concerning its proposed modifications to compulsory expenditure.

On the other hand, Parliament is entitled, during this final stage in the budgetary procedure, to amend the Council's modifications to the draft amendments which Parliament adopted in November in regard to non-compulsory expenditure. The Council's reaction to each of these draft amendments is also indicated in Document 400/74.

Where a draft amendment has been accepted by the Council, there is no need for any further deliberation by Parliament; the amendment holds good.

Similarly, where a draft amendment has been modified or rejected by the Council, and no subsequent amendment has been tabled to re-assert Parliament's position, the Council's modification holds good and there is no need for any further deliberation by Parliament.

In some cases, however, the Council's modification to Parliament's original draft amendment has been the subject of a new amendment re-asserting Parliament's position. These new amendments must now be put to the vote during this final stage.

In order to facilitate our task, I shall call the various sections, chapters and articles of the Budget in order, stating in each case the Council's position on the draft amendments tabled by Parliament in November. The amendments which have now been tabled to the Council's modifications will be put to the vote in the order in which they occur.

I would remind you that the adoption of these amendments requires a majority of three fifths of the votes cast and the votes of a majority of the current Members of Parliament, that is to say, at least 92 votes in favour unless the number of votes cast exceeds 153, in which case it requires a majority of more than 92.

I would also remind you that pursuant to our decision of November, voting will be by sitting and standing.

Finally, I would point out that unless the maximum rate is exceeded, Parliament now has the final say on the amendments and can, therefore, finally establish the Budget itself.

We shall vote first on the Budget, section by section, and then on the Budget as a whole.

President

We shall then vote on the motion for a resolution.

The vote on Revenue was taken in November, after consideration of all the amendments, in order to ensure the budgetary balance.

We begin with Section I of the Budget, which concerns the Assembly.

The Council has taken note of the adjustments which Parliament made to Section I in November.

I therefore note that Section I has been finally established.

On Section II of the Budget, concerning the Council, Parliament adopted no draft amendments at the November part-session.

I therefore note that Section II has been finally established.

We now come to Section III of the Budget, concerning the Commission.

Still on the Establishment Plan, Parliament had adopted Amendment No 38.

The Council has rejected this amendment.

Although this item was the subject of serious and detailed discussions, no amendment has been tabled to the Council's modification. Accordingly, the Council's position holds good.

Still on the Establishment Plan, Parliament had adopted Amendment No 40.

The Council has accepted this amendment.

On Chapter 14, Parliament had adopted Amendment No 39.

The Council has rejected this amendment.

No amendment having been tabled to the Council's modification, the latter holds good.

On Chapters 21, 22 and 23, Parliament had adopted Amendment No 26.

The Council has modified this amendment.

No amendment having been tabled to the Council's modification, the latter holds good.

On Article 224, Parliament had adopted Amendment No 36.

The Council has accepted this amendment.

On Article 226, Parliament had adopted Amendment No 37.

The Council has accepted this amendment.

On Article 272, Parliament had adopted Amendment No 27.

The Council has accepted this amendment.

On Article 272, Parliament had adopted Amendment No 68.

The Council has modified this amendment.

No amendment having been tabled to the Council's modification, the latter holds good.

On Item 3011, Parliament had adopted Amendment No 41.

The Council has accepted this amendment.

On Article 303, Parliament had adopted Amendment No 19.

The Council has accepted this amendment.

On Article 304, Parliament had adopted Amendment No 20.

The Council has accepted this amendment.

On Items 3050 and 3051, Parliament had adopted Amendment No 42 and Amendment No 42/a.

Parliament had also adopted Amendment No 43 to Article 980, which the Council considered together with the two previously mentioned amendments.

Taking the three amendments together, the Council has proposed an overall modification.

No amendment having been tabled to the Council's proposed modification, the latter holds good.

On Item 3052, Parliament had adopted Amendment No 23.

The Council has rejected this amendment.

Two amendments have now been tabled, re-asserting Parliament's position.

— Amendment No 3 tabled by Mr Aigner on behalf of the Committee on Budgets is worded as follows:

Draft Amendment No 3

to the modification by the Council to Amendment No 288/23 of the European Parliament

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure resulting from the institution carrying out special functions

President**Chapter 30 — Expenditure in the social field****Article 305: Community measures under the employment policy**

Item 3052: Introduce a new Item 3052 (previously Item 3051 in the preliminary draft) 'Community system of guaranteed incomes for workers during retraining' with token entry

(B) Revenue

unchanged

JUSTIFICATION

The Commission included in its social action programme the introduction or development of national systems in all the Member States to guarantee that workers who are being retrained still receive income, possibly including Community aid adjusted to the Community's employment objectives at any given time. This proposal was supported in particular by the Italian Government.

The inclusion of this item, in the form of a token entry, will mark the Council's agreement in principle to the Commission's continuation of work on this question, with a view to the submission, if appropriate, of proposals (see declaration recorded in the minutes of the Council's meeting of 11 December 1973).

— **Amendment No 6, tabled by Mr Marras and Mrs Goutmann on behalf of the Communist and Allies Group is worded as follows:**

Draft Amendment No 6

to the modification by the Council to Amendment No 288/23 of the European Parliament

Section III — Commission**(A) Expenditure**

Title 8 — Expenditure resulting from the Institution carrying out special functions

Chapter 30 — Expenditure in the social field**Article 305: Community measures under the employment policy**

Item 3052: Introduce a new Item 3052 'Community system of guaranteed incomes for workers during retraining' with token entry

(B) Revenue

unchanged

JUSTIFICATION

During its November part-session, the European Parliament had decided to introduce this Item with token entry to draw the Council's attention to the need to launch a Community scheme provided for by the Commission in its social action programme; this had been prompted in particular by the fact that during 1974 the economic crisis had reached even more serious proportions than had been foreseen, with grave repercussions for employment. There is every indication that the situation will worsen in 1975, which is why this Item should be reintroduced with at least a token entry, having regard to the impossibility from a procedural point of view of providing for an appropriation totalling a specific amount.

Since it is obvious that this problem on the one hand is the responsibility of the Member States and on the other can only be solved by means of an effective employment policy, the introduction of this Item in the budget will, it is hoped, underline above all the need to strive in this field for a harmonization based on Community solidarity.

President

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, on behalf of the Committee on Budgets I would recommend that the House reinstate this token entry, the committee's opinion being that Community financing for the retraining of workers should be an ongoing obligation. I therefore recommend the adoption of this draft amendment. Draft Amendments No 3 and No 6 are identical in content.

President. — I call Mr Marras.

Mr Marras. — (I) Mr President, since our amendment corresponds to the one tabled by Mr Aigner and explained by him, we shall withdraw it and

vote for the amendment proposed by the rapporteur of the Committee on Budgets.

President. — Amendment No 6 is accordingly withdrawn.

I put Amendment No 3 to the vote.

Amendment No 3 is adopted by 110 votes.

On Article 330, Parliament had adopted Amendment No 35/rev.

The Council has rejected this amendment.

An amendment has now been tabled, reasserting Parliament's position, namely Amendment No 2 tabled by Mr Aigner on behalf of the Committee on Budgets. It is worded as follows:

Draft Amendment No 2

to the modification by the Council to Amendment No 288/35 rev. of the European Parliament

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure resulting from the institution's 'carrying out special functions

Chapter 33 — Expenditure on research and investment

Article 330: Expenditure on research and investment

Increase appropriations by 1 244 000 u.a.

(B) *Revenue*

Increase revenue accordingly

JUSTIFICATION

Amendment No 288/35/rev., adopted by the European Parliament on 14 November 1974, proposed an increase in the appropriations under Article 330 of 2 864 000 u.a. These appropriations, which the Commission had entered in the preliminary draft budget for 1975, included 1 244 000 u.a. to finance measures in respect of safety of existing JRC installations and protection of staff.

The Council, pronouncing on 28 November 1974, proposed the rejection of Amendment No 288/35/rev. in its entirety.

The European Parliament appreciates that the Council should wish to wait until the four-year programme has been reviewed before deciding on measures which are not exceptionally urgent. The European Parliament considers, however, that measures to ensure the safety of existing installations under the protection of staff do not fall into this category. It is imperative that the necessary safety measures be taken. This is why an appropriation of at least 1 244 000 u.a. should be allocated to Article 330.

However, it is impossible to use for this purpose the 13 781 192 u.a. provided for under Amendment No. 288/34, and which the Council intends to retain under Chapter 98 for current programmes.

Consequently, an appropriation of 1 244 000 u.a. should be allocated to Article 330 to finance safety expenditure, and revenue should be increased accordingly.

President**FINANCIAL IMPLICATIONS**

Under the provisions currently in force, the draft amendment will affect the budget as follows:

Section III — Commission

Expenditure

Title 3 — Chapter 33

Article 330: Expenditure resulting from the institution's carrying out special functions

Increase appropriation by 1 244 000 u.a.

Title 2 — Chapter 29

Article 290: Lump sum repayment of costs incurred in collecting own resources

Increase appropriations by 17 660 u.a.

Revenue

Title 1 — Own resources

Increase by 176 600 u.a.

Title 5 — Contributions

Increase by 1 085 060 u.a.

Amendment No 1 which Mr Aigner had originally tabled to this same article, has been withdrawn by the author.

I call Mr Aigner to move Amendment No 2.

Mr Aigner, rapporteur. — (D) Mr President, your committee recommends that the House adopt this draft amendment so as to increase the funds by 1 244 m u.a. The Committee on Budgets was made to agree with the Council on this. The sum I have just mentioned should be regarded as a minimum for the maintenance and safety of the installations.

President. — I put Amendment No 2 to the vote.

Amendment No 2 is adopted by 107 votes.

I call Mr Behrendt for a procedural motion.

Mr Behrendt. — I have a question, Mr President. Is it true that one Member of this House is not taking part in the voting? If so, this should be recorded in the minutes.

President. — I take note of Mr Behrendt's question.

Still on Article 330, Parliament had adopted Amendment No 34.

The Council has rejected this amendment.

An amendment has now been tabled, reasserting Parliament's position, namely Amendment No 4, tabled by Mr Aigner on behalf of the Committee on Budgets and worded as follows:

Draft Amendment No 4

to the modification by the Council to Amendment No 288/34 of the European Parliament

Section III — Commission

(A) *Expenditure*

Title 3 — Expenditure resulting from the institutions carrying out special functions

President**Chapter 33 — Expenditure on research and investment****Article 330: Expenditure on research and investment**

Increase appropriations by 13 781 192 u.a.

(B) Compensation

The appropriations entered under Chapter 98, Article 980 (non-allocated provisional appropriations) are reduced accordingly.

JUSTIFICATION

In its draft statement of revenue and expenditure relating to research and investment activities (Annex I, Volume V), the Council limits appropriations earmarked for direct action under the joint programme to 42 738 731 u.a. in the form of payment appropriations and to 42 165 400 u.a. in the form of commitment appropriations (total of Titles 2, 4 and 8 of Annex I of Volume V).

It would appear that these appropriations are barely sufficient to meet staff salaries and to finance research activities for a period of four months. On the other hand, the draft budget earmarks 13 781 192 u.a. as payment appropriations (12 886 400 u.a. as commitment appropriations) in Chapter 98 of Section III, which are effectively blocked. In the 'Remarks' column it is stated that these appropriations can be transferred to Chapter 33 only subject to the decision to be taken by the Council on the revision of the multiannual programme.

It is clear that whatever decision the Council reaches on this matter, the appropriations entered under Chapter 33 of the draft budget will not permit the direct actions at present included in the multiannual research programme to be carried out. That is why the transfer of 13 781 192 u.a. in the form of payment appropriations and 12 886 400 u.a. in the form of commitment appropriations from Chapter 98 to Chapter 33 is essential if the JRC is to be given the necessary means to carry out the multiannual research programme decided upon by the Council in May and June 1973.

In the view of the Committee on Budgets, this amendment must on no account serve as a pretext for delaying the review of the multiannual programme and the reassessment of its funding.

I call Mr Aigner, to move this amendment.

Mr Aigner, rapporteur. — (D) Mr President, in its draft statement of revenue and expenditure relating to research and investment activities the Council limited appropriations earmarked for direct action under the joint programme to 42.7m u.a. in the case of payment appropriations and to 42.1m u.a. in the case of commitment appropriations. The committee felt that the Council might not take its decisions in time in the coming year, and this might result in a delay in payments in respect of personnel costs. The committee therefore recommends the inclusion of 13.7m u.a. in Article 330.

I move that this draft amendment be adopted.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is adopted by 109 votes.

On Item 3503 Parliament had adopted Amendment No 9.

The Council has accepted this amendment.

On Item 3550, Parliament had adopted Amendment No 10.

The Council has accepted this amendment.

On Item 3551, Parliament had adopted Amendment No 11.

The Council has accepted this amendment.

On Article 356, Parliament had adopted Amendment No 12.

The Council has proposed a modification to this amendment.

No amendment having been tabled to the Council's proposed modification the latter holds good.

On Article 392, Parliament had adopted Amendment No 29.

The Council has proposed a modification to this amendment.

No amendment having been tabled to the Council's proposed modification, the latter holds good.

President

On Article 510, Parliament had adopted Amendment No 55.

The Council has accepted this amendment.

On Article 550, Parliament had adopted Amendment No 59.

The Council has rejected this amendment.

Three amendments have now been tabled, re-asserting Parliament's position, namely:

— Amendment No 5 by Mr Fabbrini and others, which is worded as follows:

Draft Amendment No 5

to the modification by the Council to Amendment No 288/59 of the European Parliament

Section III — Commission

(A) *Expenditure*

Title 5

Chapter 55 — European Regional Development Fund: expenditure provided for under Article 4 of the Council decision concerning the creation of the Fund

Article 550: European Regional Development Fund — interventions

Increase appropriations by	300 000 000 u.a.
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(B) *Revenue*

Increase revenue by	300 000 000 u.a.
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JUSTIFICATION

Until the decisions of the Heads of State or Government on regional policy are known, Parliament should re-enter in the budget at least the appropriation already approved during the November part-session (150 000 000 u.a. under Article 550 and 150 000 000 u.a. under Article 980).

FINANCIAL IMPLICATIONS

Under the provisions currently in force, the draft amendment will affect the budget as follows:

Section III — Commission

Expenditure

Title 5 — Chapter 55

Article 550: European Regional Development Fund — interventions

Increase appropriations by	300 000 000 u.a.
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Title 2 — Chapter 29

Article 290: Lump sum repayment of costs incurred in collecting own resources

Increase appropriations by	4 258 833 u.a.
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Revenue

Title 1 — Own resources

Increase by	42 588 326 u.a.
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Title 5 — Contributions

Article 550: Increase by	256 413 523 u.a.
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Article 560: Increase by	5 256 984 u.a.
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President

- Amendment No 7 by Mr Delmotte on behalf of the Socialist Group, which is worded as follows:

Draft Amendment No 7

to the modification by the Council to Amendment No 288/59 of the European Parliament

Section III — Commission

(A) *Expenditure*

Title 5

Chapter 55 — European Regional Development Fund — expenditure provided for under Article 4 of the Council decision concerning the creation of the Fund

Article 550: European Regional Development Fund — interventions

Increase appropriations by 150 000 000 u.a.

Title 9 — Food aid, expenditure on cooperation with the developing countries and other expenditure

Chapter 98 — Non-allocated provisional appropriations

Article 980: Non-allocated provisional appropriations

Increase appropriations by 150 000 000 u.a.

(B) *Revenue*

Increase revenue by 300 000 000 u.a.

JUSTIFICATION

In anticipation of the decisions of the Heads of State or Government meeting in Paris, provision should be made as from now for the necessary appropriations to launch the Regional Development Fund in 1975.

Reintroduction of the amendment already adopted by the European Parliament in November, which involves an appropriation of 150 million u.a. to be released immediately and an appropriation of 150 million u.a. to be entered under Chapter 98 (reserve) would make it possible to achieve this aim relatively smoothly, having regard to the actual limitations and requirements, and bearing in mind the need to implement within a very short time a minimum programme for 1975.

FINANCIAL IMPLICATIONS

Under the provisions currently in force, the draft amendment will affect the budget as follows:

Section III — Commission

Expenditure

Title 5 — Chapter 55

Article 550: European Regional Development Fund — interventions

Increase appropriations by 150 000 000 u.a.

President

Title 9 — Chapter 98

Article 980: Non-allocated provisional appropriations

Increase appropriations by	150 000 000 u.a.
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Title 2 — Chapter 29

Article 290: Lump sum repayment of costs incurred in collecting own resources

Increase appropriations by	4 258 833 u.a.
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Revenue

Title 1 — Own resources

Increase by	42 588 326 u.a.
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Title 5 — Contributions

Article 550: Increase by	256 413 523 u.a.
Article 560: Increase by	5 256 984 u.a.

— Amendment No 8 by Mr Lenihan on behalf of the Group of European Progressive Democrats, which is worded as follows:

Draft Amendment No 8

to the modification by the Council to Amendment No 288/59 of the European Parliament

Section III — Commission

(A) *Expenditure*

Title 5

Chapter 55 — European Regional Development Fund — expenditure provided for under Article 4 of the Council decision concerning the creation of the Fund

Article 550: European Regional Development Fund — interventions

Increase appropriations by	150 000 000 u.a.
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Title 9 — Food aid, expenditure on cooperation with the developing countries and other expenditure

Chapter 98 — Non-allocated provisional appropriations

Article 980: Non-allocated provisional appropriations

Increase appropriations by	150 000 000 u.a.
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(B) *Revenue*

Increase revenue by	300 000 000 u.a.
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JUSTIFICATION

The Paris and Copenhagen Summit Conferences had stressed the importance of establishing a Community regional policy and creating a European Regional Development Fund. The latter was due to be set up on 1 January 1974, but until now nothing had been done.

President

At last, the Paris Summit of 9 and 10 December has just given the green light for the Regional Fund by deciding to grant 1 300 000 000 u.a. to this Fund for a period of three years (1975-1977).

It is therefore essential to enter as from this year the appropriation of 300 000 000 u.a. earmarked for 1975 (150 000 000 u.a. under Article 550 and 150 000 000 u.a. under Chapter 98), in order to launch without further delay a measure which has for too long been merely a good intention, without needing to resort to the supplementary budget procedure which we have never ceased to condemn.

FINANCIAL IMPLICATIONS

Under the provisions currently in force, the draft amendment will affect the budget as follows:

Section III — Commission*Expenditure***Title 5 — Chapter 55**

Article 550: European Regional Development Fund — interventions

Increase appropriations by 150 000 000 u.a.

Title 9 — Chapter 98

Article 980: Non-allocated provisional appropriations

Increase appropriations by 150 000 000 u.a.

Title 2 — Chapter 29

Article 290: Lump sum repayment of costs incurred in collecting own resources

Increase appropriations by 4 258 833 u.a.

*Revenue***Title 1 — Own resources**

Increase by 42 588 326 u.a.

Title 5 — Contributions

Article 550: Increase by 256 413 523 u.a.
Article 560: Increase by 256 984 u.a.

These three amendments have the same object and can be considered together.

I shall first call the rapporteur, Mr Aigner, for a question to the Commission and the Council, after which I shall give the floor to these two institutions, to the authors and to the spokesmen of the other political groups.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, the political groups of this House were unanimous in urging that a beginning be made on regional policy activity in the Community in the coming year and that appropriations amounting to 300 m. u.a. be earmarked for this

in the 1975 financial year. The reason why the Committee on Budgets has not yet reached a decision on these three draft amendments, which are identical in content, is that it would not like to see this budget adopted until it has been made absolutely sure—and I am asking both the President of the Council and the relevant Member of the Commission for assurances—that a supplementary budget of at least 300 m. u.a. will be submitted to Parliament for its decision in January at the latest.

If these assurances are given, the Committee recommends the withdrawal of these amendments so that we can complete this budgetary procedure, because we will of course have a first supplementary budget before us in January.

Aigner

We feel compelled to make this recommendation to allow the budget to be adopted in good time. For if we insisted on the inclusion of this 300 m. u.a. now, a new maximum rate procedure would have to be agreed with the Council, and the adoption of the budget would be delayed.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, following the statements made in this House on Tuesday, and having taken note of the communiqué issued at the end of the Paris Summit Conference, the Commission decided yesterday morning to draw up at the earliest possible date a preliminary draft budget, which will be forwarded to the Council of Ministers and the Assembly not later than early January. This preliminary draft budget will at the very least show payment appropriations for 1975 of 300 million u.a., and will also cover certain other aspects, in particular commitment appropriations that will of course be upwards of 300 million u.a.

I would emphasize that, on our understanding of the Summit communiqué—and at the moment the communiqué is all we have to go on—it appears that part of the appropriations to be allocated to regional development will be taken from Article 833. If that is the case, we shall be entitled to commit expenditure even before the adoption of the budget by Parliament, as soon as the Council and the Assembly have taken a final decision on the basic regulation.

President. — Thank you, Mr Cheysson. I call Mr Poncelet.

Mr Poncelet, President-in-Office of the Council of Ministers — (F) Mr President, ladies and gentlemen, we should indeed conclude our budgetary work, as was proposed quite rightly by the rapporteur, Mr Aigner, and, a moment ago, by Mr Cheysson.

I should, however, like to reply at once to Mr Aigner by saying that I agree with the view expressed by Mr Cheysson and that we shall in fact submit a supplementary budget. In order to meet the requests voiced by both Mr Aigner and Mr Gerlach we shall do this as soon as possible.

President. — I call Mr Fabbrini.

Mr Fabbrini. — (I) Mr President, I think that Parliament would not have been in this situation which is so complicated from the procedural angle if the Council had accepted the appropriation which Parliament entered in November

under the heading of regional policy and partly in Chapter 98.

We cannot remain silent on this point at the time when this Assembly is preparing to complete the final act since, as we all know, the Commission had proposed an appropriation of a further 500 million. We reinstated that appropriation at the November part-session in an amendment which was rejected by a majority in Parliament. On the other hand an amendment which, if I am not mistaken, was tabled by Mr Aigner, was adopted providing for the inclusion of 150 million in Chapter 98 and a further 150 million in the chapter on the Regional Fund, but the Council deleted these amounts. If the Council had not made that deletion we should today, after agreement on the increase in the maximum rate, have been able to approve the budget and make available the resources necessary to start work on a regional policy. Perhaps the Council had little confidence in the results of the Summit concerning the Regional Fund; if it had thought that the Summit would reach a decision on this problem it would perhaps have accepted the appropriation. Apart from that aspect, I would point out—and this needs to be said—that there is also another possibility of dealing with the problem instead of Parliament being compelled to ask the Commission and Council to present at the earliest possible date a supplementary budget when in all our documents and in all the statements by all the groups the use of supplementary budgets has always been criticized.

In calling for a supplementary budget we should be opting for a solution which conflicts with our own position.

The other possibility consists in approving the amendment I have submitted with a view to entering 300 million units of account in the budget so that between now and January the Council and Parliament can agree on an increase in the maximum rate, which is an extremely easy matter.

Having done that we could very well approve the budget in January.

But since the position of the Committee on Budgets and of the other groups which have tabled amendments is different and since they consider that under these conditions a supplementary budget is essential, I shall not insist on this second possible solution; I do not wish to insist for one thing because I consider that the undertaking given by the Commission will be respected. But when the words 'as soon as possible' are used I would like them to imply the January part-session as the rapporteur had indicated.

Fabbrini

In view of the undertaking by the Council and Commission, I withdraw the amendment.

President. — Amendment No 5 is accordingly withdrawn.

I call Mr Delmotte.

Mr Delmotte. — (F) Mr President, we have heard two statements which we awaited before deciding on the position we propose to adopt and on the amendment we have submitted.

We heard Mr Cheysson and the President-in-Office of the Council, who endorsed the view expressed by Mr Cheysson. We have thus now been given an assurance that the Commission has decided to submit a preliminary draft budget at the beginning of January and certainly at the very earliest possible date. In the light of what was said earlier, and above all the satisfaction expressed by the majority of the Members of this Assembly with the substantial result obtained through the tenacity and determination shown by our Parliament over the past few months in the matter of regional policy, we withdraw this amendment.

President. — Amendment No 7 is accordingly withdrawn.

I call Mr Lenihan.

Mr Lenihan. — Mr President, very briefly I wish to thank the Council of Ministers and the Commission for adopting an attitude here on the Summit Conference which shows *bona fide* good faith in the Community institutions. We all agree, I think, that we should show solidarity on this occasion. This fund will be operative from 1 January, we hope, and I want to thank everybody concerned in the matter.

(Applause)

President. — Amendment No 8 is accordingly withdrawn.

On Article 95, Parliament had adopted Amendment No 60.

The Council has rejected this amendment.

An amendment has now been tabled, reasserting Parliament's position, namely Amendment No 9 by Mr Deschamps and others on behalf of the Christian Democratic Group. It is worded as follows:

Draft Amendment No 9

to the modification by the Council to Amendment No 288/60 of the European Parliament

Section III — Commission

(A) *Expenditure*

Title 9 — Food aid, expenditure on cooperation with the developing countries and other expenditure

Chapter 95 — (new chapter) Payments to private development aid organizations for carrying out social projects in the Associated States: 5 000 000 u.a.

Article 950: idem

(B) *Revenue*

Increase revenue by

5 000 000 u.a.

JUSTIFICATION

Long before even the developing countries had heard of the term development aid, many non-governmental organizations and even private individuals had been active in these development areas. Practice has shown that this form of aid was most effective and that measures could be taken very rapidly in emergency situations.

The Commission of the European Communities has realized this for some time and has in the past supplied funds for projects carried out by these organizations.

The aim of this amendment is to give these private organizations more latitude in their aid to developing countries; at the same time, the Commission is in a position to coordinate this aid and to render it even more effective by maintaining contact with the governments of Member States which also support such actions.

The Commission is requested to report on the way in which it uses these funds, and more specifically on the requests for aid received from private organizations and individuals.

President

FINANCIAL IMPLICATIONS

Under the provisions currently in force, the draft amendment will affect the budget as follows:

Expenditure

Title 9 — Chapter 98

Article 980: Non-allocated provisional appropriations

Increase appropriations by 5 000 000 u.a.

Title 2 — Chapter 29

Article 290: Lump sum repayment of costs incurred in collecting own resources

Increase appropriations by 70 981 u.a.

Revenue

Title 1 — Own resources

Increase by 709 805 u.a.

Title 5 — Contributions

Increase by 4 361 175 u.a.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, on behalf of the Committee on Budgets I would like to recommend the adoption of this draft amendment. We have not been able to reintroduce the original amendment tabled by the Committee on Budgets since we would have exceeded our limits in the first maximum rate procedure, and we wanted to bring this matter to a close with this vote.

This matter has been of concern to Parliament for many years. We have reduced the 10 million to 5, Mr President, but if this draft amendment is adopted, we would ask the Commission to give us an accurate report on its intentions and an annual report on the use to which these funds have been put. This activity is designed above all to assist the poorest of the poor in the developing countries. The Committee on Budgets recommends that this draft amendment be adopted.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, the Commission has already stated its approval of the idea put forward by one of the parliamentary groups. It confirms that this would increase the funds now available to us for co-operation with non-government organizations. If the amendment is adopted the Commission

will of course report to the institutions, including Parliament, on the action it proposes to take.

President. — I call Mr Spénale to explain his voting intention.

Mr Spénale. — (F) Mr President, the Socialist Group will abstain in the vote on this amendment. I want to give some of the reasons for this, for I should not like people to suggest, as they have done outside this Chamber, that we are against the amendment. We are not opposed to anything that may help the third world, we are for it. I am grateful to Mr Aigner for having referred to me here as a man committed to development. He is quite right.

Although we are not against these contracts, we should like in the light of the Community's extremely difficult situation and the possible needs of our workers, to retain a reserve of 7 800 000 u.a. as a safeguard against economic decline. Since we cannot do both, we have to make a choice, and if we choose to do one thing it does not mean to say that we are against the other.

To say that the Socialist Group is against these contracts would be tantamount to saying that the other groups are against the idea that funds should be set aside to help workers. Don't forget that a short while ago we approved overwhelmingly—only one of our number differing—a token entry concerning guarantees to workers.

Spénale

If we want to have funds to use against this entry then they must be available.

I would put this question to the President-in-Office of the Council: if the Assembly says plainly that, having available another 7.8 million u.a., it intends not to use this sum at the moment so as to have it available during the 1975 financial year as a provision for difficulties likely to affect the labour market, will the Council agree to our using such money?

Having consulted the governments of certain Member States we have already obtained from them a guarantee that these sums will indeed be regarded as available for use in such an eventuality. But I should like the President-in-Office of the Council to give us his own reply. This reply will determine the way we vote. If it is the reply that we expect, I must ask you to excuse our inability to vote in favour of the amendment under discussion.

President. — I call Mr Deschamps.

Mr Deschamps. — (*F*) In the first place, Mr President, I am afraid that I must disagree with what Mr Spénale has just said. I do not question his personal position but I have to say that the proposed abstention will rule out the adoption of this amendment.

Secondly, I regret that in this connection people should wish to weigh aid for and cooperation with overseas countries against a policy in favour of European workers. I hope that it is not in these terms that the Socialist Group sees the problem. Both of these projects are sound and should be supported. For myself, I support something which, according to the Commission, could be immediately effective and necessary to developing countries, and the majority of this Assembly shares this view.

Thirdly, people who tell us that they want to keep open the possibility of helping European workers in a difficult economic situation should beware of exposing themselves to ridicule. A sum which represents scarcely one millionth of the total budget of the communities cannot be enough to make a mark on the economy and help community workers who might be in difficulties.

I regret that in order to camouflage opposition to an amendment which is in principle backed by a number of socialists, arguments should be put forward which ought not to be used in such circumstances and that opposition should be offered which we have never wanted and which, I hope, will gain no firm foothold among the Members of this Assembly.

(*Applause*)

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, I do not wish to speak as rapporteur now, but as one who moved a draft amendment in the first round of the budget procedure. I regret that my old friend Mr Spénale disagrees with me for once; this is not very often the case. I must say, Mr President, that the attitude of the Socialist Group does not seem to me quite logical since it was in favour of the first draft amendment, which proposed 10 million for the same purpose—10 million, it should be noted. But now that we have reduced the amount to 5 million, it says that is too much.

You now have to decide whether you want to approve 5 million for an activity for which this Parliament has been pressing for years. With this 5 million we will remain within our limits.

A last remark, Mr Spénale. The alternative you suggest of keeping 7.8 million in reserve is not a watertight argument for the following reason: if we get a supplementary budget, regardless of the amount concerned, a new maximum rate will have to be agreed between the Council and Parliament; in other words, if the Council and Parliament do not agree, there will not be a supplementary budget. So everything we want in the way of scope or reserves will come up for discussion in the conciliation procedure to set the maximum rate in the second stage. Consequently, whether you now set the reserve at 100m or 10m or 7m, it will always be for the Council and Parliament to decide during the conciliation procedure with respect to the new maximum rate what the limits are to be. You have not therefore indicated any alternative to this 5m, and your initial attitude is consequently incomprehensible: you have said yes to 10m, but no to 5m. I feel that this must be due to other reasons of which I am not aware, but I really have no other choice but to accept the opinion of a political group.

President. — I call Mr Poncelet to answer Mr Spénale's question.

Mr Poncelet. — (*F*) The President of the Council has followed with interest the various proposals that have been put forward, in particular the request of Mr Spénale who, if I have correctly understood him, would like the Council to give a formal commitment that the 7.8 million u.a. will be at the Assembly's disposal in the next financial year.

If your Assembly states plainly that it reserves the right to call on these funds, then I can give an assurance that the Council will place no

Poncelet

obstacle in its way. This matter is clearly one of political attitude and it is therefore right that legal instruments should be found to enable this political decision to be implemented.

(Loud applause)

President. — I call Mr Spénale.

Mr Spénale. — *(F)* Mr President, I regret the passionate remarks made by some speakers and the aspersions cast on my own motives and those of my group. I shall not, for my part, reply in kind and I say to Mr Deschamps that there is no camouflaged opposition on a matter of principle. Mr Deschamps, if the problem were put in a different form, in other words if the question were one of allocating this 7.8 million u.a. to a budget item under which workers would benefit, would I have the right, seeing that we do not have twice that amount, to tell you that you are against the workers? Certainly not, and I would not do it. I am sure that the Christian-Democratic Group, like the Socialist Group, is concerned for the needs of workers.

Mr Aigner, you reproached me for having said 'yes' to 10 million earlier on and for not saying 'yes' to 5 million on this occasion. The fact is that the circumstances are different, for earlier on we voted the sum outside the rate and without any restriction, so that our vote was all-embracing.

For your part, you cannot even invoke the quorum, since these millions were approved by 93 votes, whereas the 10 million for innovation contracts was voted without abstention. In mathematical terms, therefore, we have to say that the innovation contracts received greater support from this Assembly. But we withdrew them without even tabling an amendment to maintain these innovation contracts, which also involved 10 million u.a. and which received a higher majority from the Assembly. And so this accusation, too, is unwarranted.

In my opinion it is the reply given by the President-in-Office of the Council which is important. You know how fluid the situation is, and we have not said that we should legally have an absolute right to claim entitlement to the 7.8 million u.a., but that a gentleman's agreement could be reached between the institutions and that if we do not use the funds at our disposal we would ask the Council to assure us that they would remain available to us. This is what has been done. Under these circumstances there is nothing illogical about our position and each group must discharge its responsibilities as it sees them. I would ask my colleagues not to dramatize the situation.

President. — I put Amendment No 9 to the vote.

Amendment No 9 is not adopted because only 66 votes were cast in favour.

On Article 980, Parliament had first of all adopted Amendment No 28.

The Council has proposed a modification to this amendment.

No amendment having been tabled to the Council's proposed modification, the latter holds good.

On Article 980, Parliament had adopted Amendment No 57.

The Council has rejected this amendment.

No amendment having been tabled to the Council's proposed modification, the latter holds good.

On Chapter 98, Parliament had adopted Amendment No 24.

The Council has accepted this amendment.

Parliament had tabled no more amendments to Section III of the Budget.

I therefore note that Section III, as amended, has been finally established.

On Section IV of the Budget, concerning the Court of Justice, Parliament adopted no amendments at the November part-session.

I therefore note that Section IV of the Budget has been finally established.

We now come to the Revenue Section.

Parliament had adopted Amendment No 63 to Section III, Article 994.

The Council has rejected this amendment.

No amendment having been tabled to the Council's proposed modification, the latter holds good.

I therefore note that the Revenue Section, as modified by the various amendments adopted to the expenditure section of the Budget, has been finally established.

Ladies and gentlemen, we have now voted on the various sections of the draft general budget for 1975. Before proceeding to the final vote, as requested by Mr Spénale at the November part-session, on the Budget as a whole as modified by our amendments, and before giving the floor to those who wish to explain their voting intentions, may I solemnly note the importance of this moment.

President

We have not exceeded the maximum rate of increase of possible expenditure, and in a few moments, when it finally votes on the budget as a whole, the European Parliament itself will have the power finally to establish the budget of the European Communities for the financial year 1975.

This will be the first time in the history of the Communities and of our long battle to ensure that we as representatives of the people have budgetary powers—which are among the most important powers and major responsibilities of a genuine parliament—that we establish a budget.

An act will be published under the signature of the European Parliament in the Official Journal, not in the 'Information' series but in the 'Legislation' series—an act which we ourselves have adopted, after much discussion, much hard work and, if I may say so, with great wisdom.

This 1975 budget is thus an act of the European Parliament and will take effect on 1 January 1975.

Does anyone wish to explain his voting intentions before we proceed to vote on the budget as a whole?

I call Mr Pêtre to speak on behalf of the Christian-Democratic Group.

Mr Pêtre. — (*F*) Mr President, I shall be very brief since last Tuesday, at the end of the general debate, the Christian-Democratic Group had an opportunity to comment on the problems raised by the 1975 budget. Today I shall therefore merely say that, as our Assembly is now required to decide on the budget in its modified form, the members of the Christian-Democratic Group will vote for the budget of the European Communities for the 1975 financial year and the report and motion for a resolution submitted by the rapporteur of the Committee on Budgets.

In conclusion, our group would like to express to the Commission in the first place, and in particular Mr Cheysson, to the Council, and Mr Poncelet in particular, yourself, Mr President, the chairman of the Committee on Budgets and to all our colleagues, its satisfaction with the way in which our work has been accomplished and the results that have been achieved despite the divergences of view that emerged.

(*Applause*)

President. — I call Mr Maigaard.

Mr Maigaard. — (*DK*) Mr Behrendt's earlier remark leads me to give a short introduction to the voting.

I base my view of the budget on the fact that I do not consider the European Community in its present form to be an appropriate institution for international cooperation. Nor do I think, as do so many others in this House, that the Community is a successful or good instrument for progress.

Other parties in Europe that are of the same opinion have stayed away from the proceedings of this Parliament for that reason. We have not done so. We are participating in the proceedings, but we have not changed our position because of that.

What I tried above all to do at the last debate was to relate our point of view to the budget by voting for all savings and reductions and against all increases in the budget.

I have not had the pleasure of having our position understood in any way by the House. I have felt as Faroese members of the Danish Folketing do when they speak Faroese. None of us in the Folketing understand it. And the same has happened here.

But I have had the pleasure of having the position I adopted during the voting understood in Denmark. I was also the only Dane—and I still am—in this House who has published the results of his voting in Denmark. Others have lain low.

I would therefore like to tell Mr Behrendt that, according to the rules of procedure, I am not obliged to take part in the voting.

I was unfortunately unable to attend the Committee on Budgets' latest meetings or the debate on Tuesday as I would have liked because there are elections in Denmark, and I arrived in Luxembourg only this morning because the airport was closed. The journey took a long time and I have not been able to go into the technicalities of the proposed amendments. In conclusion, I, like the Communist and Allies Group, will vote against the budget for the reasons I have just given; I think I made my position quite clear during the last part-session in Strasbourg.

May I end this introduction to the voting by thanking my colleagues in the Committee on Budgets and its secretariat. I do not agree with them but I have found it intellectually stimulating to work with them.

President. — I call Mr Spénale to speak on behalf of the Socialist Group.

Mr Spénale. — (F) Mr President, we find ourselves in a situation of great economic and social difficulties in which we have to make hard choices, often between conflicting interests, in connection with the problems of unemployment and inflation. Inflation requires us to exercise considerable prudence, whereas in the face of unemployment we should wish to take courageous measures in our concern for our workers. We have encountered very great difficulties in a procedure which has not been used before.

We have had difficulties in connection with the classification of expenditure, the application of the maximum rate, and, just a short while ago, the question of keeping in reserve some of our budgetary resources for future eventualities. I must also say that this budget does not contain everything that we should have wished. Some of us may be unhappy, even profoundly so, with this or that aspect. But despite all these difficulties we may be reasonably satisfied with the results obtained and especially with the manner in which they were obtained and with the climate of frank and sincere cooperation which has prevailed throughout the procedure.

I am therefore glad to associate myself with the thanks and congratulations expressed last week.

I wish to pay tribute to our rapporteurs, Mr Gerlach, for the budget of Parliament and Mr Aigner for the general budget, both of whom rendered considerable services; Mr Cheysson for the Commission's contribution to our work and its extremely valuable advice and guidance; Mr Poncelet, without whose help we should unquestionably not have achieved what we have done. Our thanks are due to all of them.

We now await very attentively and impatiently the proposals to be made to us on the Regional Fund. Having said that, I feel we may now take great pleasure in the fact that, after this very long and sometimes extremely difficult journey, we have reached the end of the tunnel with a budget finally adopted and without the possibility of dispute, and with, I believe, increased and mutual respect between the Council, the Commission and ourselves, so that there must now be fresh hope of fruitful consultations on budgetary powers. As regards the legislative powers on which the Commission had promised to submit proposals in the autumn of 1974, I am delighted that the summit should have taken up this matter and told us that these powers, which are as important and perhaps even more important than budgetary powers, will now form the subject of proposals and studies.

We have thus, in a way, reached a historic moment. You yourself, Mr President, have stres-

sed its importance. I should like to say that the Socialist Group is, like yourself, convinced of this, and will vote in favour of the budget as a whole. It will do so without excessive enthusiasm, having regard to the funds made available by this budget, but we know that a number of supplementary budgets—even though we are opposed to them in principle—will provide some help during the financial year ahead. I must emphasize that we have had to reconcile ourselves to abandoning proposals to which we attached much importance, but we shall nevertheless take some pride in voting for what has been accomplished.

(Applause)

President. — I call Miss Flesch to speak on behalf of the Liberal and Allies Group.

Miss Flesch. — (F) Mr President, ladies and gentlemen, I should very briefly like to say that the adoption of the 1975 budget marks an important moment in the history of Parliament and the Community.

As has been pointed out, there are some disappointments. Certain difficulties remain, for example in the classification of expenditure, and I am thinking in particular of expenditure relating to UN international emergency measures. At the same time I think it important to note that we have considerable grounds for satisfaction and I should like to associate myself with the thanks that have been expressed to the Commission, in particular to Mr Cheysson, the Commissioner responsible, to the chairman of the Committee on Budgets, Mr Spénale, to the rapporteurs, Mr Gerlach and Mr Aigner, and Mr Poncelet, President-in-Office of the Council.

The Liberal and Allies Group will vote for the 1975 budget as a whole, conscious of the difficulties that remain but certain that this vote by Parliament will be an important occasion in the Community's history.

(Applause)

President. — I call Mr Yeats to speak on behalf of the Group of European Progressive Democrats.

Mr Yeats. — Mr President, on behalf of my group I should like to say very briefly that we too will support these budget proposals. We feel that this is an important and indeed, as has been said, a historic occasion. It is significant not merely for the development that it demonstrates in the power and status of our Parliament but also for the promise it holds for further institutional progress in the future.

Yeats

I would like to join in the thoroughly deserved thanks that have been given to our rapporteurs, Mr Gerlach and Mr Aigner, and I would like to join with Miss Flesch in thanking Mr Poncelet, President-in-Office of the Council, for coming here today and thus demonstrating the importance that the Council attaches to this historic occasion.

(Applause)

President. — I call Mr Kirk to speak on behalf of the European Conservative Group.

Mr Kirk. — Sir, both as chairman of the European Conservative Group and as a member of the Committee on Budgets, I would like to associate myself with what has been said, particularly with the tributes that have been paid to our chairman, Mr Spénale, without whom we could not have got through this procedure, to the rapporteurs, to the Commissioner and to the President-in-Office and if I may mention two other people who, I think Mr Spénale would agree, have probably done more than any other to see us through this maze, Mr Van Gronsveld from the Commission and Mr Schneider from the Council of Ministers, who have been with us throughout this long ordeal, have steered us through and have enabled us to get the ship safely into harbour. We are very grateful to them too.

(Applause)

President. — I call Mr Espersen.

Mr Espersen. — *(DK)* I am sorry that I must take the floor in this festive atmosphere to reply to Mr Maigaard's provocative remarks. He explained that elections are now being held in Denmark but it was quite unnecessary to devote his entire speech to the subject.

My party, the Social Democrats, does not feel that it is necessary to hold elections in Luxembourg too, but when it is alleged that only Mr Maigaard has been able to tell how he voted while others have acted more discreetly, I should merely like to point out that it is obviously not correct. I would also like to say that I have the same attitude towards the Community as Mr Maigaard, but my party has decided that so long as we are a member of the Community we will pursue and help to pursue the Community policy that we feel is in keeping with a Social Democratic and Socialist outlook, and that is why we voted as we did here.

(Applause)

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — *(D)* Mr President, the most remarkable thing about the conclusion of this budgetary procedure is surely the fact that for the first time a genuine conciliation procedure has taken place between the three institutions, and I feel that we should be very grateful for this. Despite the ambiguous nature of the budgetary procedure and in particular of Article 203 this conciliation prompts me to say—and I stress this—that further progress will certainly have to be made in this genuine political dialogue for the Community's sake, and this concerns the legislative procedure as well.

Mr President, we cannot of course help noticing with regret that the Council has taken very little account of the modifications proposed to compulsory expenditure. I say this because Parliament will not be to blame if there is an increase rather than a decrease in the criticism of the lack of transparency of the Community's financial operations due to a multitude of supplementary budgets—and as we have heard from Mr Cheysson, we will have several of these. Parliament is not therefore to blame for this. The concept we submitted to the Council was a different one.

I feel we may also be proud that with our willingness to compromise, above all on institutional questions and the regional policy, we paved the way for compromise at the Summit, since the Summit did in fact accept our compromise formula on essential items and thus reached what I believe I can call a positive decision.

Mr President, I have one request to address to the Council. We have now approved the budget and will adopt it finally. But approval of the budget does not yet mean that it has been implemented. This Parliament places very great emphasis not only on its right of approval, its budgetary right, but also, and above all, on budgetary control. This Parliament has repeatedly called for a fully operable instrument to be made available so that it can keep a check on the budget. We have called for the setting up of a European Court of Auditors, which the Council has also accepted in principle. We would ask the Council to take a decision very soon on the basis of its own deliberations, which tally with those of the presidents of the national audit offices, so that the European Parliament has an instrument not only to approve a budget but also to control its implementation.

Mr President, I would like to conclude by thanking in my capacity as rapporteur all those who have made it possible for us to adopt this budget on time, thanks to a general willingness to compromise; everyone, including your rapporteur, has had to lower his target. Many thanks, there-

Aigner

fore, to all who have made it possible for us to come to this early conclusion.

(*Applause*)

President. — I call Mr Fabbrini to speak on behalf of the Communist and Allies Group.

Mr Fabbrini. — (I) I just want to say very briefly that the reasons for our opposition to this budget were already explained in my speech last Tuesday.

I shall simply add that while my group has adopted a highly critical attitude on the drafting and discussion of the budget, in some respects it can now be recognized that critical positions such as ours—critical but constructive—have certainly made a positive contribution to the preparation of this budget. I do not wish to repeat the reasons now, Mr President; let me just say that if I spoke a few minutes longer earlier on that was because a certain misunderstanding arose at the meeting of the Committee on Budgets yesterday evening.

President. — I call Mr Covelli.

Mr Covelli. — (I) I shall be very brief, Mr President; first of all, I would join in thanking all those who have contributed to the drafting and finalization of the budget which will receive my favourable vote.

As you will have noted, Mr President, I have voted in favour of all the most important amendments and have not spoken on the subject of the Parliament's budget—so as not to introduce a note of conflict on this solemn occasion. But I wish to make one observation taking advantage of the solemnity to which you have referred, Mr President, now that Parliament is about to adopt the budget for the first time, thus asserting its rights and authority and freeing itself from that handicap I have criticized on other occasions with the support of representatives of all the groups. I turn then to the President, to the chairmen of all the groups and to all the members of the enlarged Bureau with an urgent request to enable certain members of this Parliament who have the same rights, obligations and duties as the others, to exercise their rights and discharge their duties under normal conditions.

Without wishing in the least to disturb the calm and solemnity of this occasion, I urge the President to ask the next meeting of the enlarged Bureau to consider—without in any way encroaching on the headings of the budget which will be approved with my vote too, but by making the necessary allowances—whether the non-

attached members could not be given the possibility of exercising their mandate without having to face difficulties which are sometimes insuperable. I assure you, Mr President, that in following the consideration of this budget the non-attached members have had to make greater efforts than others in this house. I thank in advance all those who give their support in solving this political and moral problem; a solution to it will give an even greater significance to the act we are accomplishing today.

President. — I now put to the vote the budget as a whole as we have amended it.

The 1975 budget is established by 101 votes.

Pursuant to paragraph 7 of Articles 203 of the EEC Treaty, 176 of the EAEC Treaty and 78 of the ECSC Treaty, I now declare that the procedure provided for in these articles has been completed and that the budget has been finally adopted.

(*Loud applause*)

We will now consider the motion for a resolution contained in Mr Aigner's report.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, I have nothing to add to what is stated in the motion for a resolution.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission of the European Communities. — (F) Mr President, the Commission has already had occasion to express the extent of its approval of the individual paragraphs of this motion for a resolution, and I do not propose to repeat those remarks.

However, I must call the Assembly's attention to paragraph 6 of this resolution. From the outset the Commission has voiced serious doubts on the classification of expenditure relating to urgent measures as non-compulsory. It believes, moreover, that this classification gives the Assembly no additional powers since you do not make use of it in assessing your margin of increase; the figure quoted by Mr Spénale a short while ago did not take account of this classification.

Mr President, the Commission must call the attention of every Member present to the considerable additional difficulty arising from the classification of emergency expenditure as non-compulsory, since the supplementary budget which will be necessary for the second instalment of these measures—which has the backing of the entire Assembly—would necessitate the application of the clauses relating to the fixing

Cheysson

of a new rate, which would mean that this Assembly would have to muster a very high majority, which it cannot be certain of finding.

I feel that in adopting such a classification the Assembly would in no way add to its powers—you have acknowledged this—whilst at the same time you would put the second instalment at grave risk.

Yesterday I was in Brussels for the signature with the 17 beneficiary countries of the clauses relating to the first instalment. They asked me to thank Parliament for its admirable action in this matter. I wish you could have heard the Indian Ambassador speak. He said that what Parliament had recommended and what had been decided was the first chink of light for his country after 18 months of despair, into which it had been plunged by the explosion in prices.

I urge you not to create difficulties which might destroy our freedom of action as regards the second instalment for reasons that I do not understand and that do nothing to augment the powers of this Assembly. I ask the Assembly to think very carefully before adopting paragraph 6.

President. — Thank you, Mr Cheysson.

I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, on behalf of the Committee on Budgets I must say that we discussed in detail what Mr Cheysson has described as doubts from his point of view, and the committee was, as far as I remember, unanimous in feeling that this was a major question as regards the interpretation of our legal positions, and we therefore should accept paragraph 6.

Mr Cheysson, I should, however, tell you that, as far as we can see, there is not one political group in this House which would not advocate a political commitment in the action that has been introduced and for which we have approved the first instalment. Nor, Mr Cheysson, is what is known here as classification the same as an imperative political character. Classification is a by no means satisfactory solution for making a distinction between the Council's and Parliament's room for manoeuvre. We cannot abandon our legal position in this, Mr Cheysson, and I would therefore ask the House to adopt this paragraph 6 even though we appreciate Mr Cheysson's concern.

President. — I call Mr Deschamps.

Mr Deschamps. — (F) Mr President, having heard Mr Cheysson and Mr Aigner, I request

that we should vote separately on paragraph 6 of the resolution.

Earlier on Mr Spénale referred to my passionate remarks.

It is true, I am a passionate believer in justice and in a case such as this I cannot equate legitimate legal considerations and the risk of leaving unaccomplished measures essential to millions of men and women who are dying of hunger and who are waiting for this help. I cannot allow such a risk to arise through problems of a legal nature, however respectable they may be. I therefore ask that we vote separately on paragraph 6, as we are allowed to do by the Rules of Procedure.

President. — I call Mr Gerlach.

Mr Gerlach. — (D) Mr President, I have already pointed out in committee and, I believe, during the sitting on Tuesday that we should reconsider this point, particularly because Mr Cheysson has urged us to try and adopt another position.

At the very brief meeting of the Committee on Budgets convened at very short notice yesterday I omitted to speak in favour of Mr Cheysson's view.

I feel I can say that despite all the positive remarks I have heard from Mr Aigner and other Members, I retain the view that we should meet Mr Cheysson's request and agree to classification as compulsory expenditure.

President. — I call Mr Spénale.

Mr Spénale. — (F) It is quite logical, Mr President, that we should accept as legitimate the request by Mr Deschamps for a separate vote on paragraph 6, so as to allow us to take account of the Commission's point of view.

At the same time I should like to say to Mr Deschamps that when I spoke of taking the passion out of our debate, I had a different concept of passion from his own. I do not mean that we should be less passionate about the things to which we are committed. I do think, however, that we should be less passionate among ourselves.

These are two different things.

As to the substance of the matter, I do not personally think that there is any danger in retaining paragraph 6. If we do not retain it, the question will be settled and the measures will be classified as compulsory expenditure. Neither the Legal Affairs Committee, nor the Committee on Budgets, nor the Committee on Development

Spénale

and Cooperation have ever had occasion to broach this problem. The only way of preserving our negotiating power in our relations with the other institutions is to adopt paragraph 6. We have never wanted to defend a rigid position. Throughout the budgetary procedure we have certainly put forward our standpoint. However, the final classification will not be made as a result of a decision by Parliament or the Council, but through consultation between the two. If we delete paragraph 6 there will be no consultation because by doing so we should ourselves be opting for the classification of the measures in question as compulsory. I think it better to retain this possibility of consultation which will in absolutely no way prejudice the ultimate decision. I think, moreover, that whatever happens Parliament will discharge its responsibility in the matter of emergency aid when the time comes.

Speaking personally, as did my colleague Mr Gerlach, I regret having to disagree with him in recommending the adoption of paragraph 6.

President. — We shall now vote on the motion for a resolution contained in Mr Aigner's report.

I have no amendments tabled.

Mr Deschamps has proposed a separate vote on paragraph 6 of the resolution.

I put this proposal to the vote.

Are there any objections?

That is agreed.

I put the preamble and paragraphs 1 to 5 to the vote.

The preamble and paragraphs 1 to 5 are adopted.

I put paragraph 6 to the vote separately.

Paragraph 6 is adopted.

I put paragraphs 7 to 13, together with Section III, consisting of a preamble and two paragraphs, to the vote.

Paragraphs 7 to 13, together with Section III, are adopted.

I put the resolution as a whole to the vote.

The resolution is adopted.¹

I call Mr Poncelet.

Mr Poncelet, President-in-Office of the Council of the European Communities. — (F) Mr President, ladies and gentlemen, now that, for the

first time in this House, we have heard the formal announcement of the adoption of the general budget of the Communities, I should like to stress the significance of this moment both for us who have been humble but powerful actors in today's drama and for the future of the European ideal. I confess that it gives me genuine satisfaction to see our work successfully concluded and I am moved and proud. I sincerely hope you share my feelings and the statements I have just heard assure me that you do and that we are in agreement.

It was our task to open the new paths outlined in a treaty signed here in Luxembourg itself. Miss Flesch, the Mayor of this City, can feel justly gratified.

Nobody had suggested that this Luxembourg Treaty was completely satisfactory from the beginning; as you know, it is to be improved. However, the first essential was to implement it, that is, to agree on how it should be interpreted and then apply it in respect of each detail of our budget. This is what we have just done, all of us together, in a remarkable demonstration of mutual goodwill on the part of the different Institutions. I am most anxious to stress this almost total unanimity and collaboration.

I should like, therefore, on behalf of the Council, to express my very sincere thanks to all those who have contributed to this success. First, to the Commission and its departments and particularly Mr Cheysson who, after preparing the preliminary draft budget most efficiently, has participated with unbiased and concentrated attention in our subsequent work. Finally, why not, to the Council itself; why should I leave it out when, in my view, it has done an excellent job and shown, what some have been pleased to call an unprecedented open-mindedness. I should also like to express my gratitude to those who have collaborated with the Council. They have prepared the documents which were sent to you with great care and taken pains to see the correct procedure was followed, while agreeing to make it as flexible as necessary. We must admit that their task is not an easy one, for they do not always work under the best conditions. At a time when—in connection with the fund which we hope to set up for the improvement of conditions of work—Europe is considering the optimal conditions it can offer workers, we ought perhaps to be ensuring as a priority that our own collaborators benefit from our deliberations.

(Applause)

Finally and above all I thank your Parliament, which throughout this procedure has shown a spirit of understanding and collaboration which has deeply impressed me and all the other

¹ OJ No C 5 of 8. 1. 1975.

Poncelet

members of the Council. My thanks, especially, to the Committee on Budgets and its chairman, Mr Spénale, who has always been willing to listen and discuss. Mr Spénale hoped to achieve what we have indeed just achieved and he has played a big part in this. Finally, I thank the general rapporteur, Mr Aigner, who was at pains whenever possible to find the best compromise—in the best sense of the word—on each of the questions under discussion. Mr Aigner, though a keen defender of Parliament's rights, has been most anxious that agreement should be reached between the Council and yourselves, however difficult. I have to thank Mr Gerlach, too, who has also contributed, quietly but no less efficiently, to our efforts to finalize this budget in the most satisfactory way possible.

I also wish to thank the parliamentary delegation with whom it has been my pleasure to have a number of fruitful discussions which have made it possible to progress more quickly than I had dared hope at the outset.

I also wish to thank the parliamentary committees who did the groundwork for the amendments which you have just adopted, all well defended and justified. The Council very often shared your views and approved many of your amendments itself. I also thank the parliamentary political groups whose collaboration, co-operation and great discipline, strengthened by a keen desire to achieve the European ideal, made possible their significant or, shall we say, magnificent and massive votes of 14 November and 12 December.

Let me also thank individually all the Members of your Parliament who have shown considerable interest in our budget, have made comments and suggestions and, despite weather conditions which have not always made it easy to get here, made sure that you had the large majorities required by our Treaty.

Finally, I thank our President whose authority and great courtesy have made it possible for our work to progress smoothly despite all the complexity of the debates. Thus we have been able to achieve this massive vote on our budget today in very good time; I must say the President has achieved a *tour de force* in acting with such dispatch. So much for today's actors.

But I should like to finish by speaking to you of the significance for me of this moment. First of all I should like to stress one point since it lies at the heart of the Treaty which we are applying today. I mean the financing of our Community from own resources. This is the first time that this system is being wholly applied and that itself is important. We should

not forget that these own resources represent the key pillar of the new Europe. The Heads of State or Government in Paris have, indeed, just unanimously confirmed this. This seems to me an essential point. Furthermore, I would say that now, after a meeting which has strengthened the Community confronted as it is by worldwide economic upheaval and on the eve of new and substantial progress which it is our duty to achieve, our use of the new procedure amid general acclaim or satisfaction, culminating in the adoption of the new budget for our Community, has made this a historic moment.

Mr President, ladies and gentlemen, this date, 12 December 1974, history may forget it, but I am quite sure Europe will not. Europe has just taken a new step forward. Let us all act together without reservation and with the maximum determination to ensure that this European momentum is maintained and strengthened. All our peoples as you know are waiting impatiently for us to achieve a strong and fraternal Community which, despite all that may divide us, will be capable of uniting to work for the improvement of man's and woman's lot on earth. Let us all share together in this great fight, the only one that matters as one famous speaker has said, the fight for Man and the improvement of the human condition.

(Applause)

President. — Thank you, Mr Poncelet.

Ladies and gentlemen, this is a historic moment in the development of our Parliament.

We have just adopted our first legislative act. For my part I would like to add a few words of thanks to those spoken by others. I am sure that I can speak for you all.

First I would like to thank and congratulate Mr Aigner, the tireless rapporteur, and the chairman and members of the Committee on Budgets, as well as the rapporteurs of the committees asked for their opinion who have contributed so much to the success of this great enterprise.

I would also express my deep gratitude to the chairmen of the groups and to all the Members of the European Parliament for the remarkable and responsible manner in which they have exercised their new powers for the first time and simplified the task of the President.

Finally I would like to express my particular gratitude and respect to the Council and Commission for their cooperation. This applies especially to Mr Poncelet and Mr Cheysson.

(Applause)

This item is closed.

4. *Communication from the Commission
on multinational undertakings
and Community regulations*

IN THE CHAIR: MR COUSTE

Vice-President

President. — The next item is a debate on the report drawn up by Mr Leenhardt on behalf of the Committee on Economic and Monetary Affairs on the Communication from the Commission on multinational undertakings and Community regulations (Doc. 292/74).

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

Mr Leenhardt. rapporteur. — (*F*) Mr President, honourable colleagues, the motion for a resolution which I have the honour of presenting to you has been the subject of many difficult discussions in the Committee on Economic and Monetary Affairs and has undergone numerous modifications before there was a majority in favour of adopting it. It was indeed virtually unanimously adopted, but there were some abstentions.

Page 3 of my report speaks also of unanimous adoption with regard to the explanatory statement, but I must correct a mistake here: this explanatory statement was not discussed in committee.

Why has this been a difficult subject? Some of our colleagues thought the Commission was questioning the integrity of all multinational undertakings. Its representatives denied this, stressing the differences in the way undertakings behave. Some play ball, others don't.

It is not the Commission's intention to hinder the development of a phenomenon which offers clear economic advantages, particularly in the matter of productivity, technological progress and management techniques; but it wished to protect the Community against harmful effects by providing a suitable legal framework. Others in the committee wondered whether there was sufficient information available on the activities of multinational undertakings all over the world.

It is easy to reply that there is, for very thorough studies have been made in recent years by a large number of expert bodies and the United Nations, OECD, ILO, NATO and the American Congress. Admittedly, there still remains a lot to be done, but it cannot be called virgin soil.

Finally, it was asked whether the European Community could propose effective action when the problems raised by the multinationals are

of international dimensions. In reply it should be pointed out that, in contrast to such international bodies as I have just mentioned which have no juridical or operational machinery, the Community is a political organization with a system of laws and with the means for adopting, implementing and enforcing them. It would, therefore, be failing in its task if, instead of using these means, it used, instead, other less satisfactory forms of control appropriate to other international organizations.

This is why the resolution we are proposing provides for measures to be introduced into Community law to prevent behaviour that conflicts with the objectives of the Treaty. These rules can be used subsequently in wider international negotiations, so extending their application. It is essential to realize that, given the extraordinary growth of multinational undertakings in recent years, the choice is not between introducing laws or not, but between introducing laws or allowing abuses to flourish which must end in tension and conflict with the Member States, trade unions and even between the Member States.

The point of departure for the Commission's proposals seems to have been the Danish Government's communication to the Paris Summit Conference of October 1972. This Summit called for an industrial policy action programme to be drawn up by 1 January 1974. The Danish Government thought that the programme should comprise positive measures to ensure that the activities of the multinational undertakings were compatible with the economic and social aims of the Member States. The Danish memorandum on multinational undertakings referred to the main problems raised by the activities of these undertakings which needed to be solved at Community level. The Commission's communication is based on the same ideas.

It has sought how to set up a network of coherent measures 'ensuring for undertakings the degree of autonomy essential for the pursuit of their economic and social objectives, but sufficiently finely wrought to prohibit operations considered undesirable by the Community.'

In taxation the Commission is concerned about the development of international assistance and cooperation with regard to the provision of information, supervision and recovery of tax—how to deal with tax evasion, in fact.

'Tax evasion' is the standard phrase in all the international studies, but it was not used in our motion for a resolution, because in some countries 'evasion' conjures up the idea of an offence against the law. A number of colleagues have pointed out that what we are dealing with here

Leenhardt

is not fraud, but the use of disparities existing between tax systems. Our resolution refers to 'fiscal planning' by undertakings to save taxes. One could also speak of arbitration. Anyway, there is no doubt that the interests of the host countries, which may be being deprived of tax payable in the country where the taxable objects are produced, must be protected.

The prices charged in a group's inter-company transactions, and fees for industrial property or management, can be used as a means of moving profits to countries with favourable tax systems.

Another problem is that of monetary upheavals caused by the transnational operations of these undertakings. They themselves, of course, reject the charge of speculation, claiming that they only try to avoid exchange losses by precautionary actions. But because their liquid assets are so huge—about twice total world reserves—disruptive capital flows aggravate monetary tensions and speculative movements.

The Commission is also concerned to control merger operations and maintain surveillance of oligopolistic situations. Multinational undertakings can easily be tempted to abuse dominant positions. The European Parliament is equally concerned about these aspects and has shown the very great importance it attaches to adherence to the Treaty's rules on competition by adopting recently the remarkable report by our colleague, Mr Artzinger, on the control of concentrations between undertakings.

With regard to take-overs, whether by mutual consent or not, the Commission proposes the preparation and adoption of Community rules on public take-over bids. These rules will give better protection to the small and medium-sized undertakings.

The Commission also makes important proposals for the protection of workers to give them adequate guarantees in respect of security of employment. It asks the Council to act on the proposals concerning mass dismissals and the protection of workers' rights in the event of mergers or rationalization. It wishes to encourage the creation of Community-wide joint committees for the different sectors and the development of European collective agreements.

The Commission wishes to encourage the setting up of a trade union counterweight, which it considers essential for a balanced solution to the problem of employment. We discussed this suggestion at length. Some of our colleagues were afraid that it meant giving the trade unions the role which normally accrues to the public authorities in a democracy.

However, the nature of this trade union counterweight is made clear in our motion for a resolu-

tion. The Commission's remarks should not be misunderstood. It uses the phrase 'trade union counterweight' to convey the imbalance in the present situation and the need to give due consideration to the workers' point of view in the decision-making processes in undertakings, both multinationals and others. It has already stressed this idea in all its proposals to the Council concerning company law and social legislation.

With regard to conditions of establishment of multinational undertakings in developing countries, the Commission proposes measures to ensure that investments by multinational undertakings of Community origin are closely compatible with the economic and social objectives of the host countries. On this matter we have included in our motion for a resolution the main points expressed in the opinion of the Committee on Development and Cooperation. How important it is can be seen from the fact that, according to a document on multinational undertakings and world development edited by the United Nations Department of Economic and Social Affairs, in many developing countries the multinational undertaking acts as foreign agent for the purpose of extending imperialist domination, so that their national sovereignty is threatened. Finally, we share the Commission's view that one of the main aims must be better provision of information regarding multinational undertakings. It recommends that a very detailed annual report should be issued and widely distributed.

In our motion for a resolution we recommend that rules should be laid down governing the content of annual company accounts for the sake of greater homogeneity and that all undertakings above a given size should be obliged to publish their annual accounts, as required by the amended proposal for the 4th Directive on annual company accounts.

These measures should help to achieve the necessary degree of clarity and comparability. Before concluding this brief account of our work, however, I must stress that we have had to wait too long for these measures for the control and supervision of multinational undertakings.

This has meant that, in the meantime, a great many national undertakings have disappeared, severely handicapped by the fact that they paid more tax and had less capital available than the multinationals and lacked the necessary reserves to compete in the price war. They have fought a very unequal battle.

The Commission must be congratulated on presenting us with a set of proposals which, when implemented, should help to solve most of the problems involved.

Leenhardt

Annex I of the Commission's communication contains the draft resolution proposed to the Council.

This comprises two parts: in one, the Commission requests a mandate to submit a whole series of new proposals; in the other, it asks the Council to confirm its intention to act within the time-limits—which have already been passed—laid down in the programmes concerning a number of major proposals already submitted to the Council.

Now, as we consider our motion for a resolution, the European Parliament should know that the Council has been asked, in some cases a long time ago, to act on the following: a directive on the common tax system applicable to parent companies and subsidiaries of different Member States; a directive on the common tax system applicable to mergers and transfers of assets between undertakings of different Member States; the Commission report on the tax system of holding companies; a directive on mass dismissals; a directive on the protection of workers' existing rights in the event of international mergers; a directive on the harmonization of legislation of national laws relating to mergers; a directive on the European Company; a directive on the management structure of undertakings with regard, for example, to worker participation; regulations concerning the obligation to give prior notice of merger operations; a regulation establishing a Community guarantee system for private investments in third countries.

This list of projects of major importance is, surely, both impressive and distressing. I think the Commission and the Parliament cannot help but feel humiliated.

The Council has failed in its duty. There is a danger that the governments of the Member States may be too vulnerable to pressure from powerful interests. The European Parliament must not stand by while measures proposed by the Commission and endorsed by us are left in abeyance, measures which were proposed even before the Commission submitted its communication on multinational undertakings and which comply with the objectives laid down in the Treaty of Rome itself.

We must denounce this omission and give the Commission the mandate asked for by approving by the largest possible majority this motion for a resolution, which, modest as it is, nevertheless clearly commits Europe to the right action.

(Applause)

President. — I call Lord Reay, draftsman of the opinion for the Committee on Development and Cooperation.

Lord Reay, draftsman. — Mr President, apart from having the privilege of delivering to Parliament the opinion of the Committee on Development and Cooperation on this subject, I also had the opportunity, as a member of the Committee on Economic and Monetary Affairs, to take part in the many hours of debate, to which Mr Leenhardt has just referred, that we devoted in that committee to the composition and the perfection of the motion for a resolution before us today I hope, therefore, that the members of the Committee on Development and Cooperation will not consider it an abuse of my position if, apart from supporting their interest in this matter, I enter more widely into the discussion of the subject at issue.

The problem of defining a multinational company, which exercises some people, is less important to my mind than the question of defining the economic or political problems to which you wish an answer and in which multinationals appear to play some role or other. I would like to pick out some problems—and by problems I mean some sources of conflict between industry and government—which are inherent to the structure of a company with multinational production facilities. Take the question of transfer prices. One third of British exports now consists of transactions within multinationals—components and so forth. This means that, in the case of these exports, the choice of price is exclusively a matter for the company, which is both seller and buyer. Now, many different factors will affect the choice of price. No doubt the British Government does its best to ensure that the price resembles as closely as possible what it would have been in conditions of free trade. But no government can force such a company to pass on in its prices the consequences of exchange rate variations.

It is well known that multinationals share out world and regional markets between their subsidiaries and that they will certainly not set their subsidiaries to compete against each other. At the very least, therefore, in the case of this great area of foreign trade—and the United Kingdom is by no means a solitary example—the classical assumptions about the consequences of exchange rate policy have been rendered dubious, if not obsolete.

It was pointed out, in a very clever note prepared by the Secretariat of this Parliament for the delegation that went to Washington in September, that for national governments attempting to control transfer prices for services charged within a multinational—payment, for example, for the use of technical knowledge, equipment, administrative services and so forth—this problem can be even more acute. As that document says, 'to start with, it is very difficult

Lord Reay

to find out whether the service concerned has, in fact, been performed'.

Next, I should like to take the question of taxes. This, of course, will be one of the principal factors affecting the fixing of a transfer price. Profits will be accrued by preference by means of transfer prices for services and imports, including imports for re-export, in countries where lower rates of tax apply. Of course, the possibilities will always be limited by considerations of plausibility in pricing and many other factors. Nor am I criticizing this practice; I am simply saying that it happens, and that it has to happen. It is inherent in the lack of a structural correspondence between the private and the public sector in the international field. The solution has to be in greater international cooperation in the industrialized world in the area of fiscal policy. The larger the group which coordinates its policies in this field, the better: if it cannot be done within OECD, then it should be done between the EEC and the United States. If that takes too long, then it should be done within the EEC. Member States will have to overcome temptations to which they have long succumbed. Mr Christopher Tugendhat, a Conservative Member of the British Parliament, quotes in his book on multinationals this remark from an official of the British Inland Revenue: 'When a company is engaged in a practice which lessens its tax liability here while increasing it somewhere else, albeit at a lower rate, it is expecting too much to suppose that the foreign revenue authority will draw the matter to our attention.' To deal with the problem of a group of nations, whether the OECD or the EEC or whichever, arriving at a substantial coordination of fiscal policies and then simply, as a consequence, pushing multinational companies into having holding companies elsewhere, for example in so-called tax havens, and this opportunity will always exist, the group of nations could penalize those companies which it considered to be abusing their fiscal possibilities, for example by restricting their future investment possibilities.

Mr President, I should like to say that I strongly agree with the Commission's proposals, which Mr Leenhardt also supports, that a great deal more information about multinationals should be required to be published by the companies concerned, and I think that the proposal that there should be an annual report giving specified information about activities of the group as a whole, broken down by country of establishment, is a good one. It has been said, 'If you believe their figures (referring to multinationals), they earn so little that they could not afford to have the annual report printed'. I am convinced from my experience that the notorious and

rather vindictive action taken in my country against a certain famous Swiss pharmaceutical company was provoked by the obstinate secrecy that that company maintained about certain of its affairs.

Mr President, I think it is true to say that the goal of the multinational company is, at least typically, the maximization of cash flow for the purpose of maximizing investment, for the purpose of remaining in the race with its competitors. Multinationals often give the impression of being great expanding empires, constantly seeking to increase their resources, competing but sometimes forming alliances, absorbing on the way smaller entities, with the balance of power within a sector changing as the quality of leadership varies or as one company or another gains, like an army, a temporary or a decisive advantage by the prior possession of a superior technology. But, with exceptions, one method of competition they rarely use is competition by price. Mr Härzschel, in his opinion for the Committee on Social Affairs and Employment, states quite categorically: 'It should be noted that in capital-intensive industry pricing policy is primarily a function of rising investment requirements, not of wage costs, and that the answer to the problem of inflation must therefore be sought by way of control of multinational financing methods.' Mr Härzschel is right to attribute this characteristic to pricing, as a function not of wage costs or wage demands, but of the need to invest, and also to attribute it not to multinationals as such but to that part of industry which happens to include the multinationals, which is capital-intensive and seeking to become ever more capital-intensive.

This insatiable demand for investment tends to contribute to inflation. It may even be the principal contribution towards inflation in our time, and I think in two ways. Firstly, because in combination with the tacit agreement that competition will not be waged by price, the companies' need to maximize cash flow in order to invest has resulted in an upward, not a downward pressure on prices. Secondly, because this investment involves rising demand for raw materials which become more expensive both because their increasing scarcity involves greater expense in mining more marginal deposits and because rising demand has made the industrialized world...

President. — Lord Reay, would you please conclude.

Lord Reay. — I shall do my best to conclude as briefly as possible, Mr President. I had wished to make further remarks about the contribution that I considered the sector in which multina-

Lord Reay

tional companies operate was making to inflation, and what needs to be done to counteract this. This is a subject that perhaps could be pursued at another time.

I will conclude by making one remark concerning the operation of multinational companies as far as the developing countries themselves are concerned. I think the most critical question in this respect is whether multinational companies can adapt their technologies to suit and to benefit the quite different resources that exist in the developing world. It seems to me quite inconceivable that the same factor ratio of capital to labour can be slowly built up for the vast populations in the developing world as now pertains in the industrialized world, and I think that the popularity or otherwise of the multinational companies in the developing world will depend more than anything else on their capacity to respond to the need of those countries for a different technology from that used within the industrialized world. I hope, Mr President, that we shall be able to discuss these points in greater detail on another occasion.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli, member of the Commission of the European Communities. — (I) Mr President, before this House expresses its opinion on the communication submitted by the Commission, allow me to recall briefly the reasons and attitudes underlying this document.

More than two years have now passed since an awareness of the importance of the problems raised by the development of multinational companies led the Commission to instruct its services to study the extent to which the multinationals require a response from the Community as such and to determine the form such a response might take.

At the end of its studies, the Commission adopted the document which was submitted on 7 November 1973, that is more than a year ago. In the meantime the Danish Government also came to share the Commission's anxieties and forwarded a memorandum on the subject to the Commission and Council in July 1973. I would stress that despite the long time which has elapsed since our work in this area began and despite a succession of political and economic events of unusual gravity, the argument has lost none of its immediacy—quite the contrary! The difficulties experienced in the energy and raw materials sectors have thrown even clearer light on the problem of relations between the major multinationals on the one hand and states and individuals on the other. The Commission con-

siders that the problems involved are permanent and require permanent solutions.

The aim pursued by the Commission is to prevent possible harmful consequences of the activities of multinationals due to the absence of appropriate political and trade union counterbalances. It accepts, however, that the development of these companies has positive economic and social aspects which must be maintained.

The Commission does not believe that the establishment of a code of good conduct is an effective solution. Respect of the rules in some areas such as taxation, competition or monetary speculation, cannot depend on the mere voluntary respect by the companies of a code which comprises no sanctions. There seems to be some ambiguity in this respect and in certain quarters a clear difference is not being made between a code of good conduct whose application is ultimately a matter for the multinationals themselves, and the institutional system of the Community which offers means of concrete action to correct the present disequilibrium between the measures available to public authorities, limited by definition to national frontiers, and the means of action open to the multinationals.

In view of the multiplicity of the problems which arise here, the solution does not consist and cannot consist, as has already been pointed out, in the adoption of a few spectacular but isolated measures. The solution must involve setting up a network of coherent measures providing an appropriate legal framework for the activities of the multinationals. The Commission believes that this legal framework could be provided through regulations and cooperation between administrations at Community level.

It is true that the geographical area covered in this way may still seem too small despite the possibility of extra-territorial application, especially in the matter of competition. The Commission therefore realizes that the action it recommends will only prove fully effective to the extent that similar rules are applied at world level. The Community must therefore work towards a widening of these rules in a form which may perhaps be less stringent but will nevertheless still be binding, at the level of the OECD and United Nations.

The Commission wants in particular to avoid certain possible abuses, which may be committed by the multinationals; its proposal therefore seeks to impose a uniform treatment, without discrimination, on individuals and undertakings, be they of national, Community or non-Community origin.

I shall not repeat now the list of matters which the Commission proposes to cover in setting up

Spinelli

its network of measures; Mr Leenhardt has already reminded you of what is involved. In connection with Mr Leenhardt's report I shall simply express my pleasure in finding that it fully supports the line of action proposed by the Commission to the Council in its communication. I have noted with satisfaction the energy and clarity with which the problem of worker participation is stressed, and also the problem of protecting workers from the effects of decisions which may be taken in particular outside the Community. It should, however, be noted that discussions on this matter in the Council in the framework of the social programme are proceeding very slowly.

The rapporteur, Mr Leenhardt, has also been rather critical of the Council, not only for its failure to act on the communication but also for its lack of enthusiasm in making progress with work on measures already forwarded by the Commission.

As Mr Leenhardt has reminded you there are nine directives and a substantial report awaiting consideration by the Council.

Those of us in this Assembly and in the Commission who believe that arrangements were really made at the recent summit to enable the institutions to work more efficiently, can only hope that these regulations will now soon be adopted.

Finally I wish to stress one aspect which has not been dealt with by the rapporteur, namely the subject of our relations with the United States and Japan in this area. These two economic entities which are the home of a great many of the most important multinationals, are confronted, in international organizations such as UNO and OECD which deal with multinational companies, with the Community countries which to put it mildly, are not organized or consistent in their approach. The Community's delay in adopting a common strategy will certainly be exploited by the other industrialized countries to consolidate their positions and impose their points of view on the international Community.

Mr President, for the time being I shall confine myself to these considerations and thank the rapporteur once again for recommending the Assembly to support our proposals.

(Applause)

President. — I call Mr Härzschel, draftsman of the opinion for the Committee on Social Affairs and Employment.

Mr Härzschel, draftsman. — *(D)* Mr President, honourable Members, I should again like to

explain briefly the opinion of the Committee on Social Affairs and Employment.

This committee's primary task was to look into the effects on workers and consumers. Although we also discussed the overall economic problems presented by the multinationals, we limited ourselves in our opinion to the areas I have just mentioned. During the discussion it became clear that we should deal with this subject very objectively, especially as the public has in some cases come out with emotional remarks which bear no relation to the facts.

The committee of course acknowledged that the activities of multinational undertakings have their positive side, for example in developing new technologies. There are multinational undertakings which offer exemplary social benefits and exemplary vocational training for their workers. This should of course be acknowledged.

We did, however, agree that the proposals made by the Commission, which also points to the negative side in its report, contain too little in the way of practical impulses and openings for action. More thought must surely be given to what else can be done. As the multinationals have in the last few years become larger and larger as a result of mergers of companies, the Committee on Social Affairs and Employment sees it as its task to ensure that priority is given to the protection of the worker. We will of course be discussing this this afternoon, and the committee is grateful to the Commission for having acted so quickly in this case.

As regards price policy, it is obvious that some multinational undertakings, particularly the oil companies, do not pursue a very transparent policy. The impression, for example, arose that although a more or less acceptable price policy was being pursued in the Community, the profits were accruing somewhere else completely, and the balance sheets of the parent companies were consequently showing considerable additional profits. Steps simply must be taken to ensure greater transparency. The same applies to a number of pharmaceutical companies, to which Lord Reay referred just now.

We are aware that the increase in size of undertakings should be accompanied by additional workers' rights to a say in their management, and the Committee has therefore once again appealed to the Council to adopt as quickly as possible the statute for a European company and the worker participation rights it provides.

In conclusion, I should like to make a brief remark on the information policy. If concern about the commercial policy of multinational

Härzschel

undertakings is to be eliminated, these undertakings must become more willing to publish information and their balance sheets must become more comprehensible to the public. Only then will it be possible to make an objective appraisal of investments and pricing.

The Committee on Social Affairs and Employment approves the measures proposed by the Commission and is also in favour of its report. *(Applause)*

President. — The proceedings will now be suspended until 3 p.m.

The House will rise.

(The sitting was suspended at 1 p.m. and resumed at 3 p.m.)

IN THE CHAIR: MR BEHRENDT*Vice-President*

President. — The next item is resumption of the debate on the report drawn up by Mr Leenhardt on behalf of the Committee on Economic and Monetary Affairs on the Communication from the Commission to the Council on multinational undertakings and Community regulations (Doc. 292/74).

I call Mr Notenboom to speak on behalf of the Christian-Democratic Group.

Mr Notenboom. — *(NL)* Mr President, the complex question of assessing the activities of multinational companies from the angle of their public interest, has in recent years rightly become the subject of study and discussion, but unfortunately also a source of prejudice and easy generalizations. The rapporteur has just drawn attention to this fact. I shall now confine myself to discussing, on behalf of my group, a number of selected points and we shall certainly have many opportunities later on to return to this important topic, either to discuss the general issues or to consider specific aspects.

Our group supports the motion for a resolution drawn up by Mr Leenhardt on behalf of the Committee on Economic and Monetary Affairs, although we feel that some paragraphs could have been better worded. However, we view this resolution as a compromise achieved with a great deal of difficulty at a large number of meetings at which the Commission did not facilitate matters for Mr Leenhardt. I am grateful to him for his work and certainly also for the patience he has shown. As in many collegial bodies, and in this the European Commission represented today by Mr Spinelli is

probably no exception, there are differing concepts and above all different feelings on this subject in the Committee on Economic and Monetary Affairs.

One of the reasons for our concern at the activities of the multinational companies is the lack of clarity in the multinational phenomenon. Paragraphs 15 and 16 of Mr Leenhardt's resolution, expressing the need to acquire more knowledge and insight as well as information, reflect in our view one of the most important requirements. The same conclusion has been reached in the United Nations where the question of the multinationals has been and is being examined with particular reference to the developing countries.

I must also stress the importance of paragraph 18 of the motion for a resolution which implicitly admits that the European Community is not authorized and even less in a position to lay down rules for the conduct of companies extending beyond the territory of the EEC; in addition to what we are doing in Europe there is then a need for codes and rules at world level to bring the conduct of companies into line with the public interest, as is the case nationally in many of the most developed countries.

The power and range of national authority ends by definition at the national frontiers and one of the essential characteristics of the multinational companies is that their activities cut across frontiers. One condition for any regulations laid down by the Community authorities in general must be that companies established within the EEC must not be treated differently from those established elsewhere. This requires the principle of non-discrimination. Otherwise we shall be placing European companies at a disadvantage in relation to others.

I would also recall in this connection that the Community's policy must not be allowed to conflict with one of the principal aims of the EEC which is to create a wider space so that the economy can be organized on a larger scale than is possible at national level. The Treaty of Rome aims at an enlargement of industrial scale. The dilemma facing us is clear when we note that in its memorandum on industrial policy the Commission regretted in 1970 that too many industrial companies still retained a national dimension and were not sufficiently adapted in terms of size and geographical establishment to the new European area; on the other hand in its third report on competition policy the Commission uses the word 'disturbing' in connection with the phenomenon of concentration and the rapid increase in the number of mergers. In our view both observations are correct.

Notenboom

Our group therefore finds it wrong to approach the problem in terms of criticism and accusation of the multinationals, although that tone may sometimes be appropriate. It is not their fault that we have advanced by no means as far towards a policy and the establishment of a public European and world authority as many multinationals have in the development of their economic and technological capability. They have in fact followed the logical trend of history starting out from the European principle of a single market and the principle of free world trade. Democracies find it much more difficult to attain power and exercise authority at world level. Confining myself to Europe, we should on the one hand advance further towards the creation of a wider area to enable companies to become organized at European level and thus become more competitive in the world markets, while on the other trying to bring or keep this development under control to prevent and counter the abuse of power by multinational companies.

Economic and Monetary Union is intended precisely to create a wider space. I do not wish to comment on this aspect now except to say that achievement of this union, at least within the EEC, will solve a number of fiscal and monetary problems in respect of the multinationals. But even if an economic and monetary union is achieved by no means all the stresses created by the multinationals will be removed.

What other action must be taken? There is no ready-made answer. Mr Spinelli said this morning that a solution must be reached through a whole range of converging measures. We agree with him.

There is no time to consider here each of the measures proposed by the Commission. However, I wish to say a few words about the need for greater clarity and dialogue. Participation at the level of the concern is necessary—not just at the level of the national establishment but at that of the actual concern. The Statute for a European Company is a step in the right direction. My group feels that the European Company, although this is not its original aim, can play an important part in a policy in this area, not only because of the obligation for greater transparency but also because the Statute can and must contribute to a dialogue with workers in the European works council and the supervisory board. At present accountability is focussed too sharply on the shareholders instead of covering the social aims of multinational companies.

Should Europe not use the European company to formulate our legal concepts on enterprises in Europe and approach the subject from a social

and political vision? I am inclined to answer this question in the affirmative. And here clarity and dialogue are the foremost measures. A procedure of consultation must also be established between the public authorities, multinational undertakings and workers organizations. Rules must be laid down from which an action programme can be developed. Supervision is necessary and it must also be possible to exert moral pressure. It is difficult at this stage to indicate the detailed form this consultation should take: further development is still necessary but I am thinking of joint committees at industrial branch level in Europe—it is quite certain that both the employers and the employees feel a great need for such committees. In this connection I would mention the synthetic fibre and aircraft industries, but there are many other examples.

There is of course one important proviso and precondition for the success of a dialogue with the workers and their organizations: namely that the workers organizations must be willing to accept a dialogue and participation and must not set out to take over full power in the enterprise. That is their aim in some countries and I see no solution then in a dialogue. If the aim of the unions is to destroy the free enterprise system of production then one central requirement is in our view lacking. We believe that a free enterprise production system, operating within the framework of rules laid down by the public authorities, is the form in which industry can best function for the greatest benefit of mankind.

We share the very general belief that multinational companies can in principle have a positive effect on the social and economic development of the world; at the same time we are aware of the dissatisfaction and stresses which have been growing in Europe and throughout the world. Part of the dissatisfaction and part of the stress stems, however, from more general social considerations. We must remember this in pursuing a policy; otherwise measures aimed at multinational companies may all too easily be expected to cure many ills which they cannot in fact do.

As I said, this is not the time to look in detail at the various measures outlined in the Commission's document. I would, however, ask Mr Spinelli whether the Commission will soon be submitting a further proposal on the fiscal aspect to prevent profit transfers aimed at minimizing the tax payments by multinationals. We recently read reports of such a proposal in the newspapers but have not yet received a document. I should particularly like to hear whether a decision has already been taken on this.

Notenboom

During the discussion of this subject at our group's study meeting in Berlin attention was drawn to the distinction between multinationals which owe their growth to a large-scale technical production system, in other words to the use of the advantages of scale, and those concerns which are a conglomerate of activities with no technical link between them and whose sole aim is to achieve market dominance; in this case the links between the individual companies are financial rather than technical. Without considering this distinction to be absolute, it still seems important and interesting in my view. Giant enterprises, which are usually multinationals although not necessarily so, can I believe better offer mankind the advantages of large-scale production and thus lower production prices provided that a good cartel policy is followed. Moreover these enterprises often purchase supplies from a large number of small and medium-sized concerns, which in our view brings social benefits. A wide spread of enterprises at different levels with the initiative and risk shared by as many persons as possible, seems to us extremely positive in social terms. On the other hand there is also the question of the difficult situation of other small and medium concerns which are unable to compete on even terms with the multinationals or other giant companies which seem to have no financing problems and are able to buy up small companies. While the multinationals are growing considerably at the top end of the economic scale, developments in many small and medium concerns are extremely worrying with closures, bankruptcies, heavy debts and so forth.

The very tax system which does not appear to hamper the enormous growth of multinationals causes such difficulties to medium-sized companies in many Member States that it is extremely difficult for them to finance their own development—such financing often being the only course open to them. This negative effect is often further heightened by a restrictive bank lending policy which again has much more detrimental effects on small companies than on large ones.

I now come to my conclusion. I am certainly not advocating a rigid form of business life in which each small company has as it were an eternal life and certainty of continued existence; but I do believe that a policy should be pursued in Europe which gives more attention to medium and small companies. In this connection I am pleased by Mr Normanton's amendment adding to the motion for a resolution a consideration by which I personally set great store, namely that our efforts to focus the activities of the multinationals on the general interest should be based on a social vision which allows room for

medium and small companies.

Time is short and I shall have to omit the other observations I wanted to make.

(Applause)

President. — I call Mr Lange to speak on behalf of the Socialist Group.

Mr Lange. — (D) Mr President, honourable Members, I should first like to make a remark in my capacity as chairman of the committee on whose behalf Mr Leenhardt drew up the report. The official working document still bears the words 'interim report', and I would refer in this connection to the corrigendum. The term 'interim report' should read 'initial report'. The paragraph 21 shown in the corrigendum is also missing from the original version; I do not know what happened to it. I would therefore ask the House to regard this as a correction made by the rapporteur.

Secondly, Mr President, I should like to draw your attention to paragraph 11 of the motion, for a resolution on page 6; the last few words of this read 'to draw up a proposal on European collective agreements'. This should read, in the German text 'to draw up a proposal on a European law on collective agreements'.

Mr President, that is all I have to say in a capacity other than as spokesman of the Socialist Group, my intention being to eliminate the faults so that they require no further discussion.

The Socialist Group, let me say first of all, approves the report drawn up by Mr Leenhardt on behalf of the Committee on Economic and Monetary Affairs and also approves the motion for a resolution it contains. I should also like to add that it does not object to the amendments tabled by Mr Normanton and Mr Carpentier, but when we come to consider these amendments, I should like to make a suggestion on where they should be inserted.

Talk of the multinationals or, as I prefer to call them, internationally active companies—we do not have a clear definition of the term 'multinational'; there are many definitions, but the companies meant here are those whose activities go beyond the area in which national or European laws are valid or, seen from the other side of the ocean, beyond the territory of the United States, companies which are therefore active throughout the world, with or without branches, with or without subsidiaries, but having an influence on the social and economic structure of other areas as well—began in this House not with the events that shook the Community in the autumn and winter of last year, not with the reaction of the oil

Lange

companies to those events, but when a certain group of companies in the staple fibre industry attempted to reduce capacities spread over four countries, three Community countries and one EFTA country; this gave rise to difficulties for the employees of the group—6 000 were concerned. They insisted on their rights, and this resulted in the assurance by the Commission that it would attempt to have workers' rights safeguarded when internationally active undertakings planned such moves and that it would propose Community legislation to give workers appropriate rights, as this motion for a resolution basically urges.

Now, I must on behalf of my group make it perfectly clear that our interest in these internationally active companies does not mean that we want to instigate a witch hunt, since we are fully aware that these undertakings and their world-wide activities have brought technical know-how and also, if you like, management know-how to the remotest corners of the world. But we are equally well aware that with the aid of certain kinds of contract concluded with their subsidiaries these undertakings have made sure that profits cannot be used in full where they occur. This is, I feel, a very important point, which should therefore be clarified at international level: it should for example be decided at international negotiations whether profits should not in fact, economically speaking, be taxed where they occur so that part of the national product is not lost as a result of profit transfer agreements, to the benefit of the headquarters of the internationally active company and to be taxed in the country of the seat of the company.

I know that these questions are very controversial. Then there is the problem raised by Lord Reay this morning in a different context, although it should be pointed out that Lord Reay did not do this as the draftsman of the opinion of the Committee on Development and Cooperation, but that that was to some extent his contribution to the discussion on this problem. The added problem I am talking about is the practice pursued by undertakings of this type of agreeing among themselves in one way or another on prices for the goods and services with which they can provide each other, on which market processes have no influence whatsoever, thus also creating special competitive advantages for such undertakings in that they take no part in the general market machinery and regard this piece of the extended market made available to them to all intents and purposes as an inter-undertaking affair.

These undertakings are thus able to manipulate what is available to them as a piece of the

world market in the most varied parts of the world almost as their own domain, uncontrolled by anybody else, uncontrolled by market laws, uncontrolled by market processes. This is therefore a subject we must deal with. For these undertakings are of course managed by people; they are built up by people, and the danger of such economic power being abused is of course obvious. And the legislator must consequently take an interest in eliminating the danger of this power being abused. We want no more and no less, and we want it even though we support the Commission. What we want within the Community and beyond the Community, at international level, are the legal preconditions on the basis and within the framework of which these undertakings can then manoeuvre in safety and can reject as unfounded such accusations as have been levelled against them in the past, since there have been manipulations which in no circumstances can be condoned. This is witnessed by investigations by the American Congress, by the OECD, by the UN, by the French National Assembly, by investigations and complaints made and passed on by the Danish Government, and by investigations carried out by the Cartel Office of the Federal Republic of Germany in connection with the activities of the oil companies which operate internationally. There are, then, a thousand reasons, ladies and gentlemen, for doing in the Community everything that is laid down in the report. I do not need to go into the details: I have to keep an eye on the clock. I should, however, like to add one remark which would appear important to my group.

We do say in the report, and we abide by this explicitly, that we are in favour of the Council giving the Commission the mandate it has asked for. Despite what Mr Spinelli said this morning I should, however, like to point out that under the Treaty the Commission has the right to take the initiative in submitting proposals of a legislative nature, be they proposals for directives or proposals for regulations. And where the subject matter is so difficult, it does not always need to use a communication with an annex attached in which it is itself instructed by the Council to carry out certain other tasks. What the Commission is asking of the Council it could in fact have long since done itself; it had the right to do so and would probably have found the unreserved support of Parliament in so doing because a good deal of time could have been saved. We find that from the time this paper was adopted by the Commission in November 1973 until its consideration here in Parliament today, we have been dealing with it for 10 months; Parliament—in other words, the committee—has actually been considering it for

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7 months, and it was not possible for other reasons for Parliament to discuss the matter earlier. If all the other things were in it that we wanted, it would therefore have looked completely different.

In view of the fact that multinational political developments—or rather the internationally active companies—are generally ahead of political developments and, if you like, trade union developments in particular, and would have prevented the Commission from creating legal bases to strengthen the position of the trade unions in their dispute with these internationally active undertakings, as called for, for example, in paragraph 11, it will then be made clear that these undertakings can no longer turn down requests for negotiations on collective agreements between the trade unions and themselves as they at present do. For they will then be obliged to take part in such negotiations, and we will then have a trade union counterweight—a social and economic counterweight, not a political counterweight—to use against the large companies.

This could well have been a possibility; I only hope that on future occasions—this is a conclusion that the Commission should also draw—problems recognized by the Commission as being urgent, immediately give rise to appropriate proposals for legislation, in other words proposals for directives or regulations, and that there is not first a time-consuming discussion on whether or not the Commission should ask for a mandate, since what is happening in this Parliament will presumably happen in the Council as well, with the same amount of time consumed, even if the Council should be composed of the Heads of Government and meet tomorrow or the day after tomorrow as was agreed in Paris on Monday and Tuesday. I would therefore be grateful if the Commission could from the outset take the legislative initiative that is its right so as to speed up the consideration of such critical problems. It will then always have the support of this Parliament; at any rate it can expect to have the support of the Socialist Group.

I repeat that we are in favour of this report and of the motion for a resolution, provided that we intend to create for these internationally active companies a framework within which and a basis on which they can conduct their business. At the same time I would, of course, stress what I have expressed in somewhat different terms from those used by Mr Notenboom, namely that the position of the workers and their representatives should be safeguarded in this connection. I should also like to emphasize, however, what I said at the

beginning with reference to the Committee on Development and Cooperation, that it must also be made impossible for the undertakings to abuse their positions in the market in such areas.

I would therefore appreciate it if the House could adopt this resolution without reservation—the two amendments will not prevent this—and if the Commission could submit as soon as possible the proposals the House would like to see, so that we can stop wasting so much time on preparatory discussions and considerations.

President. — I call Mr Normanton to speak on behalf of the European Conservative Group.

Mr Normanton. — Mr President, to gain the respect of the peoples of Europe this European Parliament, I believe, must be credible. If we are to gain credibility, we must be consistent, and if we are to be consistent, we must pay continuous regard to the objectives which underlie the very creation of the European Economic Community, namely the Treaty of Rome. One of these objectives is of course referred to in the Leenhardt report, the objective of working for the greater liberalization and expansion of trade between the Community and individual major industrial countries, but also between the industrialized countries and the Third World. If we consider this objectively, this expansion is where multinational and international companies play a leading, if not a dominant role, and they provide the greatest single element of growth in trade throughout the world and between the industrialized areas of the world.

There are four points which I would like to make, and if in making some of them I cover one or two of the points made by my honourable friend and colleague, Lord Reay, when he spoke for the Committee on Development and Cooperation, I hope the House will bear with me.

The first point is that this Parliament should take no decisions which might in any way effectively inhibit or slow down the efforts of those concerns engaged in trade or manufacture that is of an expanding character. The European Conservative Group does not, however, adopt an attitude of *laissez-faire* in this or indeed any other sector of the areas considered by this Parliament. And perhaps I may make one or two comments to illustrate this later in my report to Parliament.

Secondly, we use the term 'multinational' glibly, emotively and, I believe, only too frequently irresponsibly, failing to recognize really what we are talking about and using it as an emotive means of expressing what is in fact a political view rather than an economic judgment. And

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yet the same criticisms, for example those about the malpractices which are often associated with comments about multinationals, are equally valid wherever international trade takes place on any significant scale between any institutions of any size. Taxation liabilities, I assure this House, can be evaded where it is the wish and the intention of trans-frontier traders to do so. Individual nations are certainly at this stage in the development of the world in an extremely weak position. But the fact must be recognized that most companies do not abuse their scope for indulging in this kind of distortion and unethical practice. It is wrong, it is immoral and I think it is foolhardy for those who wish to be constructive in making judgments on multinational activities to start from other than the basis that the majority do contribute positively, effectively and with a sober sense of their responsibility to the expansion of trade.

The third point I would make is that the greater the volume of international trade, the greater the sums of money moving or being switched across frontiers; and whether we consider the so-called power of multinationals, of international traders large and small, or of banks or institutions of that kind, the potential impact on national balances of payments and rates of exchange is exactly the same in principle and in character. Individual nations as individual nations are each and every one in an extremely weak and vulnerable position so long as they continue to adopt insular standpoints. And never in the history of international trade, may I suggest Mr President, has this been more obviously and painfully shown than it is today when we look at the position of the petrodollars. Companies of all kinds and all sizes must be and surely are subject to all the laws of each and every individual nation state in which they operate or in which they are established in any particular form, whether it be the parent company, a holding company or a subsidiary or associated company. States are increasingly instituting new legislation covering an ever-growing area, whether it be employment policy, social, fiscal, merger, monopoly or disclosure policies. If there are great differences of legislative requirements as between one state and another, that can and must be rectified, but it must be rectified, as I see it and we see it in the European Conservative Group, on a Community basis.

My fourth point, and I think the key point, is that if and/or where multinational companies are proven to be conducting their trading and/or their financing in a manner which is prejudicial to the Member States of the Community, then it does lie and is clearly within the power of those states to remedy this. If they do not have the power at the moment, they can create it for

themselves but they should do so on a Community basis. This whole report by Mr Leenhardt and the proposals of the Commission I interpret quite frankly as a vivid, stark indictment of the myopia of politicians and their inability to match the dynamism and the expansionism of trade and industry throughout the whole wide world, to match it by thinking and acting big. What the world needs is growth in trade, and I only hope that the Commission will not allow itself to become infected with the myopia to which I have referred and particularly the disease of emotive reacting to which multinationalism and I quote 'is so often subjected; not for commercial reasons but for political reasons'.

The European Conservative Group therefore welcomes in substantial part the Commission's proposals which have been considered by Mr Leenhardt, for example on obtaining and recommending the collection of better information, factual evidence about the way in which multinational and international companies operate. May I also suggest that particular note be taken of the way in which the petrodollar situation has become a special phenomenon in the same context. Secondly, we certainly recommend and endorse the need for greater transparency of trading to apply not to multinationals in isolation from others, but on exactly the same basis to all companies, large, small, national or multinational.

Thirdly, there is the need to keep a continuous, watchful eye on monopolistic practices and market rigging where these can be identified and can be clearly seen to exist and operate against the interest of the Community or any individual state in it.

As to the Leenhardt Report itself, I really feel that there is scope for some criticism as far as the reference to multinational trade unionism is concerned. Admittedly, this is a point which does give rise to considerable concern in those who genuinely want to see the development of legitimate, constructive trade unionism, but I really do feel that the insertion of this reference and the way in which it is inserted into this report does the subject very little justice. I personally feel that it would be much more appropriate for the international aspect of trade unionism to be dealt with on a much more comprehensive basis and perhaps in a separate report, rather than bringing it in as if it were almost a throwaway line. I doubt also whether rules at GATT level or even on a wider level than GATT to cover multinationals and international trading in particular, are really either attainable or likely to be effective in the foreseeable future. But that should in no way inhibit

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our determination to press on continuously in this direction and on that plane.

The report, I think, does leave one small omission and that I hope I shall be able to cover when you give me the opportunity, Mr President, to move Amendment No 1, which stands in my name. I do believe that if we can make this small amendment to the Leenhardt Report, if the question of multinational trade unionism is also considered by the Commission, this report and the Commission document which is the basis of the report will be and can be a useful contribution to considering international trading operations in general and, I hope, will kill that bogey-hunting tactic with which the word multinationalism is connected.

(Applause)

President. — I call Mr Bousch to speak on behalf of the Group of European Progressive Democrats.

Mr Bousch. — *(F)* Mr President, ladies and gentlemen, the Commission's communication is of some importance since it marks the first attempt to tackle at Community level the problems created by the phenomenon of the multinational companies. In its guidelines the Commission states that the measures to be undertaken should not impede development but should merely aim at guarding the Community against its secondary effects with the help of a suitable legal framework. The communication thus consists primarily of a catalogue of measures on the basis of which the Commission is in the future to submit to the Council proposals for specific action.

Our group considers it desirable to define the actual problems that arise even more precisely in order to avoid making hasty generalizations and confusing the causes of certain phenomena with their manifestations in multinational undertakings. Mr Leenhardt deserves our warm congratulations for drawing up a sound report on a very difficult subject.

There are undoubtedly positive aspects to the multinationals since they help to create employment, improve technology, launch new products and assist regional development. The growth of multinationals has nevertheless given rise to serious problems which have triggered a debate between the liberals on the one hand and interventionists on the other. Whilst I do not propose to go into the fundamentals of this polemic it would not be enough to consider merely the principles and objectives involved. It is necessary to examine the concrete elements on the basis of which an analysis can be undertaken of the economic, financial and social functions of the multinationals. Considerable overlapping

of economic and financial problems is found when one considers the multinational companies. Their cash reserves are huge, often greater than those in the hands of the public authorities. In view of the absence of harmonization of taxation systems within the Community, these companies have tried to find countries that provide a tax haven. This tendency has been exacerbated by the fact that, in order to avoid imposing double taxation, nearly all Community countries have introduced regulations designed to attract multinationals, which then set out to minimize their tax burden and in some cases avoid it altogether by exploiting the extremely liberal laws.

The national, and, especially, Community authorities will therefore do well to exercise caution when drafting legislation on the multinationals. Preliminary studies based on operational models are essential.

General declarations and good intentions, such as may be found here and there in the Commission's proposals and in the conclusions of some of its studies, are not good enough.

In seeking to avoid taxation the multinationals transfer money on a large scale. Such transfers take place in addition to natural movements of money attracted by the differences in interest rates on the currency market. These very rapid movements, frequently difficult to keep track of, do much to promote instability. However, these are natural transfers that might be described as primary, and are associated with the very size of the multinationals.

For example, when such a giant company pays its wages it has to mobilize considerable sums on the short-term or hot-money market.

These sums are subsequently demobilized and constitute a very substantial cash flow which the companies have to invest on the market. This process gives rise to the huge profits fed from primary movements. These are the secondary movements which must be controlled by the public authorities by monitoring access to their market and by trying to control the parallel markets, in particular the Euro-currency markets. This realistic analysis has scarcely been touched upon by the Commission, which has tended to confine itself to rather static descriptions which we cannot accept as entirely satisfactory.

On the other hand, by seeking bold, though not restrictive, solutions to obstacles of a monetary and fiscal nature we should at the same time be helping to solve economic problems such as those of licences and patents. This would mean that the filing of patents would no longer be governed by optimization of profits but by genuine exploitation. This would also help to redress the

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balance in the invisible transfers of some countries with a particularly adverse balance of payments.

The Commission's analysis also seems to us to be somewhat restrictive as regards the social aspects. It has done no more than catalogue familiar problems without going into the social implications of the multinationals. At this level the problem is often not so much one of worker participation, which is an important though general problem, as one of job protection. It is true that workers are much more organized at international level than is generally believed, with cooperation between organizations in different countries. We may call to mind industrial action by dockers in one country refusing to unload ships because their fellow dockers in another country were on strike.

But faced with the fundamental problem of protecting jobs, the unions are more often than not powerless to cope with the effects of the company management's strategies. What in fact happens is this. The situation usually starts with a new company moving into a region. The senior management, newcomers to the region and very possibly the country itself, have little notion about the social benefits the staff of the new company should enjoy. To compensate for this they often begin by introducing progressive measures very advantageous to the employees. Very quickly, however, especially when the operation is a somewhat marginal one, costs become unacceptably high and the operation has to be trimmed by cutting back on the number of jobs. If this situation coincides with adverse economic circumstances the consequence is not infrequently that the company is shut down or sold off, to the great misfortune of the workers.

To remedy this situation governments that want to attract a company should at the same time make firm arrangements with it concerning the social conditions. State intervention applied *a posteriori* is often extremely costly, so that what is wanted is a prior arrangement with the multinational undertaking, arrived at through a frank and open dialogue, something that unfortunately does not always happen where a region or country tries to attract foreign investment at any price. These are fundamental considerations in which both the multinationals and the public authorities must discharge their responsibility.

The problem is not so much one of finding a counterweight to the multinationals, as envisaged by Montesquieu in his theory of power; what is needed is to get the multinationals to adopt policies that will give greater stability from the economic and monetary standpoints as well as that of employment. This can only be achieved within a sound legal framework, without either

excessive restrictions or excessive freedom. In this connection the Community can and should play its part by introducing realistic but appropriate legislation that will guide the development of national undertakings in the service of the economic interests of the Member States and the social interests of workers.

We endorse the solution put before us, for despite the above observations and criticisms the Commission's communication does reveal an awareness of the problems. As far as we are concerned it is no more than a first step and we ask the Commission to probe deeper into this essential question of multinational companies. With this reservation we approve the report.

President. — I call Mr Bordu to speak on behalf of the Communist and Allies Group.

Mr Bordu. — (F) Mr President, the report submitted by our colleague Francis Leenhardt on behalf of the Committee on Economic and Monetary Affairs is an interesting descriptive document and at the same time a justified indictment of the activities and abuses of multinationals. It refers to proposals supposedly designed to codify or moralize these activities so as to make them compatible with the interests of workers and consumers. Nevertheless, I shall attempt to show how ineffective they are in certain respects and to reply to some of the remarks made in this debate.

The first criterion for our judgment, and here a large majority of this Assembly will be with us, is connected with the great hopes entertained by many parliamentarians and based on ambitious intentions for the Europe of the Community. Today, in the context of multinational undertakings, these hopes assume even greater significance. Let me cite a declaration, couched in very fine terms, defining West European economic policy.

It envisaged constant economic growth, a harmonious development of all branches of the economy in general, avoiding all autarky and safeguarding full employment, the stabilization of prices, a sound balance of payments, monetary stability and more equitable distribution of income and wealth so as to give a constant improvement in the standard of living and in the conditions of work as well as the utilization of every individual's qualifications and capabilities.

I call your attention to the fact that the declaration referred to forms part of the programme of action of the Socialist parties of the Member States adopted at their fifth congress in November 1962. We endorse it without reservation, but we wonder what has happened to it in the face

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of the harsh realities of this world in which capitalist Europe is passing through a serious crisis. Everyone here accepts more or less that through its general policies Europe has served the interests and objectives of the big economic and financial forces, in fact those of the large multinational companies. It is therefore quite wrong to attribute to these powerful giants virtues which have basically precipitated the grave crisis now buffeting the very sick man of capitalist Europe, a Europe whose realities are making a mockery of the declaration of intent cited above.

My intention here is purely and simply to inspire some constructive thinking and is based essentially on a concern for objectivity, the projection of which opens the way to a future rebuilt on new foundations. How do we regard the multinationals? Our view is a straight forward one: it is deduced from objective observations based on the growth of productive forces and on the results of production the capacity of which exceeds the needs of individual nations. Internationalization of production and trade is thus both a phenomenon and a necessity of our time. Looked at in this way the multinational undertaking represents the answer of the large capitalist groupings to the objective need for exchange of information, work and goods between nations. The need to fight in order to maintain profit margins and the difficulty of expanding outlets have led large companies to build factories outside their countries of origin or to take over undertakings of different nationalities, thus giving birth to multinational companies. They have acquired considerable power, the turnover of General Motors, for example, exceeding the gross national product of countries like Belgium or Switzerland. Such undertakings are found chiefly in the important high-technology sectors—data processing, the nuclear industry, telecommunications, chemicals—or the major consumer industries—food, cars, photographic equipment, detergents, etc.

At a time when great play is made of so-called transfers of wealth to the oil-producing countries and when emotive talk is heard about Arab petro-dollars, it is remarkable that officialdom should pass over in silence the power of the multinational empires and the evil they represent, despite the fact that some hard facts about them are available. For example, the power of the American multinationals is more than double that of all the central banks.

The liquid assets of American-based multinationals amount to 260 000 million dollars, the magnitude of which is indicated by the fact that this represents 300% of the total reserves of the developed countries, 200% of world reserves and 100% of the money in circulation in the United

Kingdom, the Federal Republic of Germany, France and Belgium, which totals 269 000 million dollars. From the point of view of speculation, and this is a very serious aspect, movement of just 1% of these 269 000 million dollars is enough to create an international monetary crisis. You must know that the accumulation of these vast sums, of these liquid assets, is at the root of the raging inflation affecting our economies and is causing hardship to workers and all those of fixed incomes. One of the arguments advanced in favour of such undertakings is that they help to create employment. No-one would deny that. But people forget that the effects of their policy of concentration simultaneously leads to a reduction in jobs through the closure of numerous undertakings.

Are governments capable of controlling multinationals and do they really want to do so? We discern here a pernicious delusion, for in fact governments subsidize from public funds the national bases of these large companies. Inter-monopolistic competition leads every state to grant aid to the multinationals so as to boost their stature and international competitiveness. The ruthless profit motive which is the guiding force behind the capitalist system will never be challenged by the capitalist states themselves for this would jeopardize the entire system as such.

In other words let us not be tricked by mere words. To demand disclosure of accounts, to require fuller information on companies' results and management, to set up for this purpose an adequate organization capable of exercising rigorous controls is no bad thing, but to me it smacks of fantasy or Utopia.

At the present time the interpenetration of big business and the states, which binds them into a single mechanism which we call monopolistic state capitalism, stems from the economic and political system in the development of the very bases of big business. How are we to believe that the crisis in this system will lead to controls that will arrest this process? How are we to believe this when this crisis could give rise to an economic war and when under the capitalist system the slogan for today is 'everything for the multinationals'? In France, the bosses decided their strategy a short while ago in Lille. One of the big bosses explained 'what would be the use of trying to mount a great export effort if in France the economic and social conditions needed for such an effort do not exist?'

Such talk translates the need to arrange new mergers and cut back the workers' purchasing power. It translates the policy of the big companies which, according to that speaker, must 'not only do business on foreign markets but also deploy their activity there, transfer abroad

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a growing proportion of their industrial investment, obtain their financing in the major financial centres of the world—something that has in fact been facilitated by the meeting of the Five at Champs-sur-Marne this year—diversify their decision-making centres and internationalize their management teams'.

These principles, to be implemented henceforth at an increasing pace, show no concern for men but only for profit. In this situation, which is created by a system and not merely by the scheming of unscrupulous businessmen, what is the use of a desire, however sincere it may be, to moralize profit by introducing codes of conduct?

This proposal would lead to a kind of co-management, the effects of which would be to run business by deluding workers that they have some say in decisions.

Just a brief word on the political activity of multinationals and their powers. They are illustrated dramatically by the events in Chile and also in Portugal where, as others have pointed out before, following the victory of popular democracy over the fascist forces of obscurantism, the multinationals, dominated by foreign capital, doubled or trebled workers' wages after exploiting them shamefully for years on end.

The aim of this political attitude was to set off exorbitant claims difficult to absorb by industry and by an economy unprepared for extreme demands. Such a situation, with the consequent inflationary spiral, was brought about by political scheming supported by the activities of the CIA and the forces of the old régime.

An examination of the multinationals cannot be divorced from the interests of classes that set capital against labour. The states are not neutral. They represent dominant forces and therefore place themselves at the service of the multinationals, the supreme expression of imperialist evolution.

We have seen enough of it with the oil companies which have made fat profits through speculative operations at the expense of consumers and users. Their profits are constantly rising. They violate the rules of competition and turn attention away to the producing countries.

Here again we have the profits made by the oil multinationals, but also those made by the state through extortionate taxes. The collusion continues. We therefore regard the measures proposed in the resolution as ineffectual for the simple reason that if the economic basis, namely intensive accumulation of capital, is left intact, it is impossible to combat the pursuit of this accumulation, which is the fundamental vocation of the multinationals.

We accordingly propose the nationalization of these big companies, control of American investments in Europe and participation of workers and the electorate in public committees of enquiry. To draw up outline contracts to regulate their activities, to guarantee jobs, research, investment, currency operations; to control capital movements and restrict foreign investments in Community countries, to develop co-operation through contractual agreements on the joint overall programme—these are measures which, it seems to us, would give independence to individual countries, and at the same time to Europe.

In conclusion, Mr President, I should like to recall a question I raised on 14 March 1974 when I proposed a parliamentary committee of enquiry into multinational oil companies. I was told by Mr Borschette that the Commission was organizing such an enquiry. A year has now gone by, a period long enough to warrant my asking the Commission, on behalf of the Communist and Allies Group, to report to us on the results of its work and research.

President. — I call Mr Bersani.

Mr Bersani. — (I) Mr President, I too wish to congratulate Mr Leenhardt on his excellent report and on the clear and practical way in which he has approached this problem.

There can be no doubt that multinationals are a cornerstone in the development of neo-capitalist society. Many speakers have said that this problem must be approached in a rational manner. Nevertheless it must be recognized that the problems involved are of gigantic proportions and have a quite exceptional influence on our economic system.

On the one hand there is a tendency towards concentrations which we do not consider a negative factor at European level, provided that appropriate European programmes are laid down, accompanied by effective political and social control. But the problem of the multinationals goes well beyond a normal process of concentration. It assumes worldwide proportions and we are faced with oligopolistic situations and dominant positions on the market and economy reflected—in a manner which is in many ways disturbing—in many areas, ranging from investments to the social sector, from interference in political choices to a whole system of balances at world level.

That is why the problem is of fundamental importance: the excessive dimensions, the excessive forms of representations, action and initiative and the indiscriminate rules which—in the name of the interest of the various groups—have

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up to now guided the activities of these companies, constitute—I repeat—a motive for general concern. We are all aware of the positive aspects of the presence and action of these companies. The need therefore, I believe we all agree on this, is to bring these great economic structures, these international technostructures, into a legal, moral, political and social framework in which clearly defined legal principles prevail and a logic of balanced economic programming and in which the responsible authorities which can guarantee a just development are able to make their voice heard while the workers can also play an active and leading part in the process of control through their organizations.

Until a few months ago the problem seemed to assume truly dramatic proportions. I agree with those speakers who have described the measures proposed by the Commission as altogether inadequate to deal with the gigantic proportions of this problem. But the revolution which has taken place in the raw materials sector throughout the world, of which the oil problem is the most dramatic reflection, is a highly significant new external element which seems to open a new phase.

We are witnessing a new phase in the economic reality of the world which may herald a change in the very system of international division of labour. The fact that the nations which hold most raw materials and almost all the world's energy resources are claiming the fundamental right to dispose of their own resources undoubtedly changes the terms on which the international labour market has been based up to now.

In this new phase marked by such vast changes there can be no doubt that the problem of bringing these colossal entities of the world economic reality into a framework of legal, political and social control appears in a new light. That is the dramatic and complex background to the measures now proposed by the Commission and to the debate we are now holding; the Commission itself has shown an awareness of the need to go much further. I believe that the measures now proposed can be relatively effective and must be viewed positively. They represent a first step towards a world strategy.

Mr Leenhardt's report and the motion for a resolution rightly look well beyond a code of good conduct. I agree with Commissioner Spinelli that it is absurd and ridiculous to speak of a good conduct code when such vast speculative interests are at stake. I therefore join Mr Leenhardt in hoping that a world agreement will be reached guaranteed by an ad hoc body, with adequate means of intervention and opportunities for workers' organizations to have a

serious and decisive say on essential problems of investment, planning and social guarantees raised by these companies. By taking these measures which are admittedly very limited and complex, the Community is today taking a first step in the right direction—and it is the first organization in the world to have done so.

The Community is aware of the limits but convinced of the need for progress on these lines; through these measures a first practical contribution is being made to the gradual achievement of a worldwide legal, political and social framework to control and guide all these factors.

Having made those observations, I support the motion for a resolution.

President. — I call Mr Espersen.

Mr Espersen. — (DK) Mr President, in my opinion the problems we are discussing today have been skilfully and competently dealt with by the various parliamentary committees. I agree with their views and recommend that the proposals they have put forward should be adopted by the House. I should merely like to make some general remarks in my own name.

In the past few months Parliament has discussed the possibilities of strengthening European democracy. We have spoken of direct elections to Parliament and of strengthening Parliament's powers, but nevertheless I do not think that we have to any great extent realized that our democracy is in fact being destroyed from inside. When I say that, it is because of information contained in the documents we have received and the information Mr Bordu gave us which shows that extremely important decisions on economic matters are not taken by democratic bodies that are liable to be called to account by the public, but are taken in secret without regard to the public. And it is precisely such decisions that are most important when it comes to fair and equitable development.

Such economic power can be abused. Perhaps we tend to believe that where there is power it will always be abused. That is undoubtedly wrong. As has been said, there are obviously quite a number of multinational companies that use fair and moral methods. There are also others that do not. No further documentation is required; we are quite justified in saying that there are large multinational concerns that act in an absolutely unacceptable fashion. The language used in the documents is very diplomatic; that I think is reasonable, but I think it is also reasonable merely to cite as an example the way in which ITT, a multinational concern, has acted. It is a very important problem that we are dealing with. It is unfortunate that we

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have played a passive role for so many years. All governments in Western Europe, whether they call themselves Conservative, Liberal or Socialist, can be reproached for that. I believe all governments must acknowledge that they have been too passive. I do not know whether our institutions can be reproached for the same thing as Mr Lange implied, but Mr Spinelli will no doubt give us the answer to that question later.

As you know, it was the previous Danish Government that almost two years ago took the initiative in raising the problem of multinational companies in the European institutions. In my opinion the initiative was well received. It is also of importance to us since the possibility of Community control in that field was one of the topics on which great emphasis was put by the section of the Danish public that voted for accession to the Communities.

The Commission's activities in my opinion reflect the desire to tackle these problems, and the communication we have received is quite acceptable as a fair response to the former Danish Social Democratic Government's wishes. We must however realize that the Commission itself admits that the problems are much greater than had perhaps been thought. I should like to quote from page 3 of the Commission's communication, which reads as follows:

'The Commission therefore believes that it will be impossible to find solutions and allay anxieties in this area unless suitable counterweights are introduced at Community and international level so as to re-establish the conditions for a balance between the parties concerned'.

This means that we should try to create a balance, in other words, that the Commission realizes that an imbalance exists and that the multinational concerns hold the balance, to the disadvantage of the states. This is a very serious admission, and we must therefore give priority to the subject and take it very seriously indeed.

I also wanted to quote Pope Paul VI, who is mentioned in your committee's report. There is a long, very interesting quotation from the Pope, which I shall not read here as time does not permit it. But when I make special reference to the quotation it is obviously because the Pope has real experience of multinational undertakings.

The Community's efforts to ensure that the people are aware of what they are devoting their labours to have been too feeble. One of the rights of man should be to know who reaps the benefits of each individual contribution. The attempt to ensure that taxes are fair and equitable has been too feeble, the attempt to ensure that states can

pursue effective monetary and economic policies has been too feeble. The Communities could have helped here. I hope that the documents before us will be the starting point for joint and effective action in a badly neglected area. If that happens, public understanding of and interest in the Communities will increase. I therefore strongly recommend that the Commission be given the mandate it wants. It will be of considerable interest to many of us, or perhaps to all of us, to know what precise plans the Commission has on the numerous problems which it has itself listed, and what precise plans the Commission has for solving this very important problem in the near future.

(Applause from the extreme left)

President. — I call Mr Leonardi.

Mr Leonardi. — (I) I shall be very brief and simply try to situate the problem in what seem to me the correct terms.

Above all, I believe we should not speak of opposition to the multinational companies as such. Opposition of that kind would be senseless because these companies correspond to an objective need for internationalization of productive activities and development of productive forces through specialization at the level of production and not only at the level of trade in finished products according to the traditional principles of international trade.

There are multinational companies in the socialist countries and there are also mixed forms of multinational undertakings between private companies and socialist countries. The basic problem is to adapt the institutions and provide a capacity for political decision-making at the level on which most development of the productive forces now takes place, i.e. the international level. This means that the multinationals are not in themselves good or bad; they are an instrument of development which must be controlled and directed to prevent them from becoming an instrument of arbitrary decisions for which they have been widely criticized.

We have already often spoken on the subject of the activities of the multinationals in the Community and denounced this phenomenon. We know for instance that the American multinationals which were the first to exploit the advantages of the customs union in Europe, obtained their financing largely with European capital which could have been employed on other ventures. We know that the multinationals, especially those from outside the Community, have imposed on our countries a type of development which does not accord

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with their requirements; we know that they control the most advanced sectors; we know that the multinationals have fully exploited the aid granted by individual countries to their developing regions, thus profiting from the lack of a coordinated Community regional policy to derive substantial benefits; we know too that the multinationals have fought against efforts to achieve a Community identity—I refer to speculative or defensive (take it is you like) movements of capital which have in fact impeded the success of initiatives designed to achieve unification. To take an example: two or three years ago the first attempts to set up the Community monetary union were thwarted by the intervention of the capital held by these companies. Another typical example of the intervention of the multinationals in our Community has been provided by the oil companies which in a period of falling costs, destroyed, through a policy of low prices which at the time also corresponded to their position of maximum profit, or at least influenced negatively our possibilities of conducting research into alternative energy forms using Community resources and then, when the situation changed last year, were not able to defend themselves adequately with the result that we have to foot the bill.

These things are well-known and there is no doubt that we must react—for political as well as economic reason; and action which is incapable of solving the problem of these organizations would undoubtedly call into question the possibility of achieving a Community identity. The problem now is how to act. I shall not insist on the various aspects of this question, but the need for control is apparent. Mr Bordu and other speakers have already stressed the fact that there must be certain limits to this control.

We endorse some of what Commissioner Spinnelli said this morning; his speech certainly contained positive elements. However, the problem of information exists in this sector too and the Commission knows what could have been done in the past simply by forwarding the information at its disposal—I refer in particular to the survey made three or four years ago on the intervention of American multinationals in Europe, the results of which were never submitted to our Parliament.

I would stress, however, that the real means of action must be provided by the common policies because it is only through common policies decided democratically that we can control and strike at the root of the strength of the multinationals, namely the type of international division of labour which they impose on the basis of their own interests. In other words this

problem cannot be solved through controls—which at most can prohibit or punish—but only by active intervention, i.e. through common policies imposing a different use of resources and encouraging a different development of the productive forces.

In my view it is only in this way that the strength of the multinationals can be countered because—I repeat—these organizations reflect the objective problem of the internationalization of the economy and specialization of labour at the level of production.

I wanted to make that fundamental observation in concluding my speech. If we do not go to the heart of the matter we shall—I repeat—have prohibitions and perhaps sanctions but we shall always be acting negatively and this will give rise to difficulties with public opinion and the workers of the Community. We must on the contrary act positively through common policies.

I shall end on this note and express the hope that our Community will be able to act by choosing economic policy options and active intervention which will meet with sufficient support by the workers and people of our countries because they correspond to their interests rather than to the interests of private profit.

President. — I call Mr D'Angelosante.

Mr D'Angelosante. — (I) Mr President, ladies and gentlemen, we should, I believe, be failing in our duty if we did not thank the Commission for the great quantity of information, much of it new, which it has supplied; that information has been used by many speakers in this debate, including members of my own group.

It is both positive and of great interest, but, in our view, it has come rather late.

In reading this document which for the first time contains criticism by the Commission of the monstrous phenomenon of multinationalization, we are bound to recall the high praise evinced in the past and the old theories on the 'competitive' dimension of undertakings; we cannot forget either the consistent refusal in past years to provide information to this Parliament. I remember for instance that when Mr Leonardi put a question with a view to eliciting information on American investments in Europe he received no answer because the Commission expressly refused to answer. Well now, the document we have before us is the most eloquent rejection of that earlier position.

I would draw attention to the date of this document which is extremely interesting if a little pathetic: November 1973, that is to say

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a few weeks after the great upheaval in international economic relations due to the far-reaching changes in the oil market on the consequences of which the multinational companies operating in this sector had more than a little influence.

In the document the Commission confines itself to expressing anxiety about the influence of a third country "under whose jurisdiction a multinational company operates". What does the Commission think of the influence of a multinational company under whose influence a third country operates? How many variations there could be on this theme! The Commission hopes for consultation—or at least it did so hope on 11 November 1973—between the Member States with the participation of the undertakings concerned, but a few days later it had to recognize that this participation was purely negative and found it necessary to open an enquiry directed against these same undertakings.

I shall now briefly consider some of the proposed measures. They are so numerous and so important that we shall not have time to look at all of them. I wonder above all what is the exact significance of these measures and what the Commission is proposing in legislative terms. To what extent will it be able to convert into norms of Community law the ideas it has outlined? We are not at all clear on this point.

When it comes to the fiscal problems to which the Commission makes such frequent reference, I would stress that in the first place the statute for the European company introduces extremely serious provisions concerning taxation arrangements for multinational companies which are allowed to have more than one registered office. Moreover since the registered office for taxation purposes is that at which the effective management is situated, the multinational companies are thus being allowed to choose the country in which they must pay tax; we all know what that country will be without waiting for the choice to be made. There are also bilateral agreements designed to avoid double taxation and there already is, Mr Commissioner, a Community and national discipline which shows that in practice we are not confronted with a phenomenon of tax evasion but rather with tax exemption for the multinationals.

I now come to another sad aspect which has been causing us concern for many years, namely the safeguarding of workers' interests. I am sure that this Parliament and the Commission will not be able to forget what Mr Bordu has said on the objective contrast which exists between the movement of workers and the

phenomenon of the multinationalization of capital. Whenever they have been able to do so, the multinationals have attacked the workers' organizations at both the union and political levels. We are all familiar with the example of Chile but there are many others: Portugal, Brazil and other Latin American countries which underline this contradiction.

I must stress that the statute for the European company, instead of setting out from the necessity to provide proper safeguards for the legitimate demands of workers proposes rather to limit the participation of workers in management of the undertakings.

In the third directive, still under consideration in the Legal Affairs Committee, a directive intended to safeguard the interests of workers in the event of mergers which will come up for debate this evening, an attempt is made to prevent the objective conflict between the merger and the safeguarding of the workers' rights and interests, once such a conflict has been ascertained, from having the effect of preventing the merger.

I wonder, and I would ask Commissioner Spinelli this, what point there is in proclaiming that the rights and interests of workers damaged by a merger are to be protected if such protection cannot prevent the merger should that be necessary.

As to another proposed measure, the maintenance of competition, very little has been done here. The Commission quotes the regulation on which Parliament was asked previously to deliver its opinion based on Articles 87 and 235 of the Treaty requiring prior notification of certain mergers. This regulation has been held up for one year in the Council of Ministers because it appears that a Member State, Italy, has opposed adoption of this regulation which in fact represents an inadequate minimum for a possible controlling action.

We shall look into this problem, but I would ask Commissioner Spinelli to propose that for the first time the unanimity rule for decisions in the Council should be waived in this matter. The Commission would have done something far more useful if it had studied ways of ensuring respect of the rules of competition infringed by the multinational companies.

This would be an interesting subject because it would enable us to see whether after twelve years the legal basis for practical rules of competition can still only be Article 86 while Article 85 of the Treaty cannot be applied even now; perhaps violation of normal competition by the monopolies and in particular the multi-

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national companies must be classed in that special category of abuse of a dominant position which nobody can define or know where it begins and ends.

Mr President, ladies and gentlemen, time is short although the subject is so important, and I can only conclude by endorsing the conclusions of previous speakers from my group who have signified their absolute opposition to this proposal. I hope, however, that on this subject which is becoming increasingly vital to the interests of the Community and its Member States, our Parliament will have an opportunity for a deeper, more incisive and wider discussion capable of making a real contribution to the legislative process in our Community.

President. — I call Mr Leenhardt.

Mr Leenhardt, rapporteur. — (F) I should like to thank those who have spoken and who have been far too kind in their remarks about me.

I am happy to say that the lengthy discussions that we have had in the Committee on Economic and Monetary Affairs have not been wasted, since they have given us a better understanding of the objectives pursued by the Commission and have shown a large measure of support for these objectives.

I shall therefore confine myself to a brief reply to the criticisms that have been evoked. In the first place Mr Normanton referred to the myopia of politicians and their inability to match the dynamism and expansionism of trade. I am not sure whether in using the word myopia he was thinking of myself or Mr Spinelli, but I can tell him that the importance of expanding trade and of growth has not escaped us.

He went on to express regret that the problem of multinational trade unionism was not dealt with in a separate report. However, I explained this morning that the Commission seems to have acted wisely in introducing this idea of a trade union counterweight so as to emphasize the need for the workers' point of view to be properly taken into account in the decision-making processes of companies whether or not they be multinational.

Finally, Mr Normanton mentioned that he was the author of an amendment, a copy of which we have all received and which is likely to be adopted by the Assembly in a few moments. The purpose of the amendment, if I have understood it correctly, is to take into consideration small and medium companies. It does so in terms which are endorsed by everyone here, including myself. Only this morning I referred to the procedure for regulating public takeover

bids and suggested that it would provide an effective safeguard for small and medium companies, which in the present situation often fall victim to the multinationals.

In replying to Mr Bordu I shall for a moment cast aside my mantle of rapporteur and say to him that I deplore that he should have yielded to the temptation of launching attacks against the Socialists in a manner at present fashionable among the members of his party. He referred to the programme of action of European Socialists adopted in 1962. We would make no amendments to this programme, but I must tell him that something new has emerged since the programme appeared: his party and mine signed the joint programme defining our position on European problems. Moreover our colleague Mr Leonardi recalled that there were multinational companies in Socialist countries, that they had been welcomed there and that their influence had not been nothing but harmful.

I revert then to my role of rapporteur in order to reply to the questions put. Mr Bordu cast doubt on the genuineness of the governments' desire to apply controls. This is a question which I myself felt obliged to raise this morning when I referred to the very large number of directives which have been in abeyance, in some cases for several years, without the Council taking any action on them. I went on to say that there was a risk that the governments of the Member States might be too responsive to pressures exerted by major interest groups to delay action.

Finally, Mr Bordu raised a very important problem, namely that of the code of good conduct, which I discussed in particular in my explanatory statement. I would call his attention to the fact that this is no longer referred to in the motion for a resolution. We decided—and this morning Mr Spinelli put forward some convincing arguments in favour of that decision—that codes of good conduct might turn out to be no more than pious wishes and that compulsory measures such as those put forward by the Commission in its proposal were to be preferred.

I wish to end on a note of regret. I am quite certain that if everyone were to vote as Mr Bordu and his friends propose to do this would greatly encourage the multinationals to continue indulging in the malpractices which it is precisely our aim to prevent by supporting the Commission's communication.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli, member of the Commission of the European Communities. — (I) Mr President, I thank Parliament for conducting this long and detailed debate which has made it possible to consider this question from many viewpoints. Many of the comments made expanded certain positions referred to in the report introduced by Mr Leenhardt.

However, I do not want to go over them again.

I shall simply talk about some points which I feel need clarifying or critically examining.

I want above all to reply to Mr Lange who accused the Commission of presenting a document of generalizations ending with a motion for a political Council resolution rather than putting forward practical proposals for decisions. If the multinational companies could be dealt with by means of one or two decisions we should obviously have no problem in proposing the necessary decision or decisions, adding the explanation. The debate would then cover both the discussion of general lines and approval of a document.

Unfortunately, since the question of multinational companies is constantly changing, it needs to be tackled from various points of view and the problem will be far from resolved even when we have approved all the measures proposed at present. Furthermore, the Commission, Parliament (whose role is at the moment unfortunately simply to assist the Commission) and the Council (which is unfortunately responsible for all decisions) will have to recognize that there must be a continuity over time in these decisions and that they must develop. Because nothing can be achieved if measures are not taken within the framework of a certain long-term viewpoint.

I know only too well that this does not conform with the Council's usual habits. In dealing with the problem of multinational companies, we could either have asked the Council if it agrees on certain general lines or presented it with a proposal. In the second case there would have been no guarantee that it would have adopted an attitude likely to favour further developments. A general debate is therefore necessary and, Mr Lange, I think you should take note of the fact that we only have this debate because, in the middle of 1973, the then President of the Council, Mr Nørgaard, now Member of the European Parliament, requested it on behalf of the Danish government.

The fact that neither President Nørgaard or the two presidents who followed him succeeded in realizing their ambition clearly demonstrates the difficulties involved in arranging this debate. But, if the Council does not hold a debate, we

shall never know if it will be possible to implement an overall long-term Community policy on multinational companies.

So, Mr Lange, please do not be too hasty to criticize the Commission on this point.

I should now like to make some general remarks in reply to Mr Bordu. I shall be brief because other Members, including some from his own group, have already replied to him. Is Europe the Europe of the multinational companies? No. I should say that, if our Europe belonged to the multinational companies, it might be uglier than at present but it would certainly be stronger. Our Europe rose out of confusion and many forces were and are still involved. It is however certain that the manner in which it was formed made it easier for multinational companies to exploit it. This situation may be remedied, taking account of what is beneficial and what is harmful in multinational companies.

Mr Bordu, you simply cannot start from the premise that multinational companies are an expression of the fact that economic life is breaking down national frontiers, sketching a picture whose details were first filled in in Marx's 1848 Communist Manifesto, and conclude that the remedy for this phenomenon is nationalization.

Mr Leonardi has already replied to you. Nationalization is a solution for undertakings which belong to the national context but does not begin to bite on the problem of multinational companies. Even after nationalization, those links and economic organizations which break down national frontiers could, and in fact would, still exist because the economy itself is bursting out of the national framework. The problem therefore exists whether or not the company is nationalized.

I should now like to reply to some more specific points. Firstly, I should like to reassure Mr Notenboom that the Commission's document does not only concern the large multinational companies but concerns the possibility of subjecting all multinational companies, large or small, to the law. Both the enormous and the tiny company could find a loophole and it is the duty of any efficient legal and political system to ensure that neither is given this chance. I should also like to explain to Mr Notenboom that, in proposing a series of measures, controls, action, legislative changes and brakes on multinational companies, there is no intention of attempting to stem the tide of development inherent in our society. I fundamentally feel that the big transnational concentration is the lesser of two evils of big national and transnational concentrations because the former makes the process of pene-

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tration more difficult. To say, as we have, that mergers and contacts between companies in the various Community countries should be encouraged does not involve ignoring the many aspects which must be kept in mind if abuses are to be avoided.

I should also like briefly to cover the question of relations with employees—the question of the trade union counterweight. We have been asked to prepare proposals for collective agreements. We shall look into the matter but my first impression is that we should avoid taking legislative action at this early stage. In my opinion, the Commission should encourage the development of a European trade-union consciousness and promote European meetings and contact. It should therefore encourage joint committees to be set up for the various professions. These could study at the European level the problems of employment relations with a view to establishing collective agreements at a later stage. However, I think that, at the present moment, it would be very much better to leave the trade unions, with their powers, to take the initiative rather than hastily making a law. In other words, it is one thing to come out in favour of collective agreements and another to want to issue a Community law at this moment.

I have the impression that Mr Lange thinks that the earnings, profits and reserve funds acquired by multinational companies in a particular country should be reinvested in the same country. But this goes against the very essence of the multinational concept. It is one thing to say that we need certain safeguards, that dismissals and the closing down of firms should not be used as pressure weapons—and, to this end, we have put forward proposals which should prevent collective dismissals being used as arbitrary measures which suddenly hit the workforce of a particular country—but investment is quite another matter. It has always been a very complex question and is becoming increasingly so as time goes on. We find ourselves relatively helpless in dealing with this matter. In some ways, the problem has become even more pressing today because now, as well as the big multinational companies, we have the possibility sometimes even probability, of investment by the states who hold the petro-dollars. No-one can deny that international investment within the Community needs to be controlled according to a certain political vision. This Parliament will soon receive a document concerning raw materials which the Commission is currently preparing. You will see that this problem has to be taken into consideration in that context as well as when considering economic and monetary measures.

We have been asked to explain the Commission's position vis-à-vis the major question of the influence exercised by multinational companies in developing countries.

In paragraph (f) of our communication we stressed the fact that in economically weak countries multinational companies can, and do, exercise political as well as economic influence. What can the Community do about this? I think that there are two lines of action. In all our agreements for economic cooperation or investment aid with developing countries, we should stipulate, partly in their own interest, that the European multinational companies which have a foot-hold in these countries are obliged to respect certain rules and make arrangements, according to which, after a certain period or under certain circumstances, the country in which the multinational companies invest should reacquire the instruments of production set up by the companies. I should like to emphasize that such a policy, involving a Community centre of developed countries, also acting as a centre for multinational companies, would be greatly appreciated. This was quite clear to me in the context of the United Nations in which the developing countries were making themselves heard.

Secondly, we must try to get similar measures included in international agreements, such as those I talked about this morning, with the other major industrial powers, such as the United States and Japan. To achieve this result we shall have to act as a separate political force in the world.

Mr D'Angelosante found our document pathetic, coming as it did on the eve of the great petroleum crisis. I disagree with this. The only thing which deserves to be called pathetic is the Commission's inability to take rapid decisions—most of the analysis in it still seems to me to remain valid. Naturally, I shall not go into each individual criticism made by Mr D'Angelosante because he would have criticism to make whatever measure we proposed. Rather, it seems to me that the events of the past two years in this field show that the Commission was right to raise this problem.

Now I come to the fundamental question posed by Mr Leonardi. I agree that these measures could be improved, amended and filled out but we can only really control multinational companies if we establish an overall system of common economic policies, truly beginning to institute European economic and monetary union. In considering the measures to be taken vis-à-vis the multinational companies, it is as well to realise that they will only be effective if they operate in the context of a developing policy of European economic and monetary, hence poli-

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tical, unification. We shall not get very far otherwise.

Finally, I should like to answer the questions put about the data, in particular Mr Bordu's question on the investigation on petroleum. I cannot, unfortunately, give you an exact reply because my colleague, Mr Borschette, is responsible for this field. However, I can assure you that the Commission is proceeding with its investigation into the petroleum companies. As you can well imagine, this is not an easy task, particularly since the means at the Commission's disposal are severely limited. The investigation will cover some other large multinational companies as well. In its studies and investigations, and by the measures which it has proposed as a result of them, the Commission has shown in the past that it has a considerable degree of independence and ability to assess the Community's interests. Not that it has not been criticized in this field for not having covered everything. To do this, the Community would have to have a more consistent budget than at present. Where it has been able to act, it has acted correctly and I think that here too it will act with decision, independence and precision. The way in which my colleague, Mr Borschette, has run this sector over the last few years is a guarantee to all.

The last point is the question of gathering information. I wish that Mr D'Angelosante and Mr Leonardi would not always harp on the failure to deliver a particular document as if it were a mortal sin. The Commission, as a matter of principle, does not publish all the studies which it carries out. In any case, I am sure you know that the results of this document were published by Agence Europe and that nothing of importance remains to be published.

That copes with the past. As for the future, we have talked about the need for this information. Coming now to the end of my speech, I should like to tell Parliament that our departments have already started work and begun on the first classification, collecting data on about 9 500 multinational undertakings. All of them were asked to submit their balance sheets and about 60% have already complied with the request. So the work is progressing. Even before it is finished, it should be possible to use the initial findings to further enrich it. I assume from consulting the list of those who have expressed interest in this work that there is a certain amount of curiosity about it. The list covers a whole range from your Parliament to the Economic and Social Committee, from Community industrialists' and employees' associations to the German Parliament, including even the OECD. This convinces me that we are starting on a profitable path and that the results will be useful. We shall

do our best to follow it up and attempt to publish the findings as soon as possible, even before they are complete. It is in your and our interests to be more precisely informed about various numerical aspects of this phenomenon.

This is all I have to say. I should like to thank you all for your contribution and the support which a large part of Parliament has given to our proposal.

(Applause)

President. — Thank you, Mr Spinelli. Does anyone else wish to speak?

We shall now consider the motion for a resolution.

On the preamble Mr Normanton has tabled Amendment No 1 on behalf of the European Conservative Group which is worded as follows:

Preamble

Add the following recital to the preamble:

— having regard to the need to promote the viability of firms of all sizes within the Community,'

I call Mr Normanton to move this amendment.

Mr Normanton. — Mr Spinelli, I think, put his finger on the real issue, and that is the problem, as he said, of the multiform nature of this series of resolutions. The purpose of the amendment is two-fold. Firstly, to avoid creating an impression in the reader of the final report that, even by implication, the Community is anti-multinational *per se*.

We are not, and we must not be seen to be such. I believe that we want to be more multinational and base these multinational companies in the Community and ensure thereby that they conduct their business in accordance with the highest possible standards appropriate to the concept of the Community.

Secondly, we also believe in the continued growth of trade by companies of all sizes—large, medium and small. I personally would have liked to include a specific reference to promoting the interests of the small company. But on balance I think we are serving the interests of the small company by specifically saying that the interests of all companies, of all sizes, should be constantly borne in mind and their welfare, expansion and promotion maintained.

It is for this reason and in these terms that I would recommend this amendment to the House and welcome the complimentary comments which have been made on the proposal by

Normanton

Members who have already made their contributions.

President. — I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

I put the preamble, so amended, to the vote.

The preamble so amended is adopted.

On paragraphs 1 to 11 I have no amendments or speakers listed.

I put these texts to the vote.

Paragraphs 1 to 11 are adopted.

After paragraph 11 I have Amendment No 2 tabled by Mr Carpentier proposing the insertion of a new paragraph 11a worded as follows:

Paragraph 11a (new)

After paragraph 11, insert the following new paragraph:

'11a. Requests that European legislation should eliminate the obstacles existing in certain countries to manifestations of solidarity between trade unions, in particular those taking the form of sympathy strikes.'

I call Mr Carpentier to move this amendment.

Mr Carpentier. — (F) Mr President, ladies and gentlemen, I should like to comment briefly on the exact significance of this amendment.

In the first place, we are grateful to the Commission for having raised the problem of the multinationals. This is of course no more than a little step forward, a very timid step, but since this problem had not been touched upon at all hitherto I feel it is excellent that it should be now and the speeches that we have heard show just how important the matter is.

This is thus more than a start, but it is precisely because it is a start that we must show our determination to proceed along a well-defined path.

Some speakers believe that the multinationals should be perpetuated. What I know is that at one time they did not exist but that they do exist today. I do not know whether they will be in existence tomorrow. History tells us that some institutions in every field of life prosper, only to vanish in the face of events. At any rate it is easy to conceive production and trade assuming a different form relying on different foundations.

My second thought is that no one has defined the multinational undertaking. I believe that, from experience, we all know what a multinational

undertaking is. If anyone has a subsidiary of one of these undertakings in his area and if one day that subsidiary disappears suddenly leaving 100, 200, 300, 400 workers without a job, then he knows just what a multinational undertaking is! This is the case with me. The public authorities and I, after taking the matter up with the government, tried unsuccessfully to find someone in the company with sufficient authority to discuss the problem and analyse it and try to resolve the plight of workers who had found themselves dismissed overnight. There you have a multinational undertaking!

We therefore believe that in view of their different forms and the multiplicity of countries in which they are established, in view of the extremely scant information which they provide and in view of the impossibility of finding out with whom one is dealing in the event of a crisis or difficult point in the life of the subsidiary or the undertaking, it is necessary to protect workers in such a way as to safeguard job security.

This is in a way the aim underlying this amendment, through which we seek to adopt a standpoint and reaffirm a principle rather than merely establish the point contained in the text of the amendment. It is a fact that workers are deprived and underprivileged, and in this area we find a contradiction in modern industrial states.

As a result of the workers' struggle legislation has emerged, been amplified and strengthened and has given them rights at national level, in particular to protect their jobs. Why shouldn't we transfer such legislation to Community level to provide the trade union counterweight referred to in the motion for a resolution? But in addition this trade union counterweight must not be merely an affirmation of principle. It is necessary to sustain it and you have an opportunity of doing so, ladies and gentlemen, by voting for the amendment I have placed before you.

President. — What is the rapporteur's position?

Mr Leenhardt, rapporteur. — (F) Mr President, a problem undoubtedly exists. The trade unions attach enormous importance to European legislation that would remove the obstacles to workers showing solidarity by coming out in sympathy. The problem is not an abstract one. It has in fact happened that a multinational undertaking with a strike on its hands in one country steps up production in one of its factories in a neighbouring country. One may gauge the effectiveness of solidarity among workers in the face of such conduct by multinationals. However, as rapporteur, I should

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point out that the question was raised in the Committee on Monetary and Economic Affairs but that a number of objections were made.

President. — I call Mr Normanton.

Mr Normanton. — Mr President, I should just like to register the opposition to this amendment of the European Conservative Group, because quite frankly this is, we feel, not specifically limited to multinationals. The problem and the purpose of this particular amendment could be relevant to the whole field of industry and to all industrial undertakings of any size, national, international, large or small. To include this subject under heading 'multinational', I really do feel would be a lop-sided presentation.

I would earnestly hope that it would be considered more appropriate to discuss the matter when we are debating trade union legislation, trade union relations and the whole field of trade unionism and social affairs, than in connection with multinational companies. I would therefore recommend that the amendment be rejected.

President. — I call Mr Härzschel.

Mr Härzschel. — (D) Mr President, I should like to ask the Commission if it can tell us in which countries obstacles to manifestations of solidarity exist?

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, the difficulty is that we have already voted on the motion for a resolution up to and including paragraph 11. But perhaps we can manage to do what is necessary now.

I think that the aim of this amendment can be incorporated in paragraph 11. We do not need a separate paragraph. As I said before, the last part of paragraph 11 in German should read 'to draw up a proposal for a European law on collective agreements' and not 'to draw up a proposal on European collective agreements'. It was obvious that Mr Spinelli was suffering under a misapprehension just now. We could then continue with 'and to eliminate the obstacles in certain countries to manifestations of solidarity between trade unions, in particular those taking the form of sympathy strikes'.

This would be acceptable to us of the Federal Republic, and would be no problem for the Netherlands. If, then, the undertaking concerned is one which is not only internationally active but also nationally active with various

places of production—it may take this form—what is called for here is therefore possible and should be accepted at European level.

I would therefore be grateful if Mr Carpentier could agree to this change in the form of his amendment, that is to say, to merging it with paragraph 11.

I would consequently recommend, Mr President, that we now vote only on the content of Mr Carpentiers' amendment. If it is rejected, that is the end of it. But if it is adopted, I would ask that it be combined with paragraph 11.

President. — I call Mr Spinelli.

Mr Spinelli, member of the Commission of the European Communities. — (I) Mr President, I think it right for workers to have the possibility of expressing their solidarity beyond national boundaries.

I must, however, say that—from the purely formal angle—this amendment has taken me by surprise because it was only presented today and I am unable to tell the questioner whether there are countries in which obstacles exist to sympathy strikes. I am not therefore in a position to answer and after all none of us can be omniscient.

But because I hope it is now permissible to speak of European legislation I also hope that a recommendation designed to remove such obstacles will be admissible.

The problem must be considered later but for the time being I cannot say whether I personally support the content of the amendment.

President. — I call Mr Leenhardt.

Mr Leenhardt, rapporteur. — (F) Mr President, I merely wish to reply to the question put by our colleague. According to a trade union document issued by a European trade union confederation, which I have here before me, the countries in which these obstacles exist are said to be the Netherlands and the United Kingdom.

President. — I call Mr Alfred Bertrand.

Mr A. Bertrand. — (N) Mr President, I share Mr Spinelli's views. I cannot really see why this text should be added. The Nine Community countries recognize freedom of the trade unions and to my knowledge there is no legislation in any of them to prevent a union movement taking action if it wishes to do so.

Alfred Bertrand

From the European angle, I do not see the need at this time to embody such a stipulation in the statutes of the union movement.

(Applause)

President. — I call Mr Carpentier.

Mr Carpentier. — (F) Just one word Mr President. What I personally do not understand is why, given the international solidarity among financiers, one should not accept international solidarity among workers. I would add that I fear lest what we could calmly do today might not one day be forced upon us under the pressure of events.

(Applause)

President. — Does anyone else wish to speak?

I put Amendment No 2 to the vote.

Amendment No 2 is rejected.

On paragraphs 12 to 22 I have no amendments or speakers listed. May I point out that paragraph 21 (new) was omitted from all documents and has now been inserted in the Corrigendum of 9 December.

I put paragraphs 12 to 22 to the vote.

Paragraphs 12 to 22 are adopted.

I call Mr Bordu for an explanation of voting intention.

Mr Bordu. — (F) Mr President, a while ago, speaking on behalf of our group, I made a number of fundamental points to this Assembly and some very harsh criticisms based partly on the motion for a resolution itself and in particular on the preamble to it. Now we discern a desire to move in a certain direction, even though our view is that the proposals contain serious weaknesses and that the measures suggested will not be enough to undermine the all-powerful position of these giant companies. Quite frankly, I would not want anyone to think that we were adopting a negative position as regards the sincerity of some people in this House.

For this reason we shall abstain in the vote, taking account of these two circumstances. For the record I should add that when I referred to a declaration by the European Socialist Parties in my earlier statement this was not intended as an attack upon them. We fully approve of the content of this declaration and we very much regret that Europe has not developed along the lines set out in it. I am convinced that if Europe followed the recommendations made by that conference in 1962

it would not find itself in its present plight. It would be a genuinely social Europe, which today it is not.

President. — I put the motion for a resolution as a whole, as amended, to the vote.

The resolution so amended is adopted.¹

5. Change in the agenda

President. — I call Mr Noè for a procedural motion.

Mr Noè. — (I) Mr President, in view of the amount of business still on the agenda for today and since the Assembly worked until a late hour on Monday, Tuesday and Wednesday, I would ask you to take steps to speed up our work which would otherwise end late at night, probably around midnight.

This protraction of the sitting would be fatiguing for the Assembly and for all those who work in the interpreting booths and in all the other services which make our meetings possible.

I therefore ask you on the basis of Rule 28 (3) to consider the possibility of halving speaking time; this would enable the business on the agenda to be dealt with in a reasonable time, bearing in mind the fact that we have undertaken not to change the agenda.

President. — Does anyone else wish to speak on the proposal to reduce speaking time by half?

I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, on behalf of my group I should like to speak against this proposal.

This is an important social question, which affects all workers in Europe. The House should therefore take its time over this matter. After all, it often does so when discussing olive oil and other things like that. Every day of every part-session we have the same inconvenient situation, and we should not therefore start reducing speaking time on so important a question. How can anyone move an amendment in a sensible manner if the President is forced to use his gavel after 2½ minutes? I therefore feel that there should be no limit, but that we should exercise some self-discipline. Every Member should attempt to keep within the speaking time allocated to him.

¹ OJ No C 5 of 8. 1. 1975.

President. — I call Mr Yeats.

Mr Yeats. — Mr President. I would like to agree with Mr Fellermaier on this. As he says, the document we are about to consider is of extreme importance; it is also controversial, and I think it would be very unreasonable to suggest that we could deal with it in this kind of rushed way. I feel it would be better to leave it over to the January part-session.

I myself will try to be fairly brief, but I think we must have some realistic attitude to the subject, and I would point out also, Mr President, that the agenda as arranged by the Bureau and as adopted by this Parliament, in any case provides for sittings today at 10 a.m., 3 p.m. and possibly 9 p.m. We are in fact up to time.

President. — We shall now vote on the procedural motion.

I put the motion to halve speaking time for the remainder of today's sitting to the vote.

The motion is rejected.

I call Mr Mitterdorfer for a procedural motion.

Mr Mitterdorfer. — (D) My apologies, Mr President, but as a result of the very slow way in which we are getting through today's agenda I find myself in a very unpleasant position and would therefore ask you if it would be possible for me to present my report now. This will take a maximum of ten minutes. The debate on the report could then of course take place at the scheduled time according to the agenda.

I would be grateful if the House could agree to this.

President. — Does anyone wish to speak against this motion?

I put to the vote the motion proposing that Mr Mitterdorfer may present his report now and defer the debate on it to the scheduled time.

The motion is adopted.

6. *Directives on gas meters, high-frequency equipment, transport tanks used as measuring containers, and technical equipment in motor vehicles*

President. — The next item is a debate on the report drawn up by Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs on the proposals from the Commission of the European Communities to

the Council for the elimination of technical barriers to trade

— with particular reference to the proposals for directives on the harmonization of the laws of the Member States on:

— the scales of charges for the testing of gas meters (Doc. 164/74);

— radio interference caused by equipment operating at radio frequencies in the range 10 kHz to 18 GHz—high-frequency industrial, scientific and medical equipment and similar apparatus (Doc. 235/74);

— road and rail transport tanks used as measuring containers (Doc. 189/74);

— the reverse and the speedometer of motor vehicles (Doc. 227/74);

— anchorages for motor-vehicle safety belts

— statutory plates and inscriptions for motor vehicles and their trailers, and their location and method of fixing (Doc. 234/74).

(Doc. 323/74/corr.)

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

Mr Mitterdorfer, rapporteur. — (D) Mr President, ladies and gentlemen, the Committee on Economic and Monetary Affairs is putting before you today a motion for a resolution on proposals for directives on the approximation of legislation on what would seem at first glance to be quite unpolitical and dry matters: gas meters, high-frequency equipment, road and rail transport tanks used as measuring containers, speedometers, reverse gears, safety belts and inscriptions for motor vehicles.

You will rightly say, quite a mixture. And you will ask why must Parliament deal with such things in public debate? Under Article 3 of the EEC Treaty, however, one of the activities of the Community concerns the approximation of the laws of Member States to the extent required for the proper functioning of the common market. The approximation standards are governed by Article 100 of the EEC Treaty, which contains provisions aimed at eliminating the adverse effects of differences in the legislation of Member States on the establishment or functioning of the common market. If, then, these proposals for directives would seem at first glance to concern only gas meters or speedometers or other industrial products, their significance becomes apparent when it is realized that they are the expression of a specific instruction given by the Treaty of the Community. What is involved here is one

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of the 'five freedoms' laid down in the EEC Treaty for certain categories of goods, and consequently the elimination of technical barriers to trade to allow the free movement of goods.

The elimination of these technical barriers to trade must therefore be a matter of real concern to all the Community institutions.

Technical barriers to trade can be taken to mean any obstacles to the movements of goods resulting from differences between national laws. It should also be remembered that technical barriers to trade are a relatively new phenomenon, which was largely unknown when the Treaty was written. Despite the presence of a number of specific harmonization provisions in the EEC Treaty, the existing legal position prevents technical barriers to trade from being eliminated except on the basis of the vaguely worded provisions of Article 100.

In practical terms this procedure is not exactly the most satisfactory when it comes to eliminating the negative effects of technical barriers to trade in the fields of commercial policy and competition policy. With the present procedure up to five years may elapse before measures come into effect. What this means at the present rapid rate of technical progress is obvious. We must therefore consider how the Community can act more quickly in the future, since we must realize that technical barriers to trade may play the role in trade between the European states that quotas played in the past. They tend to split up the market and impede efforts to rationalize the production apparatus of Community industry. And they may help large undertakings to push small and medium-sized undertakings out of the market.

The proposals for directives now before the House have one thing in common in spite of the different products concerned: they are based on the principles set out in the Council's resolution of 29 May 1969 and confirmed by the Council in its resolution of 17 December 1973 concerning industrial policy. These principles concern the *status quo*, the obligation to provide information, mutual recognition of tests, adjustments to technical progress and finally optional or total harmonization.

I should first like to take the directives which concern motor vehicles. I do not think that the proposal for a directive on plates, inscriptions, their location and method of fixing poses any particular problems. We should on the other hand stress that the other two proposals on anchorages for motor safety belts and on the reverse gear and speedometer of motor vehicles will not only make for the free movement of the products concerned, but also have a positive effect as regards the safety of the consumer.

The committees asked for opinions have underlined the fact that optional harmonization is not a suitable means of increasing safety in the case of motor vehicles and therefore recommend total harmonization.

The Legal Affairs Committee calls in its opinion for improved speedometer design and for the application of these three directives to three-wheeled vehicles, which are still widely used in the United Kingdom.

The Committee on Public Health and the Environment says in its opinion that it does not understand why the Commission restricts its directive on anchorages for safety belts to the adult occupants of forward-facing seats and therefore urges the Commission to extend the field of application of the directive to include lateral and backward-facing seats as soon as possible and in particular to draw up provisions for safety belts for children's seats.

The suggestion made by the Committee on Regional Policy and Transport in its opinion on page 16 of the report could not be considered by the Committee on Economic and Monetary Affairs because it had already completed its report. Personally I find the suggestion good and would therefore be very much in favour of it.

As regards the proposed directives on measuring instruments, i.e. gas meters and transport tanks used as measuring containers, I can tell you that the Commission would like to harmonize licensing and calibration fees and the method used for their collection. The differences that exist in the Member States are the reason for the proposal that a minimum fee should be charged for the use of specialists, for the preparation of expert opinions and for testing.

It should also be noted that provision is made for two transitional periods of three years until total harmonization is achieved in this field. With this proposal for a directive the Commission would like to set an example for further harmonization projects in respect of other instruments.

The directive on transport tanks used as measuring containers provides for the EEC measurement of tanks by the measuring service or the system of initial EEC calibration of the container, also by this service. In both cases containers that have been measured or calibrated in this way will be provided with a calibration plate.

The last of the six directives, which concerns the elimination of radio interference caused by equipment operating at high frequencies, will involve total harmonization and undoubtedly

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contribute to the removal of the obstacles existing in this sector as a result of testing and penal provisions that differ from one Member State to another. The Legal Affairs Committee states in its opinion that it would be advisable for Member States to have to notify the Commission not only of the measures they have taken but also of any measures they plan to introduce.

On the whole, the Committee on Economic and Monetary Affairs has found it possible to recommend in its motion for a resolution that Parliament approve the six proposals for directives I have just outlined.

That, ladies and gentlemen, concludes my remarks on the consideration of the six proposed directives by the Committee on Economic and Monetary Affairs and by the committees asked for opinions, and I should now like to give some more information on the other points in the motion for a resolution as this is after all an oral explanatory statement.

As you can see from paragraph 5 of the motion for a resolution, the approval of the proposals for directives is subject to general reservations on the procedure for the elimination of technical barriers to trade. For if further delay is to be avoided, a procedure which works more quickly must be adopted, although effective control by the Community institutions remains a necessity.

To repeat what I said earlier, it is to be regretted that the Council's programmes for the elimination of barriers to trade are based on resolutions. We all know that resolutions are not binding, and it is questionable whether the timetable outlined by the Council in December 1973 for the elimination of technical barriers to trade by 1978 is more likely to be observed than the timetable set by the Council in 1969. Principles which are laid down in resolutions and which at the time seemed to be generally accepted, namely the principle of mutual recognition of tests, adjustment to technical progress, harmonization procedures and procedures in the event of disputes might well, without much difficulty, again be questioned. We of the Committee on Economic and Monetary Affairs would have preferred the Council to choose the binding form of a directive to eliminate technical barriers to trade in view of their significance for the freedom of movement of goods.

The Committee on Economic and Monetary Affairs feels that Parliament should develop proposals for improving measures for the elimination of technical barriers to trade in view of the delays caused partly by the subject matter and partly by procedure and that it should bring its political influence to bear so

that the Council takes such proposals into account. In future the Council should adopt action programmes for the elimination of technical barriers to trade in the form of directives based on constant principles. The various sectors defined in an action programme of this kind should then be covered by outline directives pursuant to Article 100 of the EEC Treaty. The technical implementing provisions would then be issued by the Commission on its own responsibility pursuant to Article 155.

If the Council adopted this procedure, at the Commission's suggestion, Parliament's control in these areas would also be more effective. Such treatment might prevent the situation in which the European Parliament is regularly and repeatedly faced with proposals for the elimination of barriers to trade, which in addition are so technical that their content can only be appreciated by experts. Outline directives of the type we envisage should contain a statement on the most important technical questions connected with the improvement of freedom of movement of goods, and public health, work safety and environmental protection should be taken into account. These outline directives should also stipulate the type of harmonization, whether total or optional, and indicate what other provisions have been laid down for a given sector.

The Committee on Economic and Monetary Affairs feels that a procedure of this kind would put an end to the tactic hitherto adopted by the Community in this important field, which would benefit the industrial circles concerned and speed up integration. The consideration of proposed directives on the elimination of technical barriers to trade by a well thought out system will, I am sure, give greater credibility to the European Parliament's efforts to bring freedom of movement of goods into line with the general state of integration of the economy in the Community than has been the case in the past. This is important because the phenomenon of the constant development of new technical barriers to trade and procedures needed for their elimination conceals what we are all trying to achieve, the economic unity of Europe.

(Applause)

President. — We shall defer the debate on the Mitterdorfer Report.

7. Reference back to committee of a report

President. — The next item is the debate on the report drawn up by Mr Yeats on behalf of the Committee on Social Affairs and Employ-

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ment on the proposal from the Commission of the European Communities to the Council for a directive on harmonization of the legislation of Member States on the retention of the rights and advantages of employees in the case of mergers, takeovers and amalgamations. (Doc. 385/74).

I call Mr Alfred Bertrand.

Mr A. Bertrand, chairman of the Committee on Social Affairs and Employment. — (NL) Mr President, on behalf of the Committee on Social Affairs and Employment and in agreement with the rapporteur, I propose that this report should be referred back to our committee for two reasons. Firstly, this is a very important problem which is closely related to the debate Parliament has already held on the third directive where the same difficulty arose in connection with the protection and safeguarding of the interests of workers in the event of mergers and concentrations of enterprises or limited companies.

Fourteen amendments have been submitted to the motion for a resolution which will undoubtedly give rise to complex discussion and difficult voting because the content is not easy to follow for anyone who is not really familiar with this question. Thirdly we did not receive in good time the opinion of the Legal Affairs Committee on the amendments proposed by the Committee on Social Affairs and Employment to certain articles. We should welcome a legal opinion before expressing our final position. For these reasons I would ask you to refer the Yeats report and the amendments tabled thereto back to the Committee on Social Affairs and Employment.

President. — Under Rule 26 (2) of the Rules of Procedure, reference to committee shall always be granted if it is made by the committee responsible.

I call Mr Marras for a procedural motion.

Mr Marras. — (I) Mr President, the reasons for reference back to committee are certainly valid even though I feel some concern about one of the points in the social action programme for which precise time limits were set in the resolution—I refer to a measure to be adopted by 31 December of this year; we are postponing the matter, but I accept that there are good reasons for doing so.

I therefore support my chairman's proposal that the matter should be referred back to the committee, discussed in cooperation with the Legal Affairs Committee and followed by a preliminar-

ary consideration of the amendments, on the understanding that the report will be debated at Parliament's next part-session. An effort should be made then to consider it on a day at the January part-session, Mr Bertrand, which is not too late in the week. The subject is one of great importance and it deserves to be debated on a day when the Assembly has a quorum. I hope that you will manage to arrange this with the authority you have in the Bureau and in the other bodies of our Parliament.

President. — The report will be referred back to committee and considered at the next part-session of the European Parliament at as early a date as possible.

8. Oral Question with debate:
Indexing of earnings

President. — The next item is the Oral Question with debate by Mr Cousté and Mr Terrenoire on behalf of the Group of European Progressive Democrats to the Commission of the European Communities (Doc. 328/74).

It is worded as follows:

Subject: Indexing of earnings

In view of the present rate of price increases in most Member States and with inflation expected in almost all sectors of the economy, the effect of an anti-inflationary policy as recently recommended by the Commission would undoubtedly be a recession, already reflected in the growing number of unemployed.

In the light of this does the Commission not think that the best way to remedy this situation would be to draw up contracts expressing wages and salaries, interest rates and taxation in real terms, that is, in relation to overall price levels and not in nominal terms?

I call Mr Nolan, deputizing for the authors, to speak to the question.

Mr Nolan. — Mr President, of course, we all know the very difficult economic situation that exists in all the Member States of the Community and it is blamed on inflation, it is blamed on everything. A politician once asked in my Parliament, 'What is inflation?' As politicians we can say it is due to the oil crisis. It is due to this. It is due to that. It is due to taxation. It is due to everything. But I would not as a politician like to say that we should blame everything on the oil crisis, because actually the oil producers get approximately 11p for a gallon of petrol. I think the average price all over Europe is somewhere around 65p. We politicians

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must therefore admit that taxation is the biggest problem as far as petrol is concerned. In my country, tax amounts to about 40p of the 65p, and I know it is the same in many other countries.

However, the most immediate and obvious result of the difficult economic situation in our time is that monetary and financial assets have lost value. And the purchasing power of the less well-off groups, including the small saver, has dropped. A detailed study of this situation shows that the crux of the problem is the delays that exist in adjusting wages and salaries, pensions, allowances and so on because of the time it takes to calculate the purchase price indexes and calculate the pay remuneration. The effect of these delays is fairly negligible when inflation is low. If inflation is not rampant as it is now, calculating prices and so forth is an easy matter. But that is not the situation that we are confronted with at the present time. For example, in the case of a three-month delay, which is normal, and an annual inflation rate of 16%, real earnings are 4% lower than in a case where there is no inflation or where adjustment is immediate. In the industrial sector, this loss is carried over on to profit and represents about 8% of the profit margin. Furthermore, it is clear that although prosperity is now enjoyed by more people than in the distant past, there are still imbalances between the different categories of income, arising in particular from profound changes in the economic and social structures leaving certain social economic groups very weak.

My group believes that the indexing of savings is a more general way of indexing earnings—as proposed in our question to the Commission—and that this would reduce the inequalities resulting from inflation. The attitude of the man who saves is often used as an argument against those who support indexing. Do savers not consistently go on increasing their savings whatever the argument for and against the price index is? This argument is not convincing. Variations in their saving rate are not a true guide to the satisfaction of households. This satisfaction is shown in other ways, which are more dangerous to economic growth. In any case, when householders become better informed and more aware of their own interests, they invest in a manner which becomes less and less compatible with collective interests. They attempt to acquire material assets which they consider a safe investment. The substantial increase in transactions of this kind has negative effects. Property such as agricultural land is basic to economic activity. But we are aware that in a time of inflation, when there is plenty of money, when people can borrow, agricultural land

goes beyond its value. In other words, the big farmer who can borrow money will get money from the banks, and this raises the price of land, and the man who really wants to buy land, that is the small farmer, cannot compete with him. This creates inflation; in other words, land is being bought far in excess of what it can produce. The farmer pays too much for it; he pays too much interest; and he makes no money from his investment. Similarly, if it is possible to increase the volume of assets available, considerable resources will be invested, attracted by a wide gap between the production cost and the selling price. The resources can certainly be employed more usefully elsewhere.

In an attempt to correct these imbalances, the governments have resorted to the most classical policies, which my group considers inappropriate in view of the gravity of the current situation. They are relying on restrictive policies, which slow down expansion, may even lead to recession and reduce the level of economic activity without bringing down prices. After a time expansion has to be stimulated, and the situation quickly deteriorates once again into inflation. The economic process develops by fits and starts, and the medium-term result is both a slowing down of real growth and monetary depreciation. The same reasoning is true for the lower level of economic activity. When overall expenditure falls, the individual producer tends to see this as an isolated phenomenon and to take the temporary measure of cutting down production, of building up stocks, rather than lowering his prices. He does not decide to lower prices for some time. The same applies to the wages of his workers, who will be made redundant.

It is evident that unemployment is still increasing at an alarming rate in the Community, and this applies not only to my own country, but to all countries of the Community. It is increasing in a number of sectors, especially the building sector. And I think, Mr President, that the building sector is very often the key to most countries: when you have a recession in the building industry and people in that industry are unemployed, you feel the real pulse of an economy, because it is the first indication of real recession and of real unemployment. I know as well that in the textile industry, in the footwear industry and in many other industries, we are having problems of unemployment. This applies everywhere. And the problems facing the footwear industry are not due to Italian shoes; imports from third countries may also be to blame.

But we are in a situation—and let there be no doubt about it—where firms are going bankrupt. Unemployment is increasing and, as I said earlier, this is happening all over the Com-

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munity. It will take some time for the attitude to inflation to change and for new ideas to be put forward to encourage higher production and employment after a considerable period of inflation. Inflationary expectations are reflected in the borrowing rates, collective wage agreements and other long-term contracts. A slackening off in the rate of inflation necessarily leads to difficulties and hardships. The employer finds that the real cost of wages and salaries is far higher than what he negotiated. The borrower finds that the real cost of the money he has borrowed is far greater than he bargained for.

On behalf of my group I wish to compliment Mr Cousté and Mr Terrenoire on putting this question, which has the full support of my group.

President. — I call Mr Gundelach.

Mr Gundelach, member of the Commission of the European Communities. — ((DK) Mr President, let me say first of all that the Commission has not only recommended an anti-inflation policy but has always, and with ever increasing force in recent months, stressed the need to conduct an economic policy that increases employment.

That might seem like an attempt to square the circle: simultaneously to conduct an anti-inflation policy and an economic policy to promote employment. That is not necessarily the case, however, when we consider the reasons for the particularly difficult economic situation we are in. They are to be found partly in the abundance of money that resulted from the fact that the American balance of payments deficit at the end of the 1960's and beginning of the 1970's led to the breakdown of Bretton-Woods cooperation, and partly in the sharp increase in the prices of various raw materials, particularly energy prices. What has happened is that permanent changes have taken place in the external conditions imposed on our economic activity, and the solution—and here I agree with the questioners—cannot only be found in the use of conventional economic control measures such as taxes, interest rates and monetary policy, but must be sought to a much greater extent in a series of structural policy measures to adapt our economic system to the changed external conditions.

The Commission has noted with considerable satisfaction that its points of view on the subject were accepted and included in the communiqué from the Paris Summit Conference, where further strong emphasis was placed on the need to put more stress on conducting a policy to promote economic activity and reduce the currently increasing unemployment at the same time as combatting inflation not merely

with conventional methods but with the use of a structural policy.

If we are to preserve the basis of our economic dealings in Europe, such a policy must be conducted—not as an isolated policy, since there are still large traditional differences in the economic situation and development of the Member States—but as a policy that, even if it is not aimed at unity, at least in the coming months and years is aimed at greater convergence of Member States' economic development in an attempt to solve the increasing divergence we have seen in recent years.

In more concrete terms, as expressed in the communiqué of the Paris Summit Conference, in the present situation it is necessary for the countries with the strongest balance of payments to conduct a policy of greater expansion whereas countries that are in greater balance of payments difficulties will conduct a more cautious policy. Only by harmonization of economic developments in all countries will we be able to extricate ourselves from the present difficulties. What the questioners have said is quite correct: that there will be a striking economic recession with the related social consequences if all Member States, supported by developments in other industrialized countries, especially the United States, simultaneously conduct a policy of restraint to solve the problems that have arisen as a result of the effects of oil price increases on the balance of payments. It is quite clear that such balance of payments difficulties cannot be solved without an economic recession if all countries simultaneously try to import less and export more. In a situation where world export markets are stagnating because the oil-producing countries are unable to absorb goods from industrialized countries whose volume of exports is constant or decreasing, it is not possible through restrictive economic arrangements alone to restore the balance of payments equilibrium. That would only lead to a downward spiral and depression. These general comments, then, reflect the fact that the Commission does not oppose the reasons for the question.

The question is whether the adjustment in real terms of wages and salaries, interest rates and taxation is likely to prevent harmful effects on employment in the current situation.

In a working document forwarded to the Council and Parliament the Commission investigated the machinery for indexing wages and salaries in the Member States. As I have said, the Member States have widely divergent systems in this field too. Some use indexing to a great extent, other do it to a limited extent or not at all.

Gundelach

In every Member State, there is a complicated correlation between indexing or non-indexing and the other aspects of economic and social policy. Indexing or the lack of it affects labour market relations, social security payments, taxes etc., and it cannot therefore be picked out and treated in isolation in any Member State.

The Commission's enquiries in this field have not led to any single conclusion. There does not seem to be any single connection between indexing and such important aspects of economic policy as the trend in real wages, incomes distribution, inflation, employment, labour market relations, the balance of payments and trends in interest rates and taxation. It is not, however, surprising that there is no single connection. Indexing is in all cases only one of many aspects of the joint economic policy and only one of the factors affecting economic development.

This means that in the Commission's opinion there is not at present any basis on which to formulate a joint proposal on the abolition of indexing in some countries or its introduction in others. If the time should come—and the possibility cannot be excluded—it can only be one more aspect of a comprehensive common programme covering all the main aspects of economic and monetary policy, including new arrangements for adjusting our industrial structure, as I said, to changed external conditions. Indexing can never replace such a programme, and I must warn you against trying in the present situation to isolate and tackle indexing problems without also considering a joint programme for economic and monetary policy in the Member States.

President. — I call Mr De Clercq to speak on behalf of the Liberal and Allies Group.

Mr De Clercq. — (*F*) Mr President, honourable Members, I am deputizing for Mr Emile Müller, who was unable to stay with us, to give the position of our group on the problem of indexing.

Several initiatives have been taken on this subject in Parliament. Apart from the oral question by Mr Cousté and Mr Terrenoire on the indexing of earnings, Lord Reay has just submitted a motion for a resolution on the indexing of savings which in our opinion seems more in keeping with immediate aims, namely, to reduce the effects of inflation for those who still have faith in the national organization. We are pleased to see that the discussion has been opened on a problem on which the public has strong feelings, but at the same time we warn Parliament against any exaggeration that might

call into question our guiding principle. We must keep our proposals moderate so that our action does not seem demagogic to any particular government; that could only lead to its defeat. Let us not forget that if the EEC, by its very nature, furthers the implementation of any innovative project, the project is then submitted to the national governments. We feel that the trend is towards indexing.

That is why we want to prevent any extreme approach that might jeopardize its chances.

Every day we see savings accounts being reduced because of the unacceptable rate of inflation that has prevailed for some time. Because of inflation in fact, in some countries a large amount of savings have been used to buy consumer goods. Our balances of payments, which already show a deficit, are feeling the fatal repercussions.

Fortunately, the trend now seems to be reversing. All that remains to be done is to take steps to consolidate it. This introduction shows how much my colleagues in the Liberal and Allies Group and I have an open attitude to the problem.

We are aware, however, that there must be moderation in economic reforms if we are to avoid the confusion that very often arises unexpectedly. We note that general, non-differentiated indexing of earnings is interpreted in different ways. Some put it forward as the panacea to counter inflation, others as the source of inflation. We, for our part, are tackling this problem with a great deal of caution and feel that to promote the savings required in some Community countries to guarantee economic expansion and thus full employment, we must first of all give priority to the specific problem.

Mr Cousté and Mr Terrenoire ask whether in order to remedy the present inflationary system it would not be advisable to draw up contracts in which salaries, rates of interest and taxes were expressed in real terms, in other words related to the general level of prices, and not in nominal terms. The intention itself is laudable; we have, however, three basic comments to make: firstly, in general there is no possibility of the proposal being accepted by the governments; secondly, such general indexing would call into question the contractual policy advocated by the trade unions which tends to stick as closely as possible to developments in a world that is in the process of changing; thirdly, and in my opinion most importantly, indexing would serve to sanction the injustice existing in salaries and taxation. We know that in some Community countries the salary range

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is incompatible with the search for greater social justice to provide the poorest with a standard of living acceptable to our times. Indexing of all aspects in such a situation would widen the gap between the rich and those who all too often find themselves in a difficult situation at the bottom of the social scale even as regards taxation. We feel it would be more realistic, therefore, to try in the first instance to put an end to what some go as far as denouncing as a permanent swindle. It is shocking and even immoral to see the meagre savings of those who have saved franc by franc all their lives reduced to nothing by inflation because no decision is taken. We therefore feel it is our duty to attempt to guarantee the purchasing power of public savings and the savings of those who quite often sacrifice themselves to save instead of spending and thus provide the authorities with the means to provide the infrastructures necessary for the physical and moral equilibrium of our peoples. That, in our opinion, should be the first step in indexing.

There is no doubt that all this requires thorough study. There could be a variety of solutions to the problem. The results of the study should enable us to establish a code of conduct that would make it possible to put an end to the situation confronting a large body of savers and that reduces their confidence and risks precipitating the phenomenon of inflation.

In conclusion, my colleagues and I feel that the responsible committee in Parliament should undertake a detailed study of this subject, difficult as it may be, and submit a full report to Parliament. At the same time, we ask the Commission to devote its attention to aligning different national attitudes and to find a common denominator no matter how small it may be in the beginning. By so doing, we will have made considerable progress towards greater social justice and at the same time acted fairly towards those who have always maintained their confidence in our different countries.

President. — I call Sir Brandon Rhys Williams to speak on behalf of the European Conservative Group.

Sir Brandon Rhys Williams. — I am glad that we are having an opportunity of discussing indexing in the context of inflation because this is intensely topical and particularly so in Britain where the arrangements which had been in force for about the past year, known as threshold arrangements for automatic increases in wages related to the retail price index, have just come to an end, and of course, there was a great deal of speculation as to what type of arrangements will now take their place.

I was so pleased to hear Mr Gundelach on behalf of the Commission expressing reservations about indexing because it has come on the scene lately—brought here from Brazil—as a sort of amazing new remedy, something which we all had to study and hastily to adopt. I am very glad that the Commission has not been carried away by this sudden enthusiasm.

Some people see indexing as a sort of drug which will restore confidence to people who are becoming anxious about inflation and think they have got to start fighting to get higher and higher wages or more profits or somehow or other to ensure that they are secure and compensated for inflation, and thereby add to inflation simply by their efforts to protect themselves. I do think that there is a case for a moderate degree of indexation to act in this way as a sort of drug to restore confidence. Some people see it as more than a drug, a panacea which will somehow restore complete health and teach us to live in this rapidly moving inflationary world. I believe that it is dangerous to turn to this kind of banana extract and think that by studying what has been done in very weak economies, we can learn how to solve problems generated by our own weakness. I am very suspicious of that. I think that indexation as a policy does not really stand up to intellectual or economic analysis because it is quite obvious that when changes are taking place rapidly in money values, they do not take place evenly. Some prices streak ahead and others may even fall against the trend. In Britain this year we have seen an extraordinary and, I think, almost unpredictable state of affairs where the rate of inflation has been accelerated.

Some people are even talking about inflation of 25% in 1975 in British international prices. Personally, I do not see that happening, because I think there are other forces at work in the British economy which will prevent inflation from reaching that sort of level.

But, at the same time as there has undoubtedly been a very marked advance in retail prices, we have seen the prices of assets sharply declining, with stock exchange prices at rock bottom and the prices of fixed assets like houses half, perhaps, of what they were a year or eighteen months ago. In the case of land, which in introducing this subject Mr Nolan referred to as a commodity which goes up in value with inflation, prices in Britain have fallen to half, perhaps, of what they were a year ago. So, the changes that are taking place in the effectiveness of the purchasing power of the pound are so uneven that it will be difficult to compile an index which really shows what has happened in the past twelve months. I do not see a practi-

Rhys Williams

cal way of creating a structure not only for the indexation of wages and earnings, but for the whole complex of commercial relationships.

The question of indexation of taxation is important because obviously with inflation a government's outgoings are inevitably rising, and if the structure of taxes is fixed in such a way as to take no notice of inflation, then the government can find itself even within the course of a year suddenly running unexpectedly into debt and that, in itself, can be an inflationary factor. So I do think that it is probably worth studying the idea that the personal tax rate should be indexed, or at any rate inflation-linked, so that the government does not suffer a sort of reverse fiscal drag when the currency is losing value. This is a subject which could be developed at length, but I think it would be out of order in the context of this particular question.

On the indexation of benefits, however, I think there is something which needs to be said, because social security benefits—what some people now call the 'social wage'—form an increasingly large part of the family's spending power, and if there is an imbalance between one social group and another, or one class of family and another, there can of course be tension as well as inflationary effects. I would like briefly to draw attention to a way in which I think this ought to be approached. The price index in a British context—and I think that this may be true in other countries of the Community as well—is based on a range of goods and household commodities, including some fairly large items of expenditure like television sets, but it takes no note of family size, so that the retail price index changes just as much for a family consisting of one person as for a family consisting of a breadwinner and his wife and two or three children and perhaps an elderly dependent relative—which is not an impossible household to take into our calculations at all. The retail price index goes up by the same amount, but if the reason for the increase is, shall we say, a rise in the price of bread, then of course the impact of that change on families of different size is completely different.

President. — I call Mr Marras to speak on behalf of the Communist and Allies Group.

Mr Marras. — (1) Mr President, we feel bound to intervene in this debate because we Communists were the first to raise the matter in this Chamber. When the Community's social action programme came up for discussion last year our group tabled an amendment calling for the inclusion among the social actions to be undertaken by the Community of the introduction or har-

monization at Community level of what is now known as 'indexing' which we then referred to as the 'mobile scale'.

I would invite Commissioner Gundelach who has expressed a number of reservations to read the parliamentary proceeding of that part-session again. He will then see the openness and interest which Parliament showed on this matter.

It is indeed surprising that our initiative should now be taken up by our colleagues in the Group of European Progressive Democrats who previously voted against our amendment, and also, although from a different angle, by Lord Reay in respect of savings. Frankly, this absolves us of all the accusations of maximalism levelled against us when we introduced this subject into the debate for the first time last year.

Of course a good seed always bears fruit. An initiative of this kind seems urgently necessary today at least in some sectors. As to dependent workers, their protection is guaranteed by the respective union organizations which have a considerable contractual strength to restore the balance of workers' earnings following rises in the cost of living, but in the case of other categories such as pensioners who have little or no contractual strength inflation is certainly the worst evil of all.

In our view inflation does not strike all categories of the population in the same way. In our country it is described as a drug; but for some this drug has the same effect as poison on Mithridates: they grow accustomed to it and sometimes, with habituation, it even strengthens the organism; but for the great masses of the working population inflation is the most iniquitous tribute exacted from them today.

The mechanism of the sliding scale, of price indexing, is fairly complex and has various economic and financial as well as social implications. I know that the Commission has looked into this problem and not altogether in vain. Commissioner Hillery for instance has stated on several occasions to the Committee on Social Affairs and Employment that the Commission has considered the problem and would probably draw a number of positive conclusions from its examination. In Italy the sliding scale mechanism has for many years been used in the negotiation of wage contracts and also for civil servants. But I wonder what German public servants would do for example; they have little contractual strength because they are deprived of instruments like the strike, and what would they do in face of inflation which is not yet alarming in Germany but might well become so one day? Be that as it may, we note with satisfaction that this idea is beginning to make head-

Marras

way and meet with approval; in view of the urgency and gravity of the situation, we consider that a serious study should be put in hand immediately.

The previous speaker suggested that the appropriate committees—I am thinking of the Committee on Economic and Monetary Affairs and the Committee on Social Affairs and Employment—should take an initiative in this sense. But above all it is for the Commission to inform Parliament of the work it has done up to now in this field. The Commission must provide the necessary material and data on the nature of the problem which, as we know, differs from country to country. This too could be a subject for harmonization in the area of social progress, 'upward harmonization' as it is customary to say, and as the Paris summit conference again states. We ask then that the problem be brought up for careful examination through initiatives of the Commission and of the parliamentary committees responsible; it must not simply be shelved. We hope that some good will then emerge from a comparison of the different opinions.

President. — I call Mr Gundelach.

Mr Gundelach, member of the Commission of the European Communities. — Mr President, I only want to make a few brief clarifying observations in the light of the debate. I thank the Members of the House who have participated in this debate, but obviously I have not made myself sufficiently clear to all Members of the House, in particular to the honourable Member from the Communist and Allies Group. I was certainly not taking a negative attitude on behalf of the Commission towards the question of indexation. I was merely making it clear that this is not the sole miraculous cure for the problem of inflation, and I stand by that.

It would be a great mistake to try to make the general public believe that the evils of inflation could be solved once and for all by the broad introduction of indexation of all aspects of the economy, be it social policy, be it salaries, be it savings, be it contracts for imports of raw materials, etc. etc. At the end of the road you will be in the situation where everything is indexed and you have only one means of steering economic policy and that is through the level of economic activity, the level of employment. And that is quite obviously not what we want to achieve.

(Applause)

Having said that I am certainly not denying, and I made it quite clear, that in a number of cases in a number of countries indexation has worked

reasonably well, neither was I denying that, in particular in the social field, there is a strong case to be made out for this to be used; the Commission has made this clear before. I was making the point that such measures must be seen in a broader economic and social context. It cannot be considered in isolation from general economic and social policy. And by that second statement I still stand.

Thirdly, I was referring to the broad divergences between the social and economic systems in the various Member States. Mr President, with all the goodwill in the world on the part of this House, the Commission, the Heads of State or Government, these differences are not going to be overcome overnight and this is one of the areas where the process of harmonization cannot be undertaken overnight. It is just not realistic, and since it is not realistic let us not fool anybody by it. What I was emphasizing was that it is possible to pursue a policy which would allow for these differences and reconcile them. This is realistic policy and in this sense the Commission is prepared to take action in this field as well as in a broader social and economic context. I was only asking for a bit of realism. I was not being negative.

(Applause)

President. — I have no motion for a resolution tabled.

This item is therefore closed.

Thank you, Mr Gundelach.

9. Directive on gas meters, high-frequency equipment, transport tanks used as measuring containers, and technical equipment in motor vehicles (resumption)

President. — The next item is resumption of the debate on the report drawn up by Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs on the elimination of technical barriers to trade (Doc. 323/74/corr.).

I call Mr Hill to speak on behalf of the Committee on Regional Policy and Transport.

Mr Hill, chairman of the Committee on Regional Policy and Transport. — Mr President, the Committee on Regional Policy and Transport was asked to give an opinion on the last four directives which are the subject of the present report and of the opinion which I drafted, which was approved unanimously by my committee. The only directive to which we felt it would be useful to draw specific attention was that relating to the anchorages for motor vehicle safety belts, that is Document 230/74. The committee

Hill

felt that in the case of this directive the proposal for the optional harmonization of standards ought to be strengthened by making provision for future compulsory harmonization. It has consistently been the view of my committee that, where matters of safety are concerned, it is important wherever suitable to ensure that the Community standards are harmonized compulsorily to at least a minimum level. That is why I have tabled an amendment in the name of my committee to the motion for a resolution to provide ultimately for a system of compulsory harmonization. However, we do not put forward any specific date by which this should be done.

I also support the view of the Legal Affairs Committee that it would be desirable to include threewheeled motor vehicles within the scope of not only this directive but also that on statutory plates and inscriptions.

I note also the opinion of the Legal Affairs Committee on Document 227/74, the proposal for a directive on the reverse and the speedometer of motor vehicles, where the committee feels it might be desirable to make a provision for speedometer dials to be graduated in miles per hour as an alternative to kilometres. I am sympathetic to the views expressed in that opinion, but I do not think that this necessarily poses a particularly acute problem since increasingly speedometers are graduated in both miles per hour and kilometres per hour, at least in the United Kingdom. Also I think that normally in the majority of cases where cars are produced specifically for export to Ireland and the United Kingdom, the speedometer is so graduated already, so it does seem on that particular point there is hardly any need for harmonization. But I will Sir, if you wish, formally move Amendment No 2 later, perhaps after Mr Gundelach has spoken.

President. — I call Mr Gundelach.

Mr Gundelach, member of the Commission of the European Communities. — Mr President, despite the fact that the points raised by Mr Mitterdorfer in his report are in the view of the Commission of extreme importance, they are points of general procedure. Mr Mitterdorfer rightly referred to the fact that in this part of the industrial programme, which deals with the abolition of technical obstacles to trade, we are dealing with matters which, when taken individually, seem to be very minor and insignificant, but when you take the overall bulk of non-tariff barriers—and they are increasing year by year—we are actually dealing with an issue which is more important to the maintenance of free trade, the free circulation of goods within our Community, than quotas, tariffs and other

traditional obstacles to trade. And I am very happy that Mr Mitterdorfer underlined this aspect because it is a fundamental consideration of the Commission that these matters are not petty and insignificant without any political significance. It is a problem which is of the greatest importance for the maintenance of free trade in Europe and thus for the establishment of a basis on which to move towards a greater degree of economic cohesion on the road to Economic and Monetary Union. It is quite obvious that this programme is extremely difficult to deal with procedurally, because its individual elements consist of highly technical and complicated matters which are difficult for non-experts like you and me to judge and require a very considerable amount of expertise.

It is equally clear that there have been delays in the execution of the programme. I would like, however, to say that the programme and the time-table, which was established in December 1973 at the suggestion of the Commission, is, as experience has shown in the course of this year, very much more realistic than the one adopted in 1969 due to the fact that we screened the programme very carefully prior to its adoption by the Council in December 1973. By this I mean that we took steps to ensure that we harmonize only where harmonization is absolutely essential to attaining the objectives we have set ourselves, namely the maintenance of a free market. Furthermore, we have made the implementation of the programme more realistic by adopting uniform procedures for various sectors of the programme, by deciding that we must always use the method of harmonization which is the least onerous, that is, in most cases optimum harmonization, not total harmonization, with total harmonization only in cases where security and matters of that kind necessitate it. This screening process, this choice of mechanism, has to a certain extent facilitated the adoption of the various directives required.

Having said this, I agree with the committee and with Parliament, as I have said in previous discussions here, that we are confronted with a very serious procedural problem, which somehow or other must be overcome so that this programme can be carried through effectively, on time and under sufficient control. I quite agree that it would be a great step forward in the view not only of this Parliament, but also of the Commission, if it were possible to have the Council adopt the Commission's proposal for certain outline directives on the basis of which individual projects could be executed in a simpler fashion, but under the control of the European Parliament. I am in favour of this idea, which has now been put forward in writing, and which we have discussed previously, at the

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suggestion of Mr Lange. But I would not be honest if I did not warn the House that irrespective of this agreement in principle which exists between the European Parliament and the Commission, it will legally, politically and practically be extremely difficult to put this idea into practice. You must remember that the Article of the Treaty, No 100, on the basis of which this is being put forward, demands unanimity in the Council.

Experience shows that, irrespective of the technical nature of these matters, whenever they are discussed in the Council, small, seemingly insignificant elements of these proposals suddenly assume enormous political importance. You can rightly say that this is all the more reason for changing the procedure. And I would not disagree with this. I am not disagreeing with your resolution. As a political animal I am only warning you that it may not be all that easy to deliver the goods you are asking me to deliver but I agree in principle. I think that, one way or another, something must be done to simplify our procedures in order that the necessary steps in dealing with technical obstacles to trade can be taken much more rapidly than is the case at present. Otherwise we will end up with a huge backlog of work, which is not just an inconvenience to this Parliament or to the Commission, but, as was rightly pointed out, presents a very great danger to the trading interests in our Community.

In regard to the specific remarks which have been made, by Mr Mitterdorfer and Mr Hill, I will limit myself to saying that their proposals all merit consideration by the Commission. I will not take a negative attitude to any of them. Some of them will obviously need further consideration. There was a reference, for instance, to the use of safety equipment for children in cars. This is not an easy subject, because tests have shown it may be dangerous for children of a certain age to use safety belts. I am just giving this as an example of the fact that these various suggestions require further study.

Mr Hill has tabled an amendment asking that at some future date we should have total harmonization in the matter concerned. As the House knows, I am very cautious about total harmonization. My reasons include some which have been mentioned by the group to which Mr Hill belongs. He will therefore understand if I remain cautious, but I certainly would not refuse to consider the matter in the light of the amendment he has put forward. Therefore, while I cannot advise the Parliament not to adopt it, I remain a very cautious man in regard to the subject of total harmonization.

(Applause)

President. — The proceedings will now be suspended until 9 p.m.

The House will rise.

(The sitting was suspended at 7.05 p.m. and resumed at 9.15 p.m.)

IN THE CHAIR: MR HANSEN**Vice-President****10. Tabling of a motion for a resolution and decision on urgent procedure**

President. — The sitting is resumed.

I have received from the political groups a motion for a resolution with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure.

This document has been printed and distributed under No 412/74.

Are there any objections to the request for urgent procedure?

The adoption of urgent procedure is agreed.

This item will be entered on the agenda for tomorrow.

11. Membership of committees

President. — I have received from the Liberal and Allies Group a request for the appointment of Mr Meintz to the Committee on Public Health and the Environment and Mr Pintat to the delegation to the Joint Parliamentary Committee of the EEC-Turkey Association.

Are there any objections?

These appointments are ratified.

12. Directive on gas meters, high-frequency equipment, transport tanks used as measuring containers and technical equipment in motor vehicles (cont.)

President. — The next item is resumption of the debate on the report drawn up by Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs on the elimination of technical barriers to trade (Doc. 323/74/corr.).

I call Mr Lange, deputizing for the rapporteur.

Mr Lange, Deputy rapporteur. — (D) Mr President, honourable Members, the rapporteur has

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good reason for not being here at the moment, and I must therefore deputize for him. With the permission of the House, I should therefore like to comment on the two amendments that have been tabled.

Firstly, as regards the amendment tabled by the Committee on Regional Policy and Transport, the rapporteur pointed out, as you will recall, Mr Hill, that we fully support the request made in your opinion. But as your opinion did not arrive until the Committee on Economic and Monetary Affairs had completed its report—the opinions of the other committees had all been received—it must almost be regarded as a report in itself. If, as you are now proposing, we included in the motion for a resolution tabled by the Committee on Economic and Monetary Affairs a request concerning one of the proposed directives, we would be acting illogically as regards our appeal for a quicker, simplified procedure so that this House—which is not all that happy to discuss details of agricultural market regulations—is saved the trouble of dealing with all the technical details connected with the elimination of technical barriers to trade. This House should not pretend that it understands everything about everything, since with certain exceptions we are all out of our depth when it comes to discussing noise levels of agricultural machinery at ear level or such things as low frequency or high frequency. We do not have time for such matters. In any case, this is only a political matter in so far it concerns harmonization and thus the elimination of technical barriers to trade.

I would therefore urge you, Mr Hill, to withdraw this amendment and to accept what Mr Gundelach, the relevant member of the Commission, has said, i.e. that he will take account of all the requests made in the opinions forwarded to the committee responsible. And if this is also done by the rapporteur of the committee responsible, I feel that you can withdraw your amendment to the motion for a resolution with an easy conscience. As I have said, in this form it would be a foreign body in this resolution.

Secondly, Mr Normanton would like to see a reference to a statement made by Mr Gundelach on 12 February 1974 here in the European Parliament on the Commission's policy. It should, however, be pointed out that this statement contains nothing that concerns this plan to simplify and accelerate the procedure for the elimination of technical barriers to trade. This Parliament has always referred to statements by the Commission or proposals put forward by the Commission as an institution and never to something that a member of that institution has said in this Parliament or elsewhere. So we

would above all be going against a principle that we have here; but the counter-argument might be that exceptions prove the rule. But as I have just said, as this statement contains nothing that concerns the matter at hand, you should, Mr Normanton, forgo the inclusion of this reference in the preamble of the motion for a resolution for the two reasons I have mentioned. I would be grateful if you could do that. If neither Mr Hill nor Mr Normanton can see their way to doing what I have asked on behalf of the committee and rapporteur, I must recommend the House to reject both amendments.

I would therefore request that my objections be taken into account so that we eventually take an impressive decision aimed at accelerating and simplifying the procedure for the elimination of technical barriers to trade, without having to deal with these technical and irrelevant details.

(Applause)

President. — I call Mr Hill.

Mr Hill, chairman of the Committee on Regional Policy and Transport. — Mr President, I feel there must be some slight confusion in Mr Lange's mind. I am sure it is because he was handed this rather complex technical document at very short notice. The document, of course, covers various aspects and the aspect that my amendment is talking about is not concerned with exhaust noise, it certainly is not all that technical. It concerns safety fittings in motor cars. I am the last one to want over-harmonization; I have already spoken in this Assembly several times against over-harmonization. My committee has always been very concerned with the safety factors in motor vehicles and we are asking that the optional system, which really means nothing in fact, should become a single Community system. We are not asking for its adoption at any particular date, indeed no pressure is put on the Commission at all and I got the impression from Mr Gundelach that there was no objection from the Commission to my amendment. There is no pressure, no date. We are saying that from a safety point of view this amendment is absolutely essential. Otherwise the matter is left completely open. There is no possibility of ever getting any harmonization. I consider seat anchorages for motor vehicle safety belts vitally necessary for all cars sold within the Community and I therefore would ask Mr Lange to look at the matter again.

President. — I call Mr Normanton.

Mr Normanton. — Mr President, may I first of all say that I am speaking on behalf of the European Conservative Group and I propose to be extremely brief. I had hoped that your predecessor in the chair would realize this. The point which I want to make relates to the amendment put on behalf of the group.

Firstly, I note Mr Lange's comment of a few moments ago when he suggested that the amendment which is down as No. 1 should be withdrawn. I think the amendment is relevant and provides some background information against which the Mitterdorfer Report and subsequent reports should be considered.

I have here the complete report of proceedings of the sitting of Tuesday, 12 February. This was the debate in which Commissioner Gundelach commented on the way he proposed to select and proceed with harmonization proposals. I believe that the inclusion of this amendment would be helpful in indicating how the Commission might streamline the procedure for eliminating technical barriers to trade. I do not think this a matter of tremendous importance, but it is relevant and could be useful as an amendment to the preamble of the Mitterdorfer Report.

The second point I would like to make is that while I am very sorry to note that Commissioner Gundelach is not in the House at this moment, I think the House and certainly the European Conservative Group would like to place once again on record their deep sense of gratitude and appreciation of the way in which he is trying desperately hard to face up to an extremely difficult problem. The frankness with which he has admitted that there are complexities, the frankness with which he confesses that he would like to simplify the procedures is encouraging and helpful. He has highlighted the procedural difficulties facing the Commission as a result of the special requirements imposed by the Council of Ministers. I know there are other constraints of a similar type and we want to place it on record that we wish to cooperate with him in every way possible to avoid tedious technical discussion on matters which really are not appropriate for dealing with in plenary session. I think that at some early stage we shall find the right procedural solution. I therefore would move and recommend that the amendment standing in our name be considered and voted upon at the proper stage of the discussion of the Mitterdorfer Report.

President. — I call Mr Lange.

Mr Lange, rapporteur. — (D) Mr President, I must take up what Mr Normanton has said. The

Commissioner was putting his personal opinion. He did not refer back to matters relevant at the beginning of the year, but went into the contents of the report and the motion for a resolution and generally approved what the committee responsible and the committees asked for their opinion have requested. After proceedings were suspended at 7 p.m., I took the opportunity of discussing this request with him, and he also felt that it would not be a good idea to refer to statements made by a member of the Commission without, as it were, having the support of the Commission. That we are cooperating with him on this question is obvious. There is no arguing on that. I therefore feel it should be enough for us to note this because he has made it clear what he wants, and he is prepared to take up the proposal put forward by Parliament, which also corresponds to his own views. It is therefore quite possible for us to cooperate with him in this connection, but we should avoid referring to a specific member of the Commission as this amendment would have us do.

I would therefore be grateful, Mr Normanton, if you could accept this reasoning and not insist on your amendment being put to the vote.

Secondly, I was somewhat surprised, Mr Hill, that you should feel I had not received this multifarious document until a short time ago. That at least is what I understood from the translation. As you undoubtedly know, I am the chairman of the committee responsible, and we have a number of reasons for saying what we have said. We are not simply concerned with one directive. Our views on the question of safety are the same, Mr Hill. We have said we accept what is contained in your letter to us. The Commissioner has stated that he is prepared to include it in the directive. So a decision has been taken on that particular subject. It just does not seem to be advisable to take a casual decision now on whether the procedure should be optional or global, on harmonization procedures, since we must make another detailed examination as to what procedure should be applied when. You may rest assured, Mr Hill, that what you have said in your opinion will be taken into account. It is not therefore necessary to include it in the motion for a resolution.

We do not after all have a motion for a resolution which refers to each of the six proposals for directives, but a motion which covers them all generally, with certain restrictions and limitations justified by the procedure. Consequently, the paragraph that you are proposing would be a foreign body in this motion, and I must again recommend that if it comes to a vote on this

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amendment, it should be rejected, without this meaning that the content is rejected. You cannot say afterwards outside this Chamber that we are against safety in motor vehicles and so on. That is not the case. We simply find it important that the motion for a resolution should be reasonable and logical in its structure.

I would therefore once again request you, Mr Normanton, to withdraw this addition.

I would also ask Mr Hill to withdraw his amendment. Otherwise, I must recommend the House to reject both amendments.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — I do hope that you and the House will forgive me for taking up another two minutes of our valuable time but I feel in a rather difficult position as a result of the point made by Mr Lange. It raises I think two important questions.

Firstly, were Commissioner Gundelach here himself, no doubt he would have made the statement to the House which Mr Lange has conveyed on his behalf. It would then have been for the House to decide how it would react to the Commissioner's special request. This is a matter of procedure and I am not too sure how one should deal with this on a strictly procedural basis.

In our own House of Commons there is more than one way of getting a statement on the record which remains as a valid statement of policy. One can do this by inviting and obtaining from the minister concerned an assurance or an undertaking, which will be recorded in Hansard. This will carry almost but not quite the full weight of a resolution of the House.

The other procedure involves the more formal system of voting on and putting on the record the piece of legislation or proposal and the actual resolution itself.

Somewhere along the line this problem of procedure may well have to be resolved. I am prepared at this stage to accept the recommendation put to this House through Mr Lange. I do not think it goes far enough, but if indeed it constitutes a statement by the Commissioner that he does recognize the problem, and that while he does not particularly want this to go on the record as a resolution, it is a clear statement of his opinion, I will on this occasion withdraw the amendment, if my colleagues in the European Conservative Group would allow me. May I ask for their reaction?

Yes, I will withdraw that amendment in the light of the assurance given to the House through

Mr Lange, but I do not consider this the most satisfactory way of dealing with the point which we sought to make.

President. — I call Mr Hill.

Mr Hill. — I apologize that he had no knowledge of the directives. As I said, he was given this task at a very late date and no doubt it was this that caused him to talk of exhaust noises when of course we were talking of seat anchorages. He is such a busy man, and his mind is crowded with so many directives that exhaust noises probably begin to sound the same as parliamentarians talking. However, our opinions do not clash and both committees think very alike on this matter, although perhaps my committee wishes to emphasize the safety factor more.

I was asked to put forward this small amendment by my committee, and though naturally I cannot confer with it again this evening, at this late time, I would be willing on behalf of the committee to withdraw it. I therefore withdraw Amendment No 2.

President. — The two amendments have accordingly been withdrawn. They are worded as follows:

Amendment No 1 by Mr Normanton on behalf of the European Conservative Group:

Preamble

Add the following recital to the preamble:

— having regard to the statement of Commission policy given by Mr Gundelach on 12 February 1974 to the European Parliament.

Amendment No 2 by the Committee on Regional Policy and Transport:

Paragraph 6a (new)

After paragraph 6, insert the following new paragraph:

'6a Considers that the 'optional' system proposed by the Commission for the directive relating to anchorages for motor-vehicle safety belts (Doc. 230/74) should ultimately be replaced by a further proposal for the adoption of a single Community system for all the Member States.'

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ CJ No C 5 of 8. 1. 1975.

13. *Sea transport problems in the Community*

The next item is consideration of the report drawn up by Mr Seefeld on behalf of the Committee on Regional Policy and Transport on sea transport problems in the Community (Doc. 305/74).

I call Mr Normanton for a procedural motion.

Mr Normanton. — I wonder if you would allow me on a point of order to obtain your agreement to a request that this particular report be held over for consideration at a later date. Of course this requires the agreement of Mr Seefeld and of this House.

I think we are all in this House deeply indebted to Mr Seefeld for the tremendous amount of work which he has so very obviously put into the preparation and the finalization of this report. And we certainly should offer him our sympathies that for various reasons, mostly if not exclusively beyond his control, this work has been spread over a very long period of time. Yet I am bound to say that this report—which deals with a matter which is of tremendous importance—in the form in which it has been prepared, no doubt not with intent, does not deal with the subject in the comprehensive manner which it deserves.

There is no doubt whatever that within the terms of reference in which he was working, Mr Seefeld has produced an extremely valuable contribution, but in my judgement, and certainly in the judgement of my own European Conservative Group, the report is inadequate in its present form, since it does not cover a whole range of industrial, social, international trade and economic factors which should have been considered in depth by the committees responsible. Until these relevant committees have studied the report and given their own specialized views on their own sector, I really feel that the time is not ripe, nor the format of the report appropriate, for a full and far-ranging discussion. I hope Mr Seefeld will not feel that we are in any way intending to minimize the efforts he has put in; we are not trying to play for time or criticize the work he has done. But his efforts would be much more valuable to Parliament if the report were referred for full consideration to the committees responsible, who are and will be able to make valuable contributions to the totality of the subject.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, it is sometimes really very strange the way the European Conservative Group

behaves. Just under a month ago the European Conservative Group stated on the Friday of the Strasbourg part-session—and the other Members then in the House agreed—that the Seefeld report should be placed on the agenda for this part-session in Luxembourg and adopted.

When I think that Mr Seefeld was appointed rapporteur on 26 June 1972 and that the Committee on Regional Policy and Transport newly constituted on 13 March 1973 discussed the draft report on 11 September 1973 and 2 October 1974, and if I may quote from the report, that on 2 October 1974 the motion for a resolution was adopted by the Committee on Regional Policy and Transport with only one abstention, by the Communist member, with Mr Hill, a Member of the European Conservative Group, in the chair, I wonder if as regards sea transport policy the whole world has suddenly begun to look completely different to the Conservatives since 2 October 1974. I must, however, assume that in view of his experience as committee chairman, Mr Hill would not have overlooked grounds that would seem to make it imperative to achieve another solution than that arrived at under his chairmanship and with his explicit approval.

To come to this part-session, I should like to ask the chairman of the European Conservative Group to confirm—this is what has happened, is it not, Mr Kirk—that something happened somewhere in the Community yesterday in connection with the draft report that has prompted your group to propose that it be referred back to committee. If that is the case, it would have been logical for it to be referred back when the order of business was being fixed on Monday...
(*Applause from the left*)

...or before the agenda was adopted, the political groups could have agreed on whether or not such a report should be referred back to committee. All I can say, ladies and gentlemen, is that this should not become a habit, and I therefore feel, Mr President, that this proposal should be rejected since the Seefeld report is one that has been drawn up on Parliament's own initiative and because we cannot begin to discuss the matter with the Commission until we have called on it to take part in such a discussion, when in other words the Commission has submitted to Parliament a detailed report on what it intends to do as regards harmonizing sea transport policy on the basis of this own initiative report. If we want harmonization, we must be prepared to act as a Parliament pursuant to Article 84 of the Treaty of Rome and call on the Commission to do something. Delaying this by referring a matter back

Fellermaier

to committee means delaying harmonization. My group is not prepared to accept this, and we will therefore vote against this proposal.

(Applause)

President. — I call Mr Kirk.

Mr Kirk. — Mr President, I am sorry Mr Fellermaier has this awful hang-up about the European Conservative Group. Sorry because, after all, he represents the massed battalions of the Socialist Parties of Europe. They are not here tonight, but he represents them. And we represent just a few poor Conservatives who have to be here tonight.

He has not got all his men here tonight, as he had not got them on the last occasion. That is what we are talking about, Mr Fellermaier. We are not talking about principles, we are talking about facts.

The last occasion when his proposal was postponed was a Friday morning, when we were here and Mr Fellermaier was representing the Socialist Group without any support at all. We want to defer this report now for a very simple reason: It has not been considered by the Committee on Economic and Monetary Affairs. I am sorry the chairman of that committee, a member of Mr Fellermaier's group, has left the Chamber. I do not know why he has left the Chamber: he knew this point would be raised. We have in fact been in touch with him.

There have been contacts, despite what Mr Fellermaier has said. I understand the Committee on Economic and Monetary Affairs is prepared to consider this paper. It is very important that they should. Mr Lange is not with us. Therefore he cannot explain whether he would accept a reference to his committee.

We propose that this report should be referred to the relevant committees. If Mr Fellermaier can just distract his mind for the time being from the hate campaign he is pursuing against my group, and concentrate his mind on the proper proceedings of the European Parliament, I think we might be able to get a reasonable solution, even at this late hour of night, when he and I are almost alone in the Chamber, together as, indeed, we are delighted to be.

President. — I call the rapporteur.

Mr Seefeld, rapporteur. — (D) Mr President, ladies and gentlemen, this is the second time that I have spoken on this subject here in Parliament without it being possible to debate the subject matter of this report. I very much regret this for several reasons.

Mr Fellermaier has stated very clearly that this report was drawn up on the European Parliament's own initiative. When it was decided how this report was to be dealt with, none of the political groups said in committee or anywhere else that a committee other than the Committee on Regional Policy and Transport should consider the subject. The representatives of the European Conservative Group did not say this during the last part-session in Strasbourg; it has only occurred to them today or in the last few days.

Mr President, we have gone into this subject very carefully. We have had many meetings. We have met several times with Mr Hill, a member of the European Conservative Group, in the chair, and we also reached a final decision. All the arguments that the European Conservative Group could have put forward have presumably been put forward, since the members of the European Conservative Group took part in the discussions in committee. I have the impression that there is obviously a lack of contact between the members of the Committee on Regional Policy and Transport and their colleagues of the European Conservative Group; otherwise, all these allegedly new facts could have been discussed by the committee. And, Mr President, I find it almost depressing that the chairman of the committee has nothing to say on this subject although he was in favour, although he evidently plays so important a part in his group that it nominated him as committee chairman. My question is when in fact did the members of the European Conservative Group deal with this subject, which has been going the rounds for two years, or have they never discussed it at all and have only now noticed what is in the report?

Furthermore, I have a completely different reason for opposing the referral of the report to the Committee on Economic and Monetary Affairs. I am opposed to this simply because—and I would emphasize this once again—the report has been drawn up on Parliament's own initiative, the task being to tackle the whole subject of European sea transport policy, to request the Council to instruct the Commission finally to take action under Article 84 (2) and to bring sea transport, like air transport, within the terms of reference of the Treaty.

With this debate and with this task we want to achieve nothing more than to have the European Parliament give its support to the Commission, which I know shares our views, so that it can submit a concept to us. And then a detailed substantive debate will be held on that concept.

Seefeld

I would further stress that it is not only the Committee on Economic and Monetary Affairs which should deal with this subject; I am astonished that despite its obviously very thorough consideration of the subject the European Conservative Group has not noticed that the Committee on Development and Cooperation can also be included, since trade agreements are involved in sea transport policy, and that the Committee on Development and Cooperation should also be consulted because the fleets of third countries are involved, or that maritime law is concerned and the Legal Affairs Committee should be consulted, or that the Committee on Social Affairs and Employment should be consulted because working conditions are mentioned, and that it concerns the economy, and that it concerns the Committee on Transport and Regional Policy. Honourable Members, we know all this; why, then, do you want to consult only the Committee on Economic and Monetary Affairs? What we want is something different. We want the Commission at last to be given a mandate, then to submit practical proposals to us and then carefully and thoroughly to discuss them on the basis of a working paper drawn up by the Commission.

My appeal to you is this: if you are serious about European transport policy, please do not hold us and the Commission up with further delay; proposals should be submitted and decisions taken on them as early as possible.

I would therefore very much regret it if this report should be referred back to committee. *(Applause)*

President. — I call Mr Hill.

Mr Hill, chairman of the Committee on Regional Policy and Transport. — He was quite right, we have been discussing this in committee and as he well knows, there was a certain amount of discussion although, naturally, it was not possible to get complete agreement.

I must stress that the report involves far more than just transport matters. It certainly goes into the social provisions for crewing ships. It goes into price fixing. It goes into international price fixing, and I suppose this is where the great worries come in. Are we perhaps preparing a document that will not be vetted by other responsible committees—I have had no requests from any committee to vet it at the moment. No doubt after this discussion this evening, other committees will take an interest in Mr Seefeld's report. I really must stress that as chairman of the committee, I would naturally support Mr Seefeld, who, as he said, started work on this document before the three new Member States actually came into the Community.

I would of course hedge my words by saying that I have heard objections to this report, though naturally I voted for it in Rome, as did one other member of my group. But I must say that I would like to hear the debate. Yet I think Mr Seefeld himself has now realized that it might perhaps be as well, even if the debate is held—and all the Members of the House are impressed with his sincerity and his eagerness—to have this report discussed by other major committees.

If the vote does go against Mr Seefeld this evening, he will realize it is because so few people seem to be interested in shipping matters, not because it is late at night, for his own party is far stronger than mine. We may seem to be presenting him with a *fait accompli*, but that is not so. He can, I think, possibly sway the House. If he does not, then the House may, in all fairness, refer the matter to the Economic and Social Committee, in which case all will not be lost.

As chairman, I must say that my position is a very difficult one. I would like to think that this document could be discussed, but of course I will bow to the will of the House this evening.

President. — I put the motion by Mr Norman-ton proposing to defer this report to the vote.

The motion is rejected.

I call the rapporteur.

Mr Seefeld, rapporteur. — *(D)* Mr President, ladies and gentlemen, I did in fact present my report in Strasbourg, but I should like to add a few remarks today. I would like to spend a few minutes of my speaking time explaining in somewhat greater detail the important subject of the common sea transport policy, while attempting not to repeat myself.

In Strasbourg I pointed out that the report on a common sea transport policy appears at exactly the right moment since, whether we like it or not, we will simply have to consider sea transport policy. I recalled then two events that occurred in April of this year.

Firstly, the UNCTAD conference in Geneva drew up a code of conduct for the shipping line conferences, which is now available for signing and is the subject of considerable dispute.

Secondly, the Court of Justice of the European Communities here in Luxembourg confirmed in a judgement that the general provisions of the Treaty of Rome also applied to sea transport. As a result of Article 84(2) sea transport is

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excluded from the provisions of the Treaty on transport, but not from the other articles of the Treaty.

In the meantime, ladies and gentlemen, other events have occurred which should prompt the Community to push forward with its work in the field of sea transport. The OECD in Paris is discussing whether the code of conduct is compatible with the OECD liberalization code. The proposal has already been made that the whole liberalization code or at least the provisions concerning the distribution of freight throughout the OECD area should be set aside.

The Council of Europe in Strasbourg has also decided to draw up a report on the development of sea transport policy. In other words, enough has happened of late to prove that our report is extremely topical.

The lamentable fact that the consideration of this report was interrupted during the last part-session has perhaps one good side, namely that I can now answer a number of criticisms publicly levelled at our work.

It has been said that the European sea transport policy is overloaded before it has been launched. The report of the Committee on Regional Policy and Transport, it is said, contains too many proposals and ideas and deals with the whole question of sea transport policy almost systematically instead of concentrating on a number of particularly promising items and, as it were, drafting an *à la carte* sea transport policy.

Mr President, on behalf of the Committee on Regional Policy and Transport I accept this criticism as a compliment. An *à la carte* policy is exactly what we did not want.

We have drawn up this own initiative report in order—and I address these remarks to the critics I have just mentioned—to collect ideas and lay down the broad lines of a future European sea transport policy. It is our responsibility to ensure that the result is not incoherent, which would be inevitable if an *à la carte* attitude or a policy of small steps forward were adopted. Is the development of the common transport policy since 1958 not proof of the fact that without objectives on which there is not at least majority agreement, no progress can be made?

Some of the criticism levelled at the report is, however, based on poor information. It is said that the call for the inclusion of intra-Community sea transport in a Community tariff structure is unrealistic. But this is as far from being unrealistic as it could be, since some intra-Community sea transport is already included in the tariff structure of the ECSC Treaty.

Perhaps it was thought the use of the term 'tariff structure' meant that sea transport freights were to be set in Brussels in future. I can reassure all concerned on that point. No one dreamt of such a thing. The critics must have invented this themselves. The reference to tariff structure concerns only certain obligations to publish information to make for transparency of, for example, the coal and steel market, and in future perhaps the elimination of certain discriminating practices which are in any case very rare due to the keen competition on the sea freight market.

It may also have a reassuring effect if I repeat that we are, ladies and gentlemen, at the stage of seeking the objectives and bases of a European sea transport policy. Everything that we have said in this report is intended as a contribution to the discussion on the subject. What we are concerned with here today is unfortunately not the launching of a European sea transport policy, but simply a discussion on drafts. But on one thing everyone agreed in committee: Europe needs a common sea transport policy.

Everything, Mr President, set out in this report, which, as we have just heard, was unanimously adopted by the Committee on Regional Policy and Transport, stems from the grave concern for the sea transport industry of the European countries. We do not want to subject shipowners to scrutiny in Brussels, but to attempt to bring about unity, which could make for strength. All those concerned—that is, shipowners, shippers and seamen—may rest assured that their welfare was considered in every sentence of our report. However, we also have to bear in mind the welfare of the whole Community. We must ask those concerned to understand that we could not meet all their wishes. For example, we still consider the re-registration of Community ships to be a bad thing; by this I mean the phenomenon of more and more shipowners in the Community having their vessels registered in third countries so that they can pay *their* taxes and comply with *their* safety and social legislation.

Mr President, I merely wanted to add today to what I said in some detail in Strasbourg. I would therefore recommend the adoption of the motion for a resolution and the report so that the Commission is given a number of guidelines by the European Parliament for its difficult task of drawing up a sea transport policy for the Community. I would also recommend the adoption of the motion for a resolution so that the Council is aware that the representatives of the peoples of Europe gathered in the European Parliament are in favour of a common sea

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transport policy. The Council may then be persuaded to consult Parliament on the proposal which the Commission submitted this summer so as to achieve a common position on the further handling of the code of conduct. This proposal is quite unjustly regarded as a mere matter of procedure. It is not a procedural matter if some countries of the Community sign so important an international convention and ratify it while others do not.

In view of the little progress hitherto achieved in the field of transport policy other than sea transport policy it may sound somewhat presumptuous to call on the Council to work on a sea transport policy at this time. But the Commission expressed the hope in its communication of October 1973 on the further development of the common transport policy, on which the European Parliament delivered its opinion acting on the report drawn up by Mr Mursch, that a genuine common transport policy would come into being in the next few years. We want such a policy, and in view of the present situation in the world it is essential that it also include a sea transport policy. I would therefore ask honourable Members to put aside the various objections expressed today in the preliminary debate, to appeal together with us to the Commission and the Council and when the Commission has made its proposals, to discuss very thoroughly all aspects of the sea transport policy.

That, Mr President, ladies and gentlemen, is all I have to add to the comments I made on 15 November 1974 in Strasbourg.

(Applause)

President. — I call Mr Mursch to speak on behalf of the Christian-Democratic Group.

Mr Mursch. — *(D)* Mr President, honourable Members, the subject we have to deal with at this late hour is not one that is compatible with outbreaks of emotion. I therefore welcome the fact that we have now arrived at an objective discussion on the problems at hand.

I also welcome this from the human point of view since we should exercise a large degree of consideration for each other. I am thinking here of the fact that Mr Scarascia Mugnozza has now come to Luxembourg for the second time essentially to hear our views on this item of the agenda and if we had postponed the debate, he might have had to come a third time.

In his speech in Strasbourg four weeks ago the rapporteur, Mr Seefeld, said that the purpose of the report and motion for a resolution was to draw the Commission's and Council's attention

to the importance of sea transport to the Community and to urge that an immediate start be made on a common sea transport policy. The rapporteur thus stated very clearly what this report on the sea transport problems in the Community and the motion for a resolution are all about.

On behalf of the Christian-Democratic Group I should like to say that we agree with the requests made in the motion for a resolution and the principles it contains. You will recall—and Mr Seefeld has just said this—that this House adopted a comprehensive resolution on transport policy by a large majority at the end of September 1974. This resolution sets out what precisely are the principles of the common transport policy. The European Parliament also came out in favour of a two-stage plan for the introduction of a common transport system consisting of a common transport infrastructure and a common transport market.

We of this Parliament, Mr President, thus have solid ground beneath our feet again, and solid ground that meets the requirements of the present transport situation. The report drawn up by Mr Seefeld and the motion for a resolution therefore had to be examined to discover if they were in agreement with the requests and principles decided on here in respect of transport policy. I should consequently like to refer to the most important points in this connection.

In paragraph 2 of the resolution adopted on 25 September 1974 Parliament requests the Council of the European Communities to apply Article 84(2) of the Treaty without delay so that sea and air transport can, in so far as is necessary, be included in this coherent common transport policy since, if it does not do so, any such policy is bound to remain fragmentary, at least since the accession of Denmark, Ireland and the United Kingdom to the Community. That is what we decided. And it is this request for the application of Article 84(2)—disregarding, of course, the decision of the European Court of Justice that the general provisions of the Treaty are applicable—that is decisive in the present report since it has become obvious that Community rules on sea transport are just as necessary as a Community position on questions of international sea transport policy.

The motion for a resolution on which we now have to decide could not of course have as its goal a complete programme of measures to be taken. But the Commission must be given a mandate to draw up a coherent sea transport policy. There are plenty of impulses for this in Mr Seefeld's report. I will not mention them all, but pick out the most important.

Mursch

I would remind you of the request for action against flag discrimination, of the need for a solution to the problem of cheap flags, which will, however, only be possible if sufficient progress is made in tax harmonization, harmonization of social provisions, safety and insurance provisions and so on. I would also recall the request for the abolition of reservations on cabotage, that is the restriction of sea transport between the ports of a Member State to vessels flying its flag. Of course, the precondition for this is the existence of a largely integrated transport market without distortions of competition. All these requests and suggestions were, as I have just said, made in the report on principles which was adopted by the European Parliament. In the report now before us, they are, however, placed within a comprehensive sea transport framework.

By adopting the motion for a resolution this House should, however, also state what principles of the common sea transport policy it would like to see applied. This should not be difficult for us since the principles correspond to the basic principles adopted by the European Parliament, which state 'transport policy must be integrated rationally into the Community's overall economic and social plan, due regard naturally being given to the distinctive features of the transport sector.' The principles of non-discrimination and of competition called for by Mr Seefeld are also in line with this. Naturally, Mr President, honourable Members, every Community ruling, including those on sea transport, must take account of international agreements. But where they are inadequate for the Community, an attempt must be made to change and improve them. The regrettably disparate attitude of the Member States of the Community at the UNCTAD Conference on the code of conduct for line conferences should be seen as a deterrent and warning.

Mr President, where priorities are concerned, I feel that the common sea transport policy should firstly affect the interests of Member States' merchant fleets in the commercial and shipping agreements concluded by the European Community with the third countries. Within the Community, however, harmonization of conditions of competition is a particularly urgent matter. And finally, Mr President, I should like to make a suggestion to Mr Scarascia Mugnozza of the Commission and to the Council, a suggestion which seems to me, from some distance of course, of particular importance to the common sea transport policy. Everywhere in the world sea-going ships in particular—and I would like to stress this—are becoming larger and larger. This has considerable financial consequences for infrastructures, that is for the

expansion of sea ports and the waterways that lead to them. Similar trends, Mr President, are to be found in air transport. I feel very seriously that the time has come for thought to be given to coordination in this field so that we arrive at the kind of system planning that already exists within the framework of the International Civil Aviation Organization. These problems can, of course, only be solved at international level. The Commission, Mr Scarascia Mugnozza, should however, regard it as its specific task to establish the position of the Community in this question. That is an urgent appeal to the Commission and also to the Council.

In conclusion, Mr President, I wish to say that my group will vote in favour of the motion for a resolution.

(Applause)

President. — I call Mr Thomsen to speak on behalf of the European Conservative Group.

Mr Thomsen. — *(DK)* Mr President, feelings ran rather high at the beginning of this discussion. I will not add fuel to the fire, but will merely point out that Mr Normanton from my group has—in my opinion correctly—commented favourably on various parts of Mr Seefeld's report. It was also pointed out that other committees were not asked for their opinion.

Unfortunately, when a report such as this one is drawn up on Parliament's initiative, it is not possible, as far as I understand, to ask the Economic and Social Committee, as the Commission can, for its opinion, nor has it been possible to obtain the opinion of the Committee of the Associations of Shipowners in the European Communities, CAACE. But let us leave aside the question of who has been asked for an opinion and who will be in the future. Our group is at present opposed to certain aspects of Mr Seefeld's report. We are not opposed to attempts to establish a Community shipping policy in various sectors, but we feel that sea transport, including shipping, is a very difficult subject to tackle.

The recent UNCTAD conference brought to light the divergent points of view in the various Community countries. They were split into three groups on several of the questions.

My group has given serious consideration to this matter because in the shipping industry and in ship-owners we have a liberal industry, that since the end of the war has built up its own system with efficient international conferences, and because we fear that—despite Mr Seefeld's assurances—the liberal and overall approach that exists in the shipping industry will be

Thomsen

bogged down in too much bureaucracy. We are afraid of the UNCTAD way of thinking.

Cargo-sharing was one of the decisions taken at the UNCTAD conference, 40% being handled by the country of shipment, 40% by the recipient country and 20% by independent transport companies. Mr Seefeld, in my country we are a seafaring people. We have a merchant fleet in Denmark that should handle only 20% of the free freight, but at the moment it is shipping 90% of its freight between foreign harbours without returning to Denmark. That is a small example of why Denmark and our group together, representing seafaring nations, are uneasy and strongly opposed to the sort of principle put forward here. We are likewise against and fearful of any freezing of freighting agreements, of a several months' freeze in an industry in which freight rates are extremely sensitive and rise and fall with the economic situation which can change very quickly in that sector. As I have said, we know that the industry itself has built up an efficient overall international system of cooperation and we do not therefore think that the time has yet come to take the initiative recommended despite all the other good intentions on the particular subject of sea transport. It is therefore our intention, Mr President, to abstain from voting on the individual points, and merely to vote against Mr Seefeld's report.

President. — I call Mr Nyborg to speak on behalf of the Group of European Progressive Democrats.

Mr Nyborg. — (DK) Mr President, honourable Members, I shall first of all express my regret that I as a member of the Committee on Regional Policy and Transport was one of those who voted in favour of Mr Seefeld's report at our meeting in Rome on 2 October. Since then, new information has come to light that prompted me to ask Mr Seefeld to send his report back to the committee so that we could discuss it further. Mr Seefeld refused to do so, however.

My fellow-countryman, Mr Thomsen, has just spoken and taken many words out of my mouth, but I am not annoyed: it is all to the good that we agree on vital points. I shall not weaken my argument by talking at length, but on behalf of my group and myself I must speak against Mr Seefeld's report.

This is in no way a reflection on Mr Seefeld himself for I know Mr Seefeld as a very clever and diligent colleague.

In his explanatory statement the rapporteur devotes many words and much time to con-

vincing us and himself of the fairness of introducing a common shipping policy. Seafaring nations such as the United Kingdom, the Netherlands, Ireland and Denmark could not possibly be interested in introducing a common shipping policy, especially one along the lines of the UNCTAD code since, as Mr Thomsen pointed out, we are simply not interested in a 40-40-20% allocation, one reason being that such an arrangement would be completely impossible to manage and would be the direct cause of losses. So far as I have understood, the Commission is also of the opinion that it would be extremely harmful to the Community.

Paragraph 13 of the explanatory statement states that shipping companies within the Community have formed a Committee of the Associations of Shipowners in the European Communities (CMCE) with its head office in Brussels which, as Mr Thomsen has said, is put forward by Mr Seefeld as one of the reasons for our introducing a common shipping policy. I am quite convinced that it is one reason for not introducing a common shipping policy; so long as an independent industry such as the shipping companies in the Community can settle its problems on its own, there is no reason for us to introduce any supranational system and foist it on to the industry as a form of bureaucracy. We must not have bureaucracy for the sake of bureaucracy.

It is also stated in Mr Seefeld's report that the objective is extensive freedom for shipping. That is all very well, but we will not achieve such freedom by saddling shipping companies with a lot of decisions and so on that they do not want. As I see it, that is the opposite of freedom.

As regards other questions such as flag discrimination and flags of convenience, I am quite prepared to support Mr Seefeld, and so is my group, but I strongly recommend that we vote against Mr Seefeld's report as a whole.

President. — I call Mr Hill.

Mr James Hill, chairman of the Committee on Regional Policy and Transport. — Thank you, Mr President. I think that the time since Mr Seefeld started the document has been a period of great change for the EEC. Certainly the transition from the Six to the Nine in maritime matters has changed things completely. It has been estimated that in the Community of the Six the share of sea transport was probably less than 5% of all inter-Community transport, whereas in the Community of the Nine the figure is estimated to be as high as 25%.

I think the Community should work in a unified way with the international shipping organiza-

Hill

tions, and in particular with the many inter-governmental maritime consultative organizations. If I might put forward the point of view of British shipowners, they probably are not unsympathetic with Mr Seefeld's paragraph 3 (II), in view of the cabotage being practised in France, Italy and Germany; it is unlikely, therefore, that British shipowners would want to protest about this matter.

But there are problems in this document, as I have pointed out in committee. There is a saying in English, 'it's like the curate's egg'—it is good in parts and the good parts are really extremely good, but the bad parts are very bad. I am afraid Mr Seefeld has taken on a mammoth task here, and perhaps I could mention one or two aspects about which the British shipowner might be worried. I am thinking in particular of the social legislation that Mr Seefeld has incorporated into this transport document; paragraphs 89-93 deal with social legislation and propose that efforts should initially be concentrated on the working conditions of seafarers.

Shipping companies within the EEC are continually improving conditions for their seafarers; this is wellknown, otherwise, no-one would go to sea these days. They recognize the need to provide good conditions for their employees, as recompense for the services they give. It is in the interests of shipowners to offer fully competitive conditions to attract and retain an adequate supply of seamen with the necessary qualifications of the right standard.

Nevertheless, I feel it has to be emphasized. Mr Seefeld, that conditions of work cover a whole series of matters all of which are interwoven, such as basic wages, overtime compensation, special payments for particular categories of work, the amount of leave, payment during leave, sickness, injury, study between voyages and, of course, retirement. Then there is the frequency and cost of reparation, fringe benefits, such as house purchase assistance, and the number of seamen to be employed on a ship at any given job.

The report recognizes that there shall be no restriction on the freedom of action of the social partners in fixing rates of pay. But, of course, rates of pay are but one element of conditions of work and cannot be isolated. The matters outlined above are determined and financed quite differently in individual EEC countries. Companies, governments and seafarers themselves play varying parts in their determination.

In many instances the conditions of work reflect the economic state, particularly the cost of living, which as we all know varies throughout the Community, and the arrangements generally

applicable in the country concerned; the possibility of harmonization is severely limited by the economic situation.

It is also limited by the need for conditions of work to be adjusted from time to time in the light of experience and the particular work involved. The trend in a number of countries has been away from national—let alone super-national arrangements. Consequently, in the mining field, the IMCO and the ILO are devising a set of minimum qualifications for certain categories of seafarers. They are certainly not finding it a very easy task and they are having to confine their work to broad categories. Indeed, in the wider context, the ILO has in the past tried on many occasions to establish for various industries international conventions in respect of wages, hours of work, and manning. In my view, within the EEC these matters of wages, hours and manning should, in general, be dealt with in the individual countries and between governments, representatives of shipping companies and unions, as is the present practice, at least until there is far greater uniformity of economic conditions in the Member States—and even when that uniformity exists, great care will be needed to preserve the flexibility necessary for effective operational functioning.

I shall now deal with another aspect of Mr Seefeld's report, the cheap flags referred to in paragraphs 46-50 of the explanatory statement. I think he is right to identify the problem of cheap flags, or flags of convenience, as being a problem of whether the ships concerned comply with the generally accepted minimum standards, but not a problem concerning the flags that the ships wear. There are disadvantages and dangers in categorizing ships as flags of convenience and non-flags of convenience. The ITF for example, has adopted a formula under which a ship whose ownership is of a different nationality from the flag that it wears is dubbed a flag of convenience. That is a criterion which is impracticable to establish in relation to many ships. It is, I suggest, far too sweeping to be of practical use. Many ships under so-called flags of convenience meet standards that are generally acceptable. Equally, some ships wearing flags not normally classed as convenient are in certain respects substandard.

May I add a word of warning here. As I have said, this massive document goes far beyond sea transport problems, it goes into ports, investments, shipbuildings, taxes and subsidies, in fact into many aspects that I think could well be discussed by other committees. My word of warning to the Community is that all the experience with the Federal Maritime Commis-

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sion of the United States tends to show that the attempt of the United States Government to secure compliance by shipping conferences with the United States anti-trust legislation has led to nothing but trouble and expense for foreign shipowners and their governments, and has not been notably successful even in protecting the interests of American shipowners or shippers. The establishment of the EEC regulatory machinery designed to function on much the same lines as the American Federal Maritime Commission may prove no more relevant or effective. Indeed, as part of an external economic policy of the Community, it may well prove an embarrassment in the early stages.

Nevertheless, I welcome the hard work that Mr Seefeld has done. I give him 9 out of 10 for his document. There are many aspects here that have to be reconsidered. I personally have welcomed working with him. I know that my group has severe doubts about certain of the points which perhaps have not come out too clearly in the debate this evening. Yet I as chairman have welcomed the fact that here we have the embryo of a sea transport policy—perhaps more Germanic in origin than even Mr Seefeld would acknowledge. Perhaps also the other three Member States' views can be taken into account soon, for it is obvious from Mr Seefeld's document that the United Kingdom has the biggest shipping interest of any of the Member States and that Denmark and Ireland rely to a considerable extent on their shipping activities. Any price-fixing, any severe social interference at this stage could mean unemployment and the loss of trade.

So I would ask Mr Seefeld to accept my congratulations and I sincerely hope the vote this evening is in his favour.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the European Communities. — (I) Mr President, I have listened with great interest to the debate this evening and I wish to thank all the speakers but in particular Mr Seefeld who was the initiator of this initiative, not only for taking that initiative but also for his report.

I think that the debate would probably have been much simpler if several of the objections raised in it had been brought up at the long discussion in committee; we could then have replied in greater depth and detail.

I do not wish to insist on this point; I shall simply point out that the Commission is aware of the need for a common transport policy covering the maritime sector as well as civil

aviation and ports; for these sectors, as Members of this Parliament are aware, there is a precise provision in the Treaty to which Mr Seefeld refers in his report: this is Article 84 (2) which explicitly states that, regardless of the decisions taken at the summit, in this particular case, namely the extension of the common transport policy to these sectors, the Council of Ministers must decide unanimously.

The Commission has not been held up by this obstacle; in recent years it has initiated intensive procedures with a view to the implementation of a policy covering this sector and in particular sea transport. But after the enlargement of the Community—and I am sorry if on this point I disagree somewhat with what Mr Hill said—we felt that maritime policy, particularly as we have moved up from 5 to 25% of the world total as has been pointed out, was a further factor in favour of the introduction of a Community policy. Not only because of the importance in world terms but also because two countries of the Community, the United Kingdom and Ireland, can only be reached by sea.

It was therefore evident that the Community could not leave aside a policy which represents a vital element of contact between the continental countries among the Nine and the island members. For these reasons, as has been rightly stated this evening not only by Mr Seefeld but also by Mr Mursch, the Commission wanted in its reflections on the new Community transport policy to introduce concepts relating to a possible Community policy in the area of civil aviation, ports and transport by sea.

I wish now to say to Mr Seefeld that his report is of very great interest, first because an initiative in Parliament can provide a factor of pressure of public opinion in dealing with governments, and secondly because it can help the categories concerned to clarify their ideas.

I would also not hesitate to define the intentions here as ambitious, not in a negative sense, but merely to indicate that maritime policy is bound to consist of a package of measures which—as Mr Seefeld also realizes—cannot be adopted simultaneously and within a brief space of time.

We have already begun our work; I have said this in the communication to the Council and at the two meetings held by the Council of Transport Ministers this year, the last of them yesterday evening. I have spoken of this matter in the course of my meetings with the Ministers and I must say that while I have found agreement in some quarters in others I have met with reticence and anxiety partly because of the well-known difficulty for the Member States to sign a blank cheque without knowing the

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precise content. The Commission has therefore preferred to opt for a common transport policy which can be achieved with the necessary caution and will enable practical and sure results to be reached.

To this end we have already met the shipowners several times and I must say that the dialogue with them has been pursued under absolutely loyal and open conditions. We have also begun contacts with the Member States' governments to determine the measures on which the fullest agreement can be reached to initiate Community action. We agree with the Council that as soon as the Commission has prepared a precise plan it should submit it to the Council to obtain a mandate to draft and submit the appropriate proposals. The Commission will therefore welcome any suggestions the Assembly may care to make to it. In the meantime the Commission has not failed to take all necessary action and it will continue its work until it has fulfilled its mandate which it sees as being to get the common sea transport policy off the ground; this policy is essential for the reasons already indicated.

There is a fundamental reason for which everyone must reflect on the desirability of action in this direction; I refer to the recent ruling of the Court of Justice which established that the norms of the common transport policy and the norms of the Treaties were applicable to sea and air transport and port traffic. It is therefore urgently necessary to issue legal acts in these sectors if we are to avoid major difficulties which might arise from the action of individual Member States or private persons who consider their interests harmed by certain aspects of these policies which are not yet Community policies.

Finally there is the problem of the code of conduct to which reference has been made. I am happy to be able to inform you that the communication from the Commission, intended to establish a single position of the Member States for the ad hoc conference, will shortly be examined by the Council but the Council, and in particular yesterday's meeting of the Council of Transport Ministers, has already agreed that until a decision is reached by the Member States they will refrain from adopting diverging positions as they have done in the past.

I think this can be viewed as a success; it is now necessary to obtain approval for the Commission's proposals. Mr President, it is late and I do not intend to take up more of your time. However, I remain at the Parliament's disposal to provide additional information or to clarify this statement. May I finally thank Mr Seefeld

and the other Members for their valuable contribution to the debate.

President! — Thank you, Mr Scarascia Mugnozza.

I call Mr Seefeld.

Mr Seefeld, rapporteur. — (D) Mr President, ladies and gentlemen, if there are no other speakers, it is right that the rapporteur should make a few remarks on the debate. I should like to thank those who have expressed satisfaction here today and confirmed that my colleagues on the Committee on Regional Policy and Transport and I have taken a great deal of trouble over this report. We did of course take our time, and we did not take things easily. Above all, Mr President, this report is not the result of a mere whim, but was drawn up as a result of the constant encouragement given by this Parliament not to flag in this matter.

The Committee on Regional Policy and Transport and the European Parliament have for years repeatedly pointed to the need for a Community sea transport policy. The idea did not come to us yesterday or a month ago in Strasbourg. We have urged the introduction of such a policy in several resolutions, for example when Mr Mursch submitted his very comprehensive report or when I, also on behalf of the Committee on Regional Policy and Transport, submitted a report on sea port policy. Every Member of this Parliament—these reports were after all unanimously adopted—stated by voting in favour that he wanted a common sea transport policy to be developed. Everyone wanted this policy and everyone had a chance to state his views. Mr President, I must put to some of the speakers the very critical question, why have doubts, which I take very seriously, not been raised before today? Why were they not apparent during the long debates we have had, and why have no documents been drawn up? Why were no instructions given that other committees should be consulted? That would have been quite possible during the long discussions we have had, and everyone who was in favour in committee, including those who say today, like Mr Nyborg, for example, that they voted differently than they will today, would have, as I would have done, surely accepted well-founded arguments at that time so that they could be included in the general deliberations.

Mr President, I should like to put forward a second idea. I had the impression during the debate in Strasbourg—or rather the debate that was interrupted—that none of the other groups had decided, at least beforehand, to vote against the report. It would have been fair to discuss

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such a move in committee. I cannot but believe this because not a single amendment was tabled in Strasbourg in November, just as none has been tabled today. I therefore assumed that there was unanimity in the broadest sense of the term in committee and the political groups.

The third remark I should like to make concerns the discussion here. It has perhaps still not been generally understood, honourable Members, that this is an own initiative report.

No one, least of all myself, expected that we would have a perfect work before us, to which you merely needed to say yes because it contained all your ideas. Anyone who knows anything about transport policy also knows that there will always be varying opinions; there will be slight variances on the structure of the transport policy, and as the sea transport policy is part of the transport policy, it cannot be expected that they will be poured from the same mould. I was very interested to hear some Members say here today that they fully support this or that item of the report while rejecting others. That is quite natural. Things tend to look quite different to each nation and to each individual member of a given political party. Any appraisals made will be different, and while some will think that too much has been done as regards social policy, others will say that more should have been done.

In short, Mr President, all I wanted to say was that this own initiative report aims at underlining once again the request made on several occasions to the Council with regard to sea transport: the call for the application of Article 84 (2). The Commission should submit proposals for a common sea transport policy. We have said that this report is not in any way designed to restrict the possibilities open to the Commission. It is to have every freedom to think over the matter, with Parliament contributing some ideas. These will not, cannot and should not be all the ideas. But we felt, Mr President, that this report will provide an impulse for the Commission, and I am grateful to you, Mr Scarascia Mugnozza, for accepting our report—and I stress 'our', since it was unanimously adopted by the Committee on Regional Policy and Transport—and for leaving us with a certain amount of confidence by stating that you will follow up the first initiative with others.

Mr President, it would of course be a good idea for me to go into all the various points that have been raised here, but I am assuming the Members have read the report, and accept or reject the various points made, and I should therefore like to conclude with a few more general remarks.

I have the impression that in complete ignorance of the situation some Members fear that their colleagues on the committee and I wanted to develop a new bureaucracy. That is not the case. We have no intention whatsoever of creating new bureaucracies. I would ask you to believe this. We know that the role played by sea transport in the external trade of the Community is important. We know that the role played by sea transport in intra-Community trade is important, particularly since Ireland, Britain and Denmark joined the Community. Honourable Members, it is not true that discussions took place or decisions were taken in connection with this report before Members from the new countries joined us. Look at the dates: no decision was taken before our Irish, Danish and British colleagues became members of the committee.

I would also ask you to consider what the Vice-President of the Commission has said, that we must agree within the Community on the various means of transport, and perhaps I may be permitted to point out in this context that we say in our report that intervention in the sea transport field should not remain uncoordinated and that the best results can only be achieved if the Community develops a concept of a common sea transport policy in good time.

Mr President, ladies and gentlemen, at the end of this debate I should like to thank all those who have made such great sacrifices in an effort to discover during the discussions in committee how we can pursue a sensible transport policy which also covers sea transport. I should also like to thank those who have provided further impulses today with their critical remarks.

What I would ask at the end of this debate is this: we are at the beginning of a sea transport policy; I would stress this—this report is a beginning and no more. The second step will be taken by the Commission. The third will consist in our discussing in detail all the questions which you, the Members of this House, raise, followed by a comprehensive appraisal of the whole problem. I take your doubts seriously, and I would ask you to take seriously what I am saying to you with considerable concern at this late hour. We have submitted an own initiative report and intend to urge the Commission and Council to take action. We have said this on several occasions. I would appreciate it if you would also consider if we would not be cutting a ridiculous figure if we did not follow up our own initiative now.

A final decision will not be taken today; all we are doing today is to provide impulses, lay down a number of guidelines, express our common will—I hope—to see the continued development

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of the transport policy, and, in particular, the sea transport policy.

I can do no more at this moment than ask you, honourable Members, not to impede the further development of the European transport policy by voting against this report. I would ask you to vote for it in spite of your doubts and to clear the way for sea transport to be included in Europe's transport policy.

(Applause)

President. — I call Mr De Clercq for an explanation of voting intention on behalf of the Liberal and Allies Group.

Mr De Clercq. — (NL) Mr President, honourable Members, in view of the importance of this report not just to the transport sector but also to the external economic relations of the Community, may I declare on behalf of the Liberal and Allies Group that I support the Seefeld report. I consider it essential that in sea transport matters the Community should speak with one voice. A Community shipping policy covers all sectors including ship-building, port policy, inland waterways, etc.

In my opinion this motion for a resolution deserves support because for the first time in the history of the Community the various questions on this subject have been evaluated. Finally, I would like to take this opportunity to urge the most rapid implementation of the Community sea transport policy.

President. — Does anyone else wish to speak?

Thank you, Mr Scarascia Mugnozza.

I put the motion for a resolution to the vote.

The resolution is rejected.

14. *Permanent links across certain sea straits*

President. — The next item is consideration of the report drawn up by Mr Hill on behalf of the Committee on Regional Policy and Transport on permanent links across certain sea straits (Doc. 319/74).

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

Mr Hill, rapporteur. — Mr President, this report on permanent links across the sea straits which was authorized by this Parliament and for which I was appointed as rapporteur has created a great deal of interest.

Methods of communication within the Community obviously constitute a matter of great importance, whether we are discussing the telephone system, roads, railways or aviation. It is self-evident that good communications are an essential part not only of the Community's transport policy but also of its regional policy. However, it should be added at once that the effects of improving transport infrastructures have to be carefully considered. It is not enough to improve the road and rail links, let us say, to a peripheral and undeveloped region of the Community and then hope that development of that region will automatically follow. Indeed the contrary can happen. And the improvement of the transport system may well accelerate the depopulation of such an area unless complementary measures to improve the social and industrial infrastructures are taken at the same time. I raise this point because the report we are now considering deals with the natural traffic barriers in the European Community which are represented by the sea straits.

Parliament has already considered Mr Noë's report on the problems presented by the Alps. It is not enough simply to say that here is a sea strait which at present has to be crossed by ship, but under which a tunnel or over which a bridge should be constructed with the considerable consequential saving in time and money. Of the projects which were examined in this report, I personally have no doubt that both the Channel tunnel and the bridge or tunnel crossing the Straits of Messina would be extremely beneficial, although I am aware there are those who argue the contrary. What I think is really important is that when such projects come under consideration, at least as much attention should be given to the probable regional, environmental and social aspects and their effect on the countries or regions which may geographically be separated from them by a considerable distance.

The greatly increased rate of inflation throughout the Community has made many of the figures cited in my report out of date and must inevitably mean a revision of the figures on the cost of projects such as the Channel tunnel, for which an annual rate of inflation of 5% was originally assumed which subsequent events have made derisory. I read now that some people at least suggest that the 1973 estimate of 846 million pounds sterling for the Channel tunnel, a figure which allowed for inflation interest and financing charges, should now be revised to 1 500 million pounds sterling. In fact the decision last month by the United Kingdom Government to review again the plans for a high-speed rail link to the Channel tunnel, and the possible abandonment of such plans, are

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partly at least due to the estimated 120 million which it would have cost in May 1974 prices but which now unfortunately with inflation, will have risen to 373 000 000. Initially this decision led to the proposal to delay the final decision on phase 3 of the project and, in the opinion of some at least, it has imperilled the possibility of constructing the tunnel at all. Speaking as one who is firmly in favour of breaking down these traffic barriers, and who remains convinced of its economic and social advantages, I should greatly deplore its cancellation. I am talking not so much of the merits of the tunnel itself, as of the problems of real access to it in the United Kingdom. And I believe that this is a problem that can be solved. I recognize that the issue of using the continental overhead system of current and the probable need to adapt to the continental loading gauge are not problems that can be sidestepped. In the light of the present inflationary situation and the current economic crisis, it may well be that some of the Danish projects, which I refer to in my report, may also be considerably delayed.

I do not, however, wish today to go into any detailed analysis of the costs, or likely costs of these projects, but will consider them rather in the context of the European Community and their effect on the Community. Perhaps I could start with the most needed of the permanent links under consideration here: the Messina link. The Italian Parliament passed enabling legislation nearly three years ago, in December 1971, and described the construction of such a link as a work of outstanding national importance. Despite this, however, as far as I can gather, no concrete steps have been taken towards the construction of the link, nor even a decision on whether it should be in the form of a bridge or a tunnel. A delegation of the Committee on Regional Policy and Transport visited Sicily in October 1973 and was convinced of the importance of linking Sicily with the Italian mainland. Not only would this relieve an already over-congested port situation, and reduce transport costs to the benefit of Sicily, but it would, the delegation felt, have other benefits of a less tangible nature. Many people in Sicily seem to feel a sense of social isolation, which might be relieved considerably by the great improvement in communications which a permanent link across the Straits of Messina would bring out.

Here I must return to what I said at the beginning, namely that one cannot consider these projects in isolation. I am certain that the present transport infrastructure in Sicily, by road or rail, is quite unable to carry the increased burdens that would be placed upon it by a permanent link. This means that any consideration must be accompanied by detailed con-

sideration of such a link and planning of the whole transport infrastructure of Sicily. Equally, account must be taken of the implications of a permanent link for Reggio Calabria. Opponents of the Messina link fear that one of its results might be the creation of a large unified depressed zone consisting of Sicily and Calabria.

Personally I am not convinced by this argument, but I do recognize and would stress the fact that the social and economic implications of the link will indeed have to be looked into most carefully. If I seem today to be concentrating on the Messina link, at the expense of the Channel tunnel and the various Danish projects, it is not because I am unaware of the importance of those projects, but because I am particularly concerned about the apparent lack of progress being made in connection with the Messina link.

I have already had discussions with the European Investment Bank, and they would welcome any projects that deal with the Channel tunnel in particular, and indeed, though we all know their maximum loan is 50 000 000 u.a. on each project, it would be perfectly possible, for the channel tunnel to attract four separate sums of 50 000 000 u.a. One could cover the environmental aspect of the railway link, one the United Kingdom share of the tunnel, one the French share of the tunnel and one the industrial complex that will obviously develop on the French side of the Channel.

I think the same will apply to the Messina link. One of the duties of the European Investment Bank is to give what can only be termed regional aid to areas such as the two which the bridge would connect. Consequently there are great hopes of these projects being referred to the European Investment Bank. Of course this will depend on the Member States concerned.

The European Investment Bank has noted a fall-off in the number of projects coming from the United Kingdom and this should be brought to the notice of ministers in charge of departments.

And I would also say that the new Regional Policy Fund which has just been created will, I think, take a great interest in projects such as the Messina link and the Channel tunnel, but more particularly on the French side of the Channel.

This is perhaps one of those odd reports, that began as an idea that I had of undertaking a thorough examination of how to get a lorry or a juggernaut as they are called, from one end of the continent of the Community to the other, and how to do it most cheaply. It has gone far beyond that now. In fact the Chambers of Com-

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merce of Western France have already approached my committee with ideas about the motorway that would link the French side of the Channel tunnel to the Spanish frontier. Denmark will benefit greatly from bridges that will bring the Swedish traffic from Sweden down through Denmark, instead of going through East Germany.

So there are great economic implications to this document. I cannot stress too much, Sir, that at this late hour, I hope we have a reasonable debate on it.

I hope the Commission will accept it in the spirit in which it was written. I believe it constitutes a great step towards solving some of the transport problems of the Community.

(Applause)

President. — I call Mr Mursch to speak on behalf of the Christian-Democratic Group.

Mr Mursch. — *(D)* Mr President, honourable Members, I can say what I have to say in a few sentences since the rapporteur, Mr Hill, has already made it clear that the projects under discussion will be implemented in the distant future. But, Mr President, for this very reason I feel that paragraphs 6 and 7 of the motion for a resolution are particularly important. They call for three things.

Firstly, all projects currently under consideration by Member States for the creation of permanent links across sea straits should be examined in detail. I feel, Mr President, that this should really be obvious, but there is no harm in saying so in so many words.

Secondly, coordination at Community level is said to be necessary whenever such projects are being considered, and this coordination cannot take place early enough. I would point out in this connection that the only obligation at the moment in the case of such infrastructure investments is one to provide information, but there is no coordination as yet. Particular importance should therefore be attached to this paragraph on the coordination of such measures within the Community.

And finally the motion for a resolution calls for the question of financial aid for priority links across sea straits to be looked into.

This is, Mr President, as we all know, a particularly difficult problem where Community financing is concerned. I need only mention in this context the Regional Fund, and everyone will know what difficulties will arise in this case, too, with the financing of such Community infrastructure investments.

The creation of new transport links is undoubtedly especially important both for the countries concerned and for the countries of the Community. And the extent—and I would emphasize this—the extent to which the Community can be expected to contribute to the financing is, Mr President, a real problem which must be tackled as soon as possible and on which an explanation must be given. For this reason, I feel, the motion for a resolution is particularly welcome. We will therefore vote in favour of the motion for a resolution.

President. — I call Mr Concas to speak on behalf of the Socialist Group.

Mr Concas. — *(I)* Mr President, ladies and gentlemen, the question we are now considering certainly warrants fuller examination because of the importance transport links and means have assumed in our time.

The infrastructures in the sector of roads and transport are in fact the very basis of a development policy and the choices in respect of these infrastructures are the foundation of a harmonious and balanced policy of progress.

Isolation has always been the enemy of progress, an element which retards economic activity, a cause of grave social disparities, a factor of incomprehension and disequilibrium between countries and peoples.

These considerations and judgements apply particularly to our Community where there are still regional disparities and where the less favoured areas still lag behind their more prosperous neighbours.

For these reasons we can approve the motion for a resolution now before us; the easier links across sea straits become, the easier it will be to obtain considerable social and economic benefits especially in favour of the Community's peripheral areas.

I must stress here the need for coordination at Community level of plans and investments at the earliest possible date, putting an end to the simple procedure of consultation on road and transport infrastructures. Joint action in this sector must be provided for in Community legislation, especially in those instances where regional policy is at stake.

Mr President, the resolution looks at the problem of natural obstacles to traffic which now exist within the Community, with particular reference to links between the United Kingdom and the other Community countries, between the Danish islands, the other Community countries and Sweden and between con-

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tinental Italy and Sicily—in a word the problem of the sea straits. The solutions proposed meet the need resulting from the increase in traffic density (both of passengers and goods) and solve long-standing and difficult problems of isolation and delay in the economic development of remote areas which because of their very remoteness are less favoured or privileged.

I do not wish to enter into discussion of purely technical questions and of costs, because that is not my function; I would simply stress that no regional policy and none of the aims of that policy can be achieved unless the obstacles and barriers are removed and unless a closely knit network of communications is developed to facilitate rapid transit and good relations between all the areas of the Community.

As an Italian allow me, Mr President, to say that I attach particular importance to a solution to the problem of road and rail links between continental Italy and Sicily.

The Italian Parliament—as has already been stressed here—approved at the end of 1971 Law No 1158 defining a road and rail link across the Straits of Messina as a 'work of extreme national interest'. Despite the urgency the law has never been put into effect.

I therefore welcome the fact that the Committee on Regional Policy and Transport has recognized not only the importance of this project but also the need for a prompt start on the work; there are no technical difficulties even if a decision has not yet been taken between a bridge or underwater tunnel and the financing problems could be rapidly solved. Nevertheless there are still no final plans and, to coin a phrase, everything is still at sea.

In conclusion, it seems to me that the two most urgent projects at present—as other speakers have also pointed out—are the link between the United Kingdom and continental Europe and the link over the Straits of Messina.

I hope then that the corresponding plans will soon be prepared and that they will then be implemented without delay.

For these reasons we shall vote in favour of the resolution.

(Applause)

President. — I call Mr De Clercq to speak on behalf of the Liberal and Allies Group.

Mr De Clercq. — (F) Mr President, I congratulate the rapporteur on his excellent report on which I should like to make a few constructive comments on behalf of the Liberal and Allies Group.

In the motion for a resolution contained in Mr Hill's report, the Committee on Regional Policy and Transport makes proposals on the construction of permanent links in areas most vital to Community economy, particularly where some sea straits constitute an impediment not only to the development of an inter-connected Community transport network but also to the economic and social development of certain regions.

The construction of such infrastructures is important since it forms part of a coherent regional policy. In its resolution of 25 November 1973 on the European Regional Development Fund, the European Parliament stressed the need for the Fund to collaborate closely with the other Community instruments towards the financing of such infrastructures.

These major projects which meet a specific regional objective could well have a strong influence on public opinion by making the public aware of the reality of European integration. They will bear witness to the interest of the Community authorities in the least-favoured regions, that are isolated geographically and economically.

In its resolution of 13 December 1973 on the list of regions and zones qualifying for aid from the Fund, the European Parliament stressed that the development problems of outlying regions were the most urgent, the most important and the most difficult to solve because of the special nature of the questions raised. Their distance from the central nucleus would be reduced once such links were established.

Once the regional policy becomes operational following the recent decisions taken at the Paris Summit Conference, large sums must be devoted to full-scale projects in order to meet public expectations. It was decided that the Regional Fund should be earmarked for priority regions and the least-developed regions, particularly Ireland and southern Italy. The plan to promote the construction of a permanent link across the Strait of Messina is exactly such an objective, since that region is one of the poorest in the Community. Similarly, the concept of an integrated Community would be more transparent if another major undertaking were given assistance: I am thinking of the Channel tunnel. The history of our continent is full of far-reaching acts of initiative which have reflected a collective effort and a European undertaking. This effort must be expanded by means of a European loan to which countless small savers would contribute. The tunnel would be the expression in material terms of the free movement of persons, goods and ideas on which great emphasis is put in the Treaty of Rome.

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Thus, European Union, which is already present in the minds of the people, will take shape in a project whose scope is beyond the possibilities of individual states and which will bear witness to the irreversible course of events, as opposed to ideas, in the construction of Europe.

(Applause)

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

Sir Douglas Dodds-Parker. — Mr President, on behalf of the European Conservative Group, I would like to welcome this useful report and congratulate my colleague Mr James Hill on putting it forward. Like other Members of Parliament, I have some personal knowledge of all three main areas concerned, but wish to take two minutes only on the Channel tunnel, as for some years I had the privilege of being chairman of the all-party parliamentary committee on the tunnel. As none of the Socialist front bench is now here, I hope that this time I shall escape being accused of being a lobby.

The committee dates back many years, almost to the original plans for a tunnel for a coach and horses, but fears that Napoleon or later ill-wishers might crawl through the tunnel some dark night postponed it, though one kilometer was built at each end in the 1880's.

I believe that there are few technical difficulties in the building of this tunnel, as the report states. In my opinion this project, one of the most exciting with which I have ever had the good fortune to be associated, is long overdue. I understand, however that there is now some delay, in the United Kingdom for reasons which are not quite clear to me and which were mentioned by the rapporteur. I have always believed however that this project involves not only the United Kingdom and France, but that the whole of Europe from Scandinavia to Spain and from the Mezzogiorno to the Mezzanotte could benefit and would contribute on the same scale to this project. I believe that this rail link is very valuable, although my own personal feeling is that the highspeed rail link is not as important at an early stage; it must come later.

Some of us who went to Rome by rail, recently, commented on the remarkable development of a high-speed line between Orvieto and Rome, and believe that if this is possible on that line from Florence to Rome, it would be equally feasible between the Channel port, the Channel entry and London.

I believe today that capital is available for constructive projects, and I think that there is

more capital available in the world today than there is profitable investment. And so I hope, Mr President, that in the next two months in this Assembly we shall see this project expanded into a Community project and financed through the European Investment Bank, as Mr Hill suggested, if the funds and guarantees required are adequate, as I believe they can be. As Mr Hill pointed out, help from the Regional Fund and Social Fund could be given to retrain port workers and any others who might lose their employment. I hope therefore that Parliament can support this report and, in the course of the next few weeks, develop it into a Community project.

(Applause)

President. — I call Mr Nyborg to speak on behalf of the Group of European Progressive Democrats.

Mr Nyborg. — *(DK)* Mr President, honourable Members, I shall be very brief since I must rush back to the Danish elections, but I have waited all day to say a few words about this report. Mr James Hill, chairman of the Committee on Regional Policy and Transport, will certainly go down in history as the man under whose chairmanship the Regional Fund became a reality, and is the man who had broad visions and drew up the report on permanent links across certain sea straits in the Community. That was a brilliant idea that deserves all our appreciation.

I am not qualified to comment on the Channel tunnel or the bridge over the Straits of Messina, but in principle I must say that the report deals with what is most important; good links are being created in the Community so that it is possible to transport persons and goods quickly anywhere in the Community. This is obviously of great importance socially and economically and in other fields, particularly with regard to regional development.

I cannot but express satisfaction at the fact that mention is also made in the report of the Danish islands and of links to the Scandinavian peninsula and countries such as Sweden and Norway. In this connection I should also like to point out that Norway is a large sea-faring nation which we must obviously consult before we introduce a shipping policy in the Community. I shall not dwell on the many special details in Mr Hill's report, but shall merely say that both my group and I are very much in favour of the report as a whole. Let me just make one special point, and that is that in his report Mr Hill proposes that some form of financial aid be granted to projects on permanent links across

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certain straits in the Community. I think that is very important at the moment when we have a surplus of manpower. This is obviously the time to start such projects, when we have the necessary manpower. We should not start such projects at a time when we have to import foreign labour. It should not be started as relief work, which sounds odious, but should be regarded as quite natural to start this type of work, which requires a considerable amount of manpower precisely at a time when we have the manpower available. In conclusion, the group of European Progressive Democrats is 100% in favour of Mr Hill's report.

(Applause)

President. — I call Mr Covelli.

Mr Covelli. — *(I)* Mr President, ladies and gentlemen, the report of the Committee on Regional Policy and Transport has much of interest to all of us who consider that the Community's task is not only to administer the mathematical total of the individual countries' interests but above all to encourage in those countries and by corollary in the entire Community, initiatives capable of giving a new economic and social dimension to our continent.

Mr Hill's report and the proposal it contains for a Community intervention to achieve permanent links across certain sea straits must not be considered as futuristic designs but on the contrary as opportune and intelligent attempts to make good the delay these projects have suffered in comparison with the reality of the time in which we live. It must be realized that the real problem of a regional development policy is that of the basic structures which will allow the economic and social potential hitherto untapped to be exploited.

Unfortunately only too often action has been of a secondary nature to meet immediate requirements or else too disparate; under these conditions there can be no economic policy and above all no development policy.

I consider on the other hand that Mr Hill's report indicates the path to be followed and outlines with very great timeliness certain ideas on the immediate use of the first appropriations of the European Regional Development Fund which the Paris summit conference has just decided to establish.

As an Italian I particularly appreciated the section of Mr Hill's report which deals with a link between Sicily and continental Italy; here there is not only a social and economic break but also a psychological barrier which has kept the people of Sicily and in general the south of Italy apart

from the mainstream of economic development concentrated on the industrial north.

The decision of the Heads of State or Government on the initial application of the Community Regional Development Fund provides that of the first appropriation of 300 million units of account for 1975, Italy could apply for the financing of projects representing 40% of that total. This is an opportunity which Italy and the entire Community should seize; the repercussions on public opinion throughout the Community would be serious indeed if the amounts earmarked after such long hesitation were not used in good time.

Well now, we are on the eve of 1975 and it is quite likely that delays will occur in the technical preparation and presentation of the projects to be financed by the appropriations committed for next year. In my view Mr Hill's report shows the Italian Government and the Community as a whole that something practical can be done and done quickly.

To those Members of this Assembly who represent the majority in the Italian Government I, as a representative of the opposition, would say that during the last regional elections in Sicily their entire campaign was based on the promise and undertaking to build a bridge across the Straits of Messina in the near future. Through Mr Hill's report they now have a splendid opportunity to meet their promise and commitment.

Let them take all the necessary steps with the respective national parties for those aspects which fall within the competence and duties of the government and with all the Community bodies for those aspects which are the Community's responsibility!

Ladies and gentlemen, the citizens of Europe whom we represent are waiting for this Europe to move forward at long last from mere declarations of principle. The Community must be more than a centre of theoretical exercises on the best way of building tomorrow's society. It has the task of pointing out the aims of economic development and also the means of achieving that development which is surely possible within the wider confines of Europe. I sincerely hope that Mr Hill's report will meet with the interest it deserves in the Commission and Council. With that hope in mind I shall vote in favour of the motion for a resolution.

(Applause)

President. — I call Mr Noè.

Mr Noè. — *(I)* Mr President, ladies and gentlemen, Mr Commissioner, I should like to join my colleagues in thanking the chairman of the Committee on Regional Policy and Transport,

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Mr Hill, for his report, which has real strategic importance.

As I suggested today that speaking time should be halved, I shall be consistent and simply cover one argument. I shall talk about the ways in which the link over the Strait of Messina is different to all the other major links, in particular the Channel tunnel, already planned in detail and only remaining to be built, the links between the Danish islands either being planned or built, not requiring much change, and the tunnels under the Alps which, despite the enormous difficulties raised by their length, already have alternative projects, each with its own characteristics studied in detail.

On the other hand, as Mr Concas said a little while ago, the possible alternatives for the straits of Messina have not yet been sufficiently studied. I therefore have a practical proposal to make, Mr President. I suggest that in the very near future a detailed analysis should be initiated to study the possibility of building a bridge or a tunnel under the Straits of Messina so that we may reach exact conclusions on the feasibility of the two alternatives and make a serious economic comparison between them. The significance of this subject is certainly considerable.

The seismic features of the Straits of Messina might, and I emphasize might, mean that it would be better to build a tunnel under the Straits since it would be possible to follow the seismic crack in the rock masses and it could thus be constructed with less trouble. A similar link has already been built in Japan in the form of a submarine tunnel. I met an engineer who had visited the work and, though not underestimating the difficulties (at the front of the tunnel which is under large depths of water, water may suddenly enter necessitating the use of high-capacity pumps), he said that this task was quite feasible and in fact has already been completed.

I do not exclude the possibility of a bridge but it carries structures which, subjected to seismic forces, would exhibit quite different oscillatory characteristics from the shore and therefore require calculations which, though they may be analytically effected using particularly complicated models, are involved and time consuming. My practical proposal is that this comparison should be made so that when we come to make a choice we will find that, since the two solutions have been studied in equal depth, we can make an informed judgement and this link will be built on the basis of as much knowledge as others of the same importance.

I was glad to hear someone, perhaps it was Mr Hill, say that we will be able to drive by car

all the way from Sweden to the south of Italy. Certainly, when the Straits of Messina are bridged and the transalpine tunnels built it will also be possible to make this journey completely on the flat. This will be the main difference in the future when there are the new low-altitude tunnels under the Alps. When these two works, so different but so important, involving many men for fifteen years, have both been completed, we shall really, in practice, be able to make a level journey all the way from Sicily to Scandinavia. However, if we are to achieve this goal, this further work which I have referred to must be done now.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — Mr President, in the space of precisely one minute may I offer my congratulations and a warm welcome to my honourable friend, Mr Hill, for the report which he has presented to this Parliament. And may I offer two suggestions for projects which I am sure would commend themselves very considerably to my constituents in the northwestern region of the United Kingdom. I refer firstly to the construction of a barrage across Morecambe Bay which would provide a road and rail link to end the relative isolation of the considerable area of the Barrow peninsula. Secondly, may I suggest to him that the construction of a tunnel underneath the northern extremity of the Irish Sea to link southwest Scotland with Northern Ireland may well be a valuable contribution to ending the apparently never-ending conflict of separation.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, *Vice-President of the Commission of the European Communities*. — (I) Mr President, ladies and gentlemen, in presenting his interesting report, Mr Hill said, quite rightly I think, that the current economic situation would probably hold up the projects being studied. I think that we should bear this fact in mind, particularly since, as seems true, the plan for the Channel tunnel is now being re-drawn, not to say postponed.

Having said this, I must add that I consider the points raised in Mr Hill's report to be of considerable interest, because the European Community cannot have a regional policy without the existence of a transport policy which can forge rapid and sure links between the farthest-flung areas of the Community. I do not just mean the areas on one side or the other of the Alps or other mountains but also mean to include both sides of various sea inlets.

Scarascia Mugnozza

The Commission therefore notes with pleasure the resolution submitted by Mr Hill and gladly urges its approval because it may have positive results. However, I should like to add that I do not think that the various requests should only be directed to the European Community which, for the moment, and I fear in the near future, will not have at its disposal the means required to meet these needs.

For the moment, we have two sources of funds. The first is the European Investment Bank and while we are talking of links across sea straits, I think that many of you must have seen the bridge recently built on the Bosphorus which was built with the assistance of the European Investment Bank. So here we already have an example on which to base further action.

Then, as has been pointed out, we have our regional policies which could be used to assist implementation of these plans or even drawing up of studies. However, neither the European Community nor the Commission can take the initiative because these are obviously matters which fall within national responsibility though it is true that, under a Community agreement, the Commission must be notified of all infrastructure projects or other projects of particular importance once they have been drawn up so that the latter can give an opinion. This procedure was followed for the plan for the Channel tunnel and notification was given by both the French and British Governments.

In conclusion, Mr President, I should like to say that the Commission congratulates Mr Hill on his resolution and would be glad if Parliament approved it, pointing out to Members the need to ensure that their respective governments undertake to submit the various projects we have talked about, including that relating to the Straits between Sicily and Calabria.

Once the plans have been submitted, we shall find, as on previous occasions, that it is not difficult to obtain assistance from the European Investment Bank. At both the planning and execution stage it should also not be difficult—in fact I should think we could almost count on it—to obtain assistance from the Regional Fund, once this is set up.

President. — We will now consider the motion for a resolution.

On the preamble and paragraphs 1 and 2 I have no amendments or speakers listed.

I put these texts to the vote.

The preamble and paragraphs 1 and 2 are adopted.

On paragraph 3 I have Amendment No 1 by Mr Gerlach and Amendment No 2 by Mr Scott-Hopkins on behalf of the European Conservative Group. They are worded as follows:

Amendment No 1:

Paragraph 3

After the words

‘—Continental Italy and Sicily’,

insert the following words:

‘, a project requiring further study, in which the Community should if necessary participate’.

Amendment No 2:

Paragraph 3

Add the following to both the second and third indents of this paragraph:

‘..., a project requiring further study in which the Community should, if necessary, participate’.

Mr Fellermaier, do you wish to move Amendment No 1 by Mr Gerlach?

Mr Fellermaier. — (D) Mr President, Mr Gerlach had to return to Bonn but this amendment is maintained.

President. — I call Mr Hill.

Mr Hill, rapporteur. — I would like to say briefly that I am sure it would make more sense, now that we know there is a Regional Policy Fund, if the words ‘if necessary’ could be deleted from both Amendment No 1 and Amendment No 2. But if Mr Fellermaier wishes to leave it at it is, I am perfectly willing.

President. — I call Mr Scott-Hopkins to move Amendment No 2.

Mr Scott-Hopkins. — Mr President, my amendment repeats exactly the same as the one moved by Mr Fellermaier. It underlines the commitment by the Community of funds for further study and the later stages of the project. I formally move it.

President. — I call Mr Hill.

Mr Hill, rapporteur. — Sir, I think the same remarks apply as before and I wonder whether the European Conservative Group would agree to taking out the words ‘if necessary’.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Sir, the proposal from the rapporteur and the chairman of the committee is that in the amendment which I am proposing in the name of my group, two words should be left out. If it is your wish and that of the House, I would be more than willing to do so on behalf of my group.

President. — I call Mr Kirk.

Mr Kirk. — Mr President, the amendment tabled by my friend, Mr Scott-Hopkins, repeats exactly the same terms as the amendment moved by Mr Gerlach. If we are going to delete words from the one, we ought to delete words from the other. I do not think there is any difference of opinion between us—happily on this occasion—about what we should do. Might I suggest that we delete the words 'if necessary' from the two amendments because as Mr Hill quite rightly says, since we now have the Regional Fund, we can carry the two amendments without, I hope, any difficulty at all from Members of this Parliament.

President. — I put to the vote the motion to delete the words 'if necessary' from the text of the two amendments.

The motion is adopted.

I put to the vote Amendment No 1 as amended.

Amendment No 1 is adopted.

I put to the vote Amendment No 2 as amended.

Amendment No 2 is adopted.

I put to the vote paragraph 3, so amended.

Paragraph 3 is adopted.

On paragraphs 4 to 8 I have no amendments or speakers listed.

I put them to the vote.

Paragraphs 4 to 8 are adopted.

I call Mr Hill.

Mr Hill, rapporteur. — This will only take a moment, Sir, I must thank the Commission for those very welcoming words—indeed his information on the recent bridge constructed over the Bosphorus was most heartening news to all of us here. I would say to Mr Noè that a survey request from Mr Andò, who is the chairman of the Messina Link Committee, has already been passed to the Commission. At the time they did not think funds would be available, but now they will be available. I think that is

very hopeful. I am not quite so hopeful about Mr Normanton's barrage across Morecambe Bay, or indeed the tunnel from south-west Scotland to Northern Ireland, but no doubt our children or our children's children will be able to come here and make such a proposal. Thank you for the consideration you have given to this report. *(Applause)*

President. — Does anyone else wish to speak?

Thank you, Mr Scarascia Mugnozza.

I put the motion for a resolution as a whole to the vote.

The resolution is adopted.¹

15 Preliminary Commission report on the problems of pollution and nuisances originating from energy production — Council resolution on energy and environment

President. — The next item is consideration of the report drawn up by Mr Noè on behalf of the Committee on Public Health and the Environment on the preliminary Commission report on the problems of pollution and nuisances originating from energy production and the proposal for a Council resolution on energy and environment (Doc. 320/74).

I call Mr Noè to present his report.

Mr Noè, rapporteur. — (I) Mr President, ladies and gentlemen midnight is not perhaps the best time to tackle a subject which has been continually discussed in papers and magazines so I will try to be very brief. I should also like to suggest that perhaps for once these subjects should be tackled in the first days of the part-session, rather than the last, as is usual, because otherwise there is a risk that the points which come up in committee never get discussed with colleagues from other committees.

Before getting down to business, I should like to make a general methodological point. When, recently, the Committee on Energy, Research and Technology was dealing with the subject of energy for Europe it had to hand an opinion on this matter by the Committee for Scientific and Technical Research. In paragraph 5, this document defined, in a way which seems to me to be fairly appropriate, the subject which we are discussing this evening. It said that the environmental aspects of energy should not be considered as a strategic sector apart but as one of the essential components of any action

¹ OJ No C 5 of 8. 1. 1975.

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taken in the field of energy. In other words, in this sector as in so many others, we suffer from an inadequate methodological approach since we come to the matter in sectoral rather than global terms.

In reality, every time we create energy we perform a service to man, in that we put power at his disposal, but, at the same time, there are negative consequences because, in general, resources are destroyed and sometimes, or even often, the environment is polluted.

If we do not want to have to retrace our steps in the future we should therefore continually keep the environment in mind whenever thinking about forms of energy production. Today we have no choice but to go backwards since we have not yet arrived at an inter-disciplinary approach to problems as is desirable in many fields, particularly this one. We therefore have to be satisfied with our current approach which only touches on some points.

Having made this point, which I think is of fundamental importance and should be returned to, I should like to say that in both the Committee on Public Health and the Environment and the Committee on Energy, Research and Technology we had some exchanges of opinions which could be called useful. However, I personally feel that one of these, which was very lengthy, was completely useless since it was based on the positions adopted by some colleagues who said 'We are in favour of energy at all costs' and that adopted by others who said 'We shall protect the environment at all costs'. But clearly it is not this question, simplistically presented and reduced to slogans, which man must consider in order to progress. The real question is a complex one and now we will be able to seriously consider it using both an overall approach and referring to the sectoral arguments before us. There can certainly be no question of deciding in favour of either of the extreme positions because, depending on certain conditions which change, we must find a means to guarantee energy supplies so that man may continue to be economically active with as little pollution as possible, though this will unfortunately never mean zero pollution.

The points made in the Commission's document, which we considered in the Committee, are sectoral ones. Firstly there is the question of cooling power stations, particularly nuclear ones. This is largely a question of cooling by water, though, as we shall see, it also involves the air used in cooling towers. Secondly, there is the question of the discharge of sulphur dioxide after burning fuel oil rich in sulphur, in other words, which is not very pure. These, then, are the two most important topics though there are

others which I shall briefly refer to in concluding.

However, in this introduction of mine, I shall confine myself to simply touching on these two points, stressing some slight shifts of position with respect to the report. I must ask your forbearance for one of these shifts since it is partly the result of a misunderstanding. The other, on the other hand, is because new facts have come to light during the last week, thus. Mr President, showing how topics such as this are constantly developing. It is difficult to be categorical in this field and considerable modesty is therefore called for. But we have reached a line which we think, in the light of the information currently at our disposal, is the right one to follow though of course it may yet be further changed.

I should incidentally like to point out that the question of a reliable source of information must also be solved. A report on information in the scientific field is being circulated in the Commission and the general presentation of the problem also applied to the technological field since there can be no doubt that we suffer today from a lack of suitable information.

I shall illustrate this with an example from the resolution under consideration. It is suggested that, by giving priority to town heating, it might be possible to revise certain proposals for the future construction of cooling towers. The inexactitude arises from the fact that there is no need for town heating in the summer, so that there would always be a need for cooling towers but they need only be used for part of the year rather than all the time.

I should however like briefly to go over the question of cooling power stations particularly nuclear ones. What is the problem? Nuclear power stations result in practically no chemical pollution of the atmosphere but the prototypes now used need more rapid cooling and therefore heat up cooling water far more, approximately twice as much. These power stations were originally of medium power but now each group produces up to one million kilowatts so that two or three groups together account for an enormous amount of power and cooling by habitual methods requires them to be near large rivers or the sea. Naturally, in countries like Germany with a relatively limited coast line, France, which has an extensive coastline but cannot situate all power stations on it, or my country, in which only the Po is large enough to cool a power station and then only one or two, there is no escaping the choice of cooling towers which are certainly monstrosities and, though they have not yet appeared on our horizons, the possibility is all too imminent.

Noè

They are monstrous in size—for the power I was referring to above, a tower 130 metres high with a diameter of 90 metres would be required. There are already a certain number of these towers in the Loire valley, in which a nuclear park is planned and many groups already installed, and this has obviously changed the landscape considerably.

However, this is not the end of the matter. I am talking about wet cooling towers which require a certain quantity of water, flowing over their surfaces to help the cooling process. It is therefore necessary to have a considerable quantity of water available and this is not always easy. They also have side effects such as mist which, particularly in the winter, does not exactly help the weather.

There are also dry cooling towers but we do not know very much about them. I remember that when we were discussing Euratom's plans four or five years ago, our committee requested that a programme of studies on dry cooling towers, which obviously do not need water, be prepared. However, no progress has been made. I think that, in the whole of Europe, there only exist two of these towers and these have only limited capacity so we really know very little about their meteorological consequences despite the fact that they discharge large quantities of hot air into the atmosphere. Structurally, these towers take the form of large prisms and, though lower than the wet cooling towers, are also on a very large scale and would affect the landscape.

In the current situation which requires that we build, and therefore cool, nuclear power stations over the next decade, it is essential to increase our knowledge of the meteorological consequences of wet cooling towers and undertake a serious study into dry cooling towers about which we know so little.

It would be desirable to heat city areas as the resolution suggests but, as I have already pointed out, this unfortunately does not remove the need for cooling towers during the rest of the year. Furthermore, it is better to have low-power stations near urban areas; some parts of Paris are heated by low-power stations, but building ones this size obviously does not fit in with the modern trend of increasingly large units. However, there can be no doubt that if we use the waste heat from power stations to heat city areas, we avoid consuming more petroleum for that purpose and therefore spend less money and cause less pollution.

This, then, generally describes the cooling problem at the present state of affairs. Parliament will make what I consider to be a very valuable contribution during the next month when, first

in committee and then in the Chamber, it considers Mrs Walz's report on the choice of sites. The choice of sites also involves the choice of cooling technique so this study, which, in the light of significant developments in Europe in this field, is being conducted in depth will give us here in the Chamber a chance to return to this question a few months hence.

The other problem is eliminating or reducing the quantity of sulphur dioxide in combustion fumes. In its documents, the Committee on Public Health and the Environment supports the principle, considered valid only one month ago, that it would be better to concentrate on desulphurizing fuel oil, selling it in a purer state. During the last weeks, a Commission official has furnished me with very persuasive evidence for this argument, thus reinforcing evidence from other sources. Now, however, I find myself compelled to amend, though not entirely reverse, this position. I feel that, at the present moment, the most logical course of action would be to concentrate on desulphurizing the fuel oil destined for small or medium power stations and concentrate on desulphurizing the fumes from high power sources. Why, Mr President, should this be so? The reason is that, in desulphurizing, approximately ten per cent of the fuel oil is consumed and, today when we are if anything trying to cut back by ten per cent, it seems rather hard to have to use an extra ten per cent on desulphurization. Furthermore, desulphurization plants are extremely expensive and it is not obvious how, in the long term, these plants would be able to work at full capacity in countries which have significant nuclear problems. For all these reasons, an intermediate solution may be indicated—desulphurization of fuel for small establishments and desulphurization of fumes for large ones.

Since the plant for desulphurizing fumes is rather like a chemical plant, this process is best suited to high capacity with relatively constant power, not fluctuating significantly. When these two conditions are met, desulphurization of the fumes would seem to be the best course. Japan has made significant progress in this field and, it should also be noted, in some countries they are studying plants which produce pure sulphur which could then be used for industrial processes. Such an outlet might provide a justification for adopting this process.

The question of the weather also arises in talking about sulphur dioxide. In committee we have often stressed the fact that the choice of using more or less sulphurous fuel should depend on the meteorological conditions of an area—in other words, where there is thermal inversion due to the presence of mist, low sulphur fuel should be used. Let us consider, for example, a

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site by the sea. If, every time the wind blows from the land, the fumes are carried out to sea without causing any harm to any one, the cheaper fuel oils could be widely used. In other words, to ensure that man is harmed as little as possible, the choice between low or high sulphur fuels should depend on the meteorological situation. This principle has never been applied even though it would not cost anything but simply require a little attention.

Finally, I should like to refer to other points raised in the resolution which could have significant effects—the need for greater care in building, maintaining and supervising burners. All too often fuel is used without carefully investigating the characteristics of the burner and its use and there are not enough checks. Measures of this nature would have a twofold purpose: to reduce consumption, which we all know is important, and to combat pollution because efficient combustion reduces the percentage of noxious substances released into the atmosphere.

As we have been doing for years, ever since I first began to occupy myself with environmental questions, we have called for a study of the effects on human health of nitrogen oxides and progress towards making regular measurements of pollution factors, passing over health measurements for a certain number of regular measures since this is the only way to give a satisfactory framework in this field.

Mr President, in view of the time, I shall not go on to other points. Simply, because I think it particularly important, I should like to stress that we must gradually move towards an approach which unites all these specific efforts if we wish to avoid having to make good our errors in the future. In the hope that this task may come to fruition in the future, I thank you and the Assembly for your attention.

(Applause)

President. — I call Mr Lagorce to speak on behalf of the Socialist Group.

Mr Lagorce. — (F) Mr President, honourable Members, the use of energy in all its forms has always produced harmful effects and increased air and water pollution. If no attention has been paid to this problem until recent years, it is because pollution remained at an acceptable level or was absorbed naturally and did not change our environment to any significant extent. But population growth, the trend towards urban living and greater and greater industrialization brought about by the higher general standard of living have brought with them significant energy consumption, and pollution increased to such an extent that the

natural environment was no longer able to provide its own protection. Man's unpardonable negligence, his egoism and lack of foresight have damaged his environment to such an extent that he finally realized that it was of vital importance for the survival of the species and, now that the alarm has been sounded throughout the world for some years, the question of environmental protection has taken its rightful place in our thoughts.

Finally, the European Community had to promote an environmental policy that met the needs of the moment. The motion for a resolution on which we are today required to vote, however, constitutes no more than a first step in that direction, in that it is basically no more than a list of good intentions. That, in any case, is how it was described by the Committee on Energy, Research and Technology which instructed me to draft its opinion for the Committee on Public Health and the Environment. It also pointed out that the motion for a resolution, or at least its preamble, sometimes seemed to retreat from the positions already adopted by Parliament.

The greatest reservation it expressed during the debate on this subject, and the one which caused the longest and perhaps liveliest discussion, concerned the principle, which Parliament had already approved and which I had reminded it of, of the priority to be given to securing energy supplies over environmental protection, as requested, for instance, by Mr Kater in his report which was adopted on 14 June 1974.

As some of our colleagues were disturbed about what after all was merely the repetition of a position previously adopted by us, the committee wanted to correct the abruptness of the statement by affirming strongly that the problems connected with environmental protection should in no way be neglected. I draw Parliament's attention to indent 5 of the preamble which states that, in the interests of general economic development a harmonious balance should be established between the two objectives of energy production and environmental protection which are almost contradictory.

If you will permit me, I should like to make one further comment about this report. In paragraph 4 of his explanatory statement, Mr Noè mentions the growing shortage of natural resources, such as, for example, water. I think this point should be stressed since industry consumes much water and contributes to a large extent to its pollution. The shortage with which Europe is faced could in fact assume alarming proportions unless the necessary emergency measures are taken. I believe the FAO in Rome was to give consideration to such measures some months ago. What

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have been the results of its work? Does the Community plan to take the initiative and propose a genuine European water policy soon? I hope so; the problem is serious and deserves prompt attention. We must in any case adopt the report since it advocates using the heat lost by power stations for district heating rather than letting it escape into the air and the water, the artificial heating of which could cause immeasurable damage to aquatic flora and fauna.

The Socialist Group also expresses its unreserved approval of the Commission's intention to plan the siting of new, mainly nuclear power stations throughout Europe. I am one of those who believe that nuclear energy should be used with the greatest possible care despite resolutely optimistic, not to say euphoric, affirmations that all will be for the best in the world of tomorrow, once the conversion has been made from oil to nuclear energy.

The *Electricité de France* plans to build five nuclear power stations in the next three years in my own region, Aquitaine.

There are also plans for building the same or perhaps a larger number of nuclear power stations quite near there, in the north of Spain. Is the concentration of nuclear power stations in that small area of Europe really to be recommended? Will it be beneficial to the environment? Be that as it may, I doubt whether there has been very much consultation between the responsible authorities in the two countries when the result seems to be the opposite of any rationalization in the siting of power stations. It is true, however, that I am not a technician and that Spain is not a member of the European Community.

I should also like to inform Parliament that the question of the siting of nuclear power stations was discussed at the 61st Conference of the Interparliamentary Union in Tokyo which I attended three months ago as the French representative and as the observer from the European Parliament. The Swedish delegation succeeded in passing an amendment to the resolution on the energy crisis adopted by the Conference. The amendment, which I recommended to extend its scope, covers the same ground as the text put forward by the Commission and in Mr Noè's report, requesting that new nuclear power stations should be built, and I quote, 'only when all precautions made possible by modern technology for protecting the human environment have been taken'. As can be seen, the same concern is being felt throughout the world.

In conclusion, I should like to say that as regards this motion for a resolution it is only to be hoped

that the long list of measures, good in themselves, I do not dispute it, will not remain merely the list of good intentions I mentioned at the beginning of my speech.

What is to be hoped is that, given the necessity and urgency, not to say the prime importance of drawing up a Community environment policy compatible with ensuring energy supplies for Europe, the Council will act on these measures as a matter of priority and in the shortest possible time as mentioned in the report.

(*Applause*)

President. — I call Mrs Fenner to speak on behalf of the European Conservative Group.

Mrs Fenner. — Mr President, I just wish briefly to give the support of my group to this report and the motion for a resolution contained in Mr Noè's report on the Commission's proposals to the Council. I would like to congratulate Mr Noè and thank him for the masterly way in which he introduced this report.

I am not going to attempt in any way to follow the specialist expertise which he has demonstrated in the matter of energy production, and I will only echo what Mr Lagorce has said on behalf of the Socialist Group. Somewhere, sometime this generation has to prove that energy production and protection of the environment are not contradictory. Over the last half-century, the two succeeding generations have not been aware of the problem. They have dragged their feet and it is now brought to our attention in the most impressive way.

In a period when we have to be very concerned with energy production, when all the Member States of the Community are researching into new sources, are realizing, perhaps for the first time, the finite nature of existing resources, we are also becoming aware that, because of the advance of science and technology we are damaging our own environment. I would like to highlight one very practical example contained in Mr Noè's motion for a resolution. We have one way of proving to the ordinary man or woman in the street, that it is possible to conserve this very precious and vital commodity, namely energy, and at the same time protect the environment in which we live and that is by the simple, domestic measure of insulating our homes. During a period of inflation we must realize of course that one of the costs that have inflated tremendously has been that of house construction. We must also realize clearly that when we are advocating a higher standard of insulation, we are adding to those costs. Nevertheless, in a period of energy difficulties, we must accept that this is the sort of measure

Fenner

that must be taken to conserve the energy we have. I am delighted that over the last few days, in its own measures to conserve energy, the United Kingdom Government has set out new regulations concerned with the insulation for new domestic property. We know of course that it is not enough to lay down standards of insulation for new property. We must also be concerned with insulating existing houses which are inadequately insulated.

I feel that if the Commission can, in the words contained in the report, mount a Community-wide campaign to inform householders that, by this simple expedient of insulating their homes, they will at one and the same time make their own individual contribution to conserving energy in the Community and to protecting their own environment, this will be a major step forward. So, with the congratulations of my group to Mr Noe again for his masterly expertise in the introduction of this report, I give him our support for the recommendations contained therein.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, ladies and gentlemen, I should also like to congratulate Mr Noè on the work he has done and especially on the introduction to his report which he has given us this evening.

From one point of view this evening's debate could be considered superfluous, since the recommendation contained in the motion for a resolution has already been adopted by the Council of Ministers at the last Council meeting devoted to environmental problems, which was held last month in Brussels. I must say that I was very gratified to note that the recommendation was adopted in all its parts without any reservation. Indeed, the Ministers all agreed that it was essential to continue the environmental protection programme and not to allow current difficulties to delay it.

I must add that I thought of this draft resolution some months back, when the first difficulties arose with regard to energy problems. I asked my staff at that time to study the matter in depth in order to avoid being dragged into a controversy, which had just flared up at that time and fortunately died away again immediately, on the advisability of suspending or slowing down in such a time of crisis and difficulty all action being taken for the protection of the environment, so as not to further aggravate the economic situation.

Now, it is clear that not all topics involving energy and the environment could be dealt with in this resolution, for a variety of reasons which will, I feel, be perfectly evident to the honourable Members of this Parliament.

We have had an environmental programme for just a little over a year now, and already in the course of that year we have adopted numerous directives. I must say too that I was very pleased with the meeting of the Council of Ministers held a month ago. We have, in fact, submitted 21 draft directives or regulations on the environment, and I feel that that is no mean feat when you take into consideration the very limited amount of time we have had and also the shortage of staff. We shall be returning to this point shortly in connection with the oral question put by Mr Jahn.

Furthermore, the Commission has, at my urging, maintained constant contact with the European Parliament for the purpose of keeping an accurate record of all work done and examining together guidelines for the future and possible future developments.

I feel that the European Parliament shares my own concern for the environment and, if I remember rightly, it was the European Parliament itself that urged me not to spread the scope of our environmental protection operations too widely in view of the need to give priority to some sectors. I seem too to remember that one of the matters to which Parliament attached particular importance was water protection, and we have adopted a first directive on drinking water which marks the first step towards a unified European legislation on this matter.

If we have been obliged, therefore, to impose certain restrictions on our programme, this has been because of force of circumstances and not because we have gone back one whit on our determination to protect the environment. This debate, as I said earlier, might have seemed superfluous in the sense that the Council of Ministers has adopted the resolution, but it is really not superfluous at all in itself, since the European Parliament has expressed opinions which we share and particularly since it has put forward proposals on such matters as the regeneration of residual heat, insulation of houses, heating installations and ways and means of reducing energy consumption while at the same time preventing environmental pollution, all of them proposals that we intend to bear in mind when we are submitting our second programme, that is, our 1976-1977 programme.

We shall have an opportunity to return to these matters on another occasion, as I have requested

Scarascia Mugnozza

—the chairman of the Committee on Public Health and the Environment will, I know, be glad to bear me out on this—that with a view to drawing up this programme a working party should be set up, to be composed of members of the European Parliament, members of the Commission, officials of the Commission department responsible and outside experts, for the purpose of ensuring that the format and content of the programme is such that it will retain its validity for the two years in question.

President. — Does anyone else wish to speak?

Thank you, Mr Scarascia Mugnozza.

I put to the vote the motion for a resolution.

The resolution is adopted.¹

16. *Oral Question with debate: Community Action Programme for the Protection of the Environment*

President. — The next item is Oral Question with debate No 0-58/74 by Mr Jahn, Mr Sprinorum, Mr Noè, Mr Vandewiele and Mr Van der Gun to the Commission of the European Communities.

It is worded as follows:

Subject: Implementation of the European Community's Action Programme for the Protection of the Environment of 22 November 1973

1. Can the Commission state which measures provided for in the environmental protection programme were
 - (a) submitted by the Commission in good time,
 - (b) adopted by the Council in good time,
 - (c) not submitted by the Commission in good time and not adopted by the Council in good time?
2. Where it was not possible to deal with these documents in time, when is this work likely to be concluded in each case?
3. What are the reasons for the delays in putting the programme into effect?
4. To what extent are these delays attributable to a shortage of staff or financial resources?
5. What adverse effects does the Commission think the cuts made by the Council in the budgetary items concerning environmental protection in its general budget for 1975 (Doc. 288/74) will have?

6. Is the Commission aware that any delay in implementing the environmental protection programme means stagnation and that tardy action to combat environmental damage is significantly more costly?

7. What practical measures does the Commission propose to take and what proposals can it submit with a view to ensuring the smooth and prompt implementation of the environmental protection programme in future?

I call Mr Jahn to speak to the question.

Mr Jahn. — Mr President, honourable Members, in Europe, we have discovered, the days are long and the nights relatively short. I am sorry that it is an hour after midnight and we are only now discussing this subject.

Mr President, allow me in presenting this Oral Question on the implementation of the European Community's Action Programme for the Protection of the Environment of 22 November 1973 to make a number of critical remarks, which concern above all the delays in putting the programme into effect. As a Parliament we are a controlling body, and one of our tasks is therefore to ensure that Community programmes expressly approved by the European Parliament are implemented properly and according to schedule. When examining this particular case we find that quite a number of proposals have not been submitted by the Commission as called for by the programme, or at least there is little prospect of their being submitted on time. This concerns all the proposals which the Commission is supposed to submit by 31 December 1974 at the latest.

I should now like to give a number of examples of the delays, without claiming that the list is complete.

According to the environmental protection programme the Commission was to have submitted by 31 March 1974 practical proposals for the protection of the waters of the Rhine basin against pollution—pp. 28 to 30 of the action programme. It has not yet come forward with these proposals. I would remind the House that the European Parliament called in its resolution of November 1970 on the protection of inland waterways with particular reference to the Rhine, which was based on a report by Mr Boersma, on the Commission to fulfil the tasks conferred on it by the European Treaties and to submit shortly suitable proposals for harmonization in connection with the protection of the Rhine and with due account taken of the latest scientific findings and to put forward further proposals for the approximation of the legislation of Member States on the protection of all other rivers in the Community.

¹ OJ No C 5 of 8. 1. 1975.

Jahn

It can also be seen from the environmental protection programme that the Commission was to have submitted by 31 July 1974 a proposal for the drawing up of a definitive list of the pollutants to be examined with regard to their effect on the environment—pp. 14 and 15 of the action programme. I feel it unnecessary to point out how important this proposal is as regards uniform Community provisions aimed at eliminating these pollutants as far as possible.

Many of the proposals that the Commission was to have submitted by 31 December 1974 have still not been received, and in particular the Commission's proposals on

- standardization or harmonization of the measuring methods and instruments for the various pollutants
- determination of the criteria for certain pollutants
- setting of standards for the following pollutants in water intended for human consumption: lead, mercury, cadmium, organic chlorine compounds, toxic chemical substances and germs which are harmful to health
- organization and encouragement of exchanges of information between regional and national surveillance and monitoring networks
- defining quality objectives for fresh water and sea water
- defining the maximum amount of lead in crockery
- methods of measuring the biodegradability of non-ionic surface-active agents
- the toxicity of detergents
- the composition of electrical appliances containing polychlorinated diphenyls
- the composition of paints and varnishes
- organic mercury compounds
- solutions to environmental problems in the iron and steel industry and the industry manufacturing titanium dioxide
- combating marine pollution caused by
 - (a) sea transport
 - (b) deliberate dumping of waste at sea
 - (c) exploitation of the sea bed
 - (d) discharge of waste from land
 - (e) discharge via pipelines
 - (f) waste and pollutants carried by rivers

- the treatment and storage of radioactive waste
- the protection of birds and certain other animals.

I have deliberately read out this list because deadlines are concerned. They will now be running out in a few days, on 31 December, and I think we would all be very grateful if the Commission could tell us what we can now expect.

We of course hope that some of these proposals will be received in December 1974 and that my criticism will therefore be premature in some cases. We do know, however, that the Commission will not be able to submit all these proposals on time, and I will say here frankly that the reason given for the delay by the Commission has repeatedly been a shortage of staff. We have discussed this on several occasions, for instance during the budget debate.

The Commission has also complained that the Council has not made available the finances required for its work. We are sorry about all this narrow-mindedness on the part of the Council, if I may put it that way. You cannot approve an action programme and then not make the funds available.

We can, however, accuse the Commission of frequently not calling on the Council to provide the staff and funds it needs for its work. We saw this when examining the budget. In other words, in its preliminary draft budgets for the European Communities for 1973, 1974 and 1975 the Commission did not make requests for adequate funds and expert staff for the work it was required to do, as a result of which delays were inevitable and will be inevitable in the future.

Mr President, we very much hope that this criticism will not fall on deaf ears at the Commission but on fertile soil. It will then be possible to implement the environment programme more quickly in future. The same of course applies to the new programme, the continuation of the first programme, which is expected to be submitted in the middle of 1975.

In conclusion, I should like to say that the answer to the fourth and fifth questions should prove particularly interesting to us all, since within the limits of its extended budgetary powers the House can undoubtedly give the Commission valuable assistance as regards sufficient staff and finances, so that it can come closer to meeting its obligations under the Treaties and the environmental protection programme.

Jahn

And I would point out that a few weeks ago we were fighting in this Parliament for the reinstatement of the funds earmarked for environmental action but deleted by the Council, and the Council agreed. So we got that through. We will also fight for other requests made by the Commission if they are forwarded to us in good time so that we do not have to have another debate like today's or put another question like this one.

We therefore look forward to a frank, clear and detailed answer from the Commission to the questions put.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I do not think that at this late hour, with the Chamber half-empty and no representative of the Council present, we can proceed to hold a debate of this kind. Mr Jahn has been so kind as to put a great number of questions on this matter, and this was certainly done with the intention of helping the Commission, but the only thing that remains in mind here is the criticism being levelled at the Commission for what it is supposed to have left undone. On the contrary, I feel that the Commission has carried out its duties faithfully at the various meetings of the parliamentary committee. It has submitted a detailed budget, sent memoranda to the Parliament Members, was always ready and willing to take part in discussions, did actually come to take part in discussions and was always at pains to outline the exact position in regard to work done and work yet to be completed and to explain the objective difficulties met with in the course of some of this work.

If, therefore, we are to work constructively together and if we are to avoid any lingering recriminations, I shall have to ask Mr Jahn to provide me with a further opportunity to counter his charges, as I cannot reply at this time without being acquainted with the contents of the document in Mr Jahn's hands. It is as if I were to rattle off a list of fifty or sixty regulations and then ask Mr Jahn if he approved of them.

Consequently I would welcome a postponement of this debate to a more favourable moment, that is, if it is really designed to help the Commission to obtain higher appropriations and increased staff and to take its side against the Council. As well as that, I cannot give a full reply to Mr Jahn, since I did not understand exactly what criticism he was making and I did not understand exactly what it was the

Commission was supposed not to have done. Without a precise list of those things which the Commission is alleged to have left undone, I cannot give a reply.

President. — I call Mr Della Briotta to speak on behalf of the Socialist Group.

Mr Della Briotta. — (I) It is true that the lateness of the hour could be another reason for considering a postponement of this debate advisable; I feel, however, that Parliament has a right to discuss this question and thus give the plenary Assembly an opportunity of considering this matter in detail and at length.

My group appreciates all that has been done in the matter of environmental protection, but it would have liked Vice-President Scarascia Mugnozza to have dealt in his speech with some of the matters on which his officials have already given us some information at our committee meeting scarcely a week ago. We would like to have heard about the outcome of the Council of Ministers' meeting of 7 November on environmental problems and also about the implementation of the programme.

I am not in a position to decide whether Mr Jahn's speech this evening was too critical or not. At this late hour it is not easy to grapple with all the aspects of these highly technical problems.

I feel, however, that as far as the Community's environmental policy is concerned, there are already some very important achievements that may be stressed. At the Council meeting of 7 November, to which I have already referred, a very important agreement was reached on problems connected with surface waters. Other important achievements have been the sending of recommendations to the Member States on cost allocation and the responsibility of public authorities in environmental matters according to the 'polluter pays' principle, the issuing of directives for the harmless disposal of waste oils, the adoption of resolutions on energy and the environment and the important steps that have been taken on the ratification of international agreements and treaties, something which is an essential precondition for the carrying out of any major policy measures.

I must say, however, that our colleague, Mr Jahn, is right to point out the delay in carrying out the environmental action programme. There is a whole series of items in question on which I am not in a position to speak myself right now, but I feel sure that our colleague, Mr Jahn, would not have listed them without making a thorough and accurate check. I feel personally

Della Briotta

that particularly in this matter of environmental policy it is essential to stress the necessity for a realistic appraisal of all the factors involved. There are undoubtedly good reasons for the delays and the shortcomings, but that is no reason why we in this Chamber should forego the opportunity to make a constructive criticism which can only serve to overcome the obstacles that undoubtedly exist and to encourage the Commission to persevere with its good work.

What concerns me more than particular individual problems, however, is the delay in applying the 'polluter pays' principle, a principle which is the basis of all action to be taken in combatting pollution. We appreciate the difficulties involved, but if we want to arrive at more advanced forms of legislation, we cannot do so by using the recommendation as our only weapon, as our colleague, Mr Noè, rightly reminded us a short while ago. Furthermore, even when we say that the polluter pays, we realize that in the end it is the Community consumer who really foots the bill. We must, therefore, face up to the fact that, whatever the economic hardships of these times may be, an increase in the costs of industrial products, the products that arrive on our tables, is not an excessive price to pay for having a cleaner environment.

We are lagging behind on fundamental problems, such as water reserves, the diminution of certain natural resources and the protection of the natural environment, so essential in a continent as industrialized and as densely populated as Europe.

We shall have to make a special effort to work out a policy for the local region, involving as it does particular interests, problems, laws, traditions and culture. By doing so we will not only be defending the economic interests of our Community Member States but also acting in defence of the Community's history and culture.

I believe that, while giving the Commission credit for having made progress on this matter at a very difficult time, we must at the same time urge it on by means of our criticism and lend it our wholehearted support, so that the environmental programme we approved, the time-limit for which will soon expire, can be carried out in all its points and also so that what has not been done as well as the new problems that have arisen during this time can be incorporated into the new action programme that will come into effect as from 1976.

Thank you, Mr President, for giving me this opportunity to explain the viewpoint of my group, which also, I feel, reflects in large measure the views of the committee, of which I am chairman.

President. — I call Mrs Fenner to speak on behalf of the European Conservative Group.

Mrs Fenner. — Mr President, very briefly, and with some diffidence, as a fairly new member of the Committee on Public Health and Environment, I am bound to say that I was not in at the beginning of the action programme for the year, which my colleague Mr Jahn clearly expects to be completed to time by 31 December. But I was made very aware by questions that I asked at the last committee meeting, that there does seem to be a lack of information. I learned at the last committee meeting of a matter to which the chairman, Mr Della Briotta, has referred, namely the successful outcome of the meeting with the Council of Ministers on 7 November. We learned from the representative of the Commission there, that in fact a timetable had been presented to the Council and accepted. But we had no information about the timetable and it seems to me what we are suffering from, strangely in this welter of paper, is an inadequacy of information about the problems that the Commission clearly have had in this respect or about their progress to date in some of the areas to which Mr Jahn has referred.

Now I cannot possibly presume to know whether Mr Jahn will accept the Commissioner's suggestion that we have some consultation and not go into the long list of items which are outstanding tonight.

I would only say, for my own part—as a new member of that committee—that it was with the greatest difficulty that I elicited from the Commissioner's representative any idea of the timetable which was agreed on 7 November. Perhaps we would have been less critical, I may presume to say that Mr Jahn's question might have been less critical, if more information had been made available to the committee.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (1) Mr President, when I spoke last a few minutes ago, I asked if it would be possible for Mr Jahn to withdraw his oral question and submit it at another time when the Council's representative would be present and the Chamber would be better filled, so that we could have a more detailed and thorough debate and also so that we might have a list of all those things which Mr Jahn feels the Commission should have done and has not done and which I am clearly not in a position to check in a few seconds.

Scarascia Mugnozza

I say all this, not because I want to dodge a debate but because by conscience is perfectly clear in the certain knowledge that everything necessary has been done to keep Parliament and especially the Committee on Public Health and the Environment regularly informed of the Commission's work.

For Mrs Fenner's information, I should like to say that the only thing that the Commission was able to adopt within the prescribed time-limits subsequent to the Paris summit was the environmental programme, which was to have been adopted by 31 July 1973. This is clear from the fact that it was published in the Official Journal of October 1973. Since that time, and that is little more than a year ago, we have got through a large amount of work, of which not only Parliament but also the committee concerned has been informed by means of two documents which were sent before the end of the summer to the committee and discussed by it in my presence. These documents presented a balanced picture of the entire situation, indicated what directives and proposals had been submitted and what work was still in progress in the Commission and requested the parliamentary committee to be so good as to assist the Commission by indicating what priorities it should set itself for the future.

The problem of the Rhine was also discussed and it seems a little bit strange to me that after four statements that I have made on this subject, Mr Jahn's first point this evening was on the problem of the Rhine. But what more can I say, having already said four times here in Parliament that the Commission had undertaken to submit a proposal by 31 March 1972, if the Rhine Committee were not in operation? We in the Commission got one first invitation from the Rhine Committee, we took part in its deliberations, we noted that it was beginning to function effectively, we saw that in many areas there was really only one serious problem, that of the salts which nobody knew where to put, since if they were to be dumped on the banks of the river many square miles of ground would be required, we observed that the problem of the Rhine is first and foremost a German internal political problem, because the Federal Government has no way of checking the Länder which are ruled by their own special legislations in this matter. Having said all this four times in Parliament and having taken on myself the responsibility of stating that if the Rhine Commission had not come up with something by the end of this year or the beginning of next year, the Commission would intervene, since there would then have been a proven failure to take action, I am amazed to find that the first criti-

cism directed at me this evening is in connection with the Rhine problem.

I can only conclude from this, Mr President, that it is absolutely useless to come here to speak before Parliament or in the parliamentary committee if one is obliged to hear the same things repeated over and over again. I will confine myself to this topic, as on all the other things listed by Mr Jahn I cannot say, not having the list before my eyes, whether in fact the Commission has or has not submitted proposals.

I realize that Mr Jahn's intentions towards the Commission are good, as there has always been a great mutual respect between us and a spirit of mutual cooperation. I realize that Mr Jahn only wishes to highlight the difficulties in which we are placed in our efforts to protect the Community environment through lack of proper staff and resources. All this is true, but it is useless to discuss it at this hour when it can have no effect and when the Council, which is the body directly responsible, is not represented here. Therefore, Mr President, I should like to ask Mr Jahn not only to let me have a copy of the list he has got in his hands, some points of which I did not understand, so that I can give a proper reply, but also to postpone this discussion until such time as the Council's representatives are here present and we can have a full debate on the matter.

I am not afraid to face a debate of this kind and to stand up to Parliament's criticisms, as I know that I would be able to convince you all of how much the Commission has succeeded in doing in one single year with a small staff and little enough in the way of resources.

President. — I call Mr Jahn, author of the question.

Mr Jahn. — (D) Mr President, honourable Members, I, too, regret that there are so few of us present at this moment, but this has been the position every time in the last few days when I have been the last speaker or questioner, and I therefore find it impossible to change the views I have held in the last two days.

I should like to say this: I feel Mr Scarascia Mugnozza has completely misunderstood me. I believe that you all agree with me that this is a body in which expression must be given to objective criticism when we find it necessary. I should like to thank Mr Della Briotta and Mrs Fenner, who have spoken to questions I have put on the debate.

Mr Scarascia Mugnozza, I do not understand why I have been given no answer at all. I have put a question to the Commission about which

Jahn

nothing has been said. The question is available to the Commission. It reads as follows:

1. Can the Commission state which measures provided for in the environmental protection programme were
 - (a) submitted by the Commission in good time,
 - (b) adopted by the Council in good time,
 - (c) not submitted by the Commission in good time and not adopted by the Council in good time?
2. Where it was not possible to deal with these documents in time, when is this work likely to be concluded in each case?
3. What are the reasons for the delays in putting the programme into effect?
4. To what extent are these delays attributable to a shortage of staff or financial resources?
5. What adverse effects does the Commission think the cuts made by the Council in the budgetary items concerning environmental protection in its general budget for 1975 (Doc. 288/74) will have?
6. Is the Commission aware that any delay in implementing the environmental protection programme means stagnation and that tardy action to combat environmental damage is significantly more costly?
7. What practical measures does the Commission propose to take and what proposals can it submit with a view to ensuring the smooth and prompt implementation of the environmental protection programme in future?

Mr President, I have done nothing further than list the problems which must be solved according to the action programme by 31 December. They are covered by my oral question with debate, and I would ask Mr Scarascia Mugnozza to give me an answer to this question, which was submitted to the Commission six weeks ago.

I am in favour—we will have to discuss this in committee—of our discussing in January and February in the presence of the Council and as an extension of my question the extent to which the Council prevents the Commission from taking action pursuant to the environment programme, which was also approved by the Council. But I would like an answer to my question today.

President. — I call Mr Scarascia Mugnozza .

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. —

(I) I have already said that I have no difficulty in replying to Mr Jahn's question. All I wanted to point out was that when you put a question, you do not produce a list at the same time of things that are supposed not to have been done and calmly say that these have been taken from the Commission's programme. Furthermore, I only took the Rhine as an example; all I wanted to say was that if we had never spoken of the Rhine, there would have been some justification for introducing the subject, but the fact is that we spoke of it many times in committee and in the Assembly and I cannot understand why the problem has had to be raised once again. If you go on in this way, there is no point in debating at all.

However, Mr Jahn, since I do not wish it to appear as if the Commission were unwilling to come forward with any answers, I shall reply to your question straightaway. First of all, I shall list the proposals submitted within the specified time-limits: common procedure for the reciprocal exchange of information between the surveillance and monitoring networks based on data relating to atmospheric pollution by sulphur compounds and suspended particulates; quality required of surface water intended for the abstraction of drinking water; directives on the lead content in petrol, directive on the sulphur content of certain liquid fuels, directive on the lead and cadmium content in tableware, a directive on the composition of certain dangerous substances, a resolution on energy and the environment, proposals on the Community's participating in and being a signatory to the Paris Agreement, proposals on the Community's participation in the Strasbourg Agreement, a directive on the disposal of waste oils, a directive on waste disposal, the setting up of a European foundation for the improvement of living and working conditions.

Proposals adopted by the Council within the prescribed time-limits: quality requirements for surface water intended for the abstraction of drinking water; directive on the disposal of waste oils; resolution on energy and the environment; participation of the Community in the Paris Agreement; Community participation in the Strasbourg Agreement.

Commission proposals submitted outside the prescribed time-limits: criteria for the noxiousness of pollutants, standards for drinking water, common procedure for the reciprocal exchange of information between the water pollution surveillance and monitoring networks, directives on paints and varnishes, directives on noise from building sites, pollution in the three following industrial sectors: pulp, paper and paperboard, the production of titanium dioxide, the iron and

Scarascia Mugnozza

steel industry, recommendation on the 'polluter pays' principle, directives on bulky wastes, directives on afforestation. Proposals adopted by the Council outside the prescribed time-limits: a directive on aid to mountain areas, recommendation on the 'polluter pays' principle.

The setting up of the European foundation has not yet been adopted, but it probably will be within the next few days. The directives on the lead content in petrol and the sulphur content of certain liquid fuels have not yet been adopted, because the European Parliament after one year has not yet delivered its opinion.

You must admit, Chairman Della Briotta, that you yourself have been kept continually informed with regard to all the items on this list, as have all the members of your committee. This list and the Commission's work have been already discussed twice in my presence, once in Rome and once in Brussels. On the former occasion we outlined the reasons for the many delays, caused, amongst other things, by the difficulty in getting in touch with Member States to acquire the necessary information, not to mention the fact that on many matters we found ourselves obliged to carry out our own surveys in order to be accurately informed of the situation. In the matter of titanium dioxide, for example, there are widely varying views, and at this very moment we are having discussions with the experts concerned as to how we should proceed. It seems that the incidence of titanium varies according to whether it is in an open sea or in an enclosed sea, as is the case in the Mediterranean. At the same time we are putting the final touches to directives on the application of the 'polluter pays' recommendation, and I can assure you that this is no small task.

The Commission is also being asked what unfavourable effects it thinks the Council's reduction of the budget appropriations might have. The sums in question are not excessively large and are only partly related to certain surveys, and while they could cause some delays, they will not do too much harm. Of course, the Commission realizes that any delay in carrying out the environmental action programme is a definite setback.

We are aware of this, Mr President, but to say that we are aware of it does not solve the problem. What measures, you will ask, does the Commission intend to take and what proposals does it intend to submit to ensure that the environmental action programme will be carried out normally in future?

We can only assure you, Mr President, that we shall continue to work with a will, as we have

always done heretofore, to carry out the environmental programme, and it is our hope that these debates will bear much valuable fruit.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, I can keep it brief, but I would like to say to Mr Scarascia Mugnozza that this is a parliament and we are parliamentarians, and I think it would be better if the Commission and Parliament got on well together. I cannot accept the way you have put a number of things. My questions and our work in committee must of course be made known to Parliament so that it knows where the difficulties lie. That is why this question was put, and it was agreed with a large number of colleagues in the committee; I am not after all its only author. If you had immediately answered all the various points in our question, Mr Scarascia Mugnozza, there would not have been tension in this House.

But if you say at this late hour—and I did refer to this unfortunate situation at the beginning of my remarks and stressed that I have unfortunately been the last speaker on three consecutive evenings of this part-session—that from now on we will no longer discuss any matter for which so few Members are present late at night, I must disagree with you.

On one point, Mr President, there has been a complete misunderstanding. I did not say that a decision had not been taken on the Rhine and that the Commission had not in some way tried to submit its ideas on this subject to the Rhine Commission; what I did say is that we do not have before us today a proposal for a programme for the protection of the Rhine, and that cannot be disputed. In your efforts I have always been on your side. I am simply very sad that it has come to this conflict during today's debate. At any rate, this is no way to discuss matters with this Parliament.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) I would not like this sitting to wind up with the wrong impression. I have the highest regard for Mr Jahn. It seems that there has been some misunderstanding between us, but Mr Jahn can well appreciate that when you come to debate delicate matters such as these, you need sufficient time and also the proper setting, otherwise discussion is futile and misunderstandings can arise which I would like to avoid. Having said that much, I would like to reaffirm my warm regard for Mr Jahn.

President. — I have no motion for a resolution tabled. Does anyone else wish to speak?

Thank you, Mr Scarascia Mugnozza.

The debate is closed.

17. *Agenda for next sitting*

President. — The next sitting will be held on Friday, 13 December 1974, with the following agenda:

9.30 a.m. to 12 noon:

- Report by Mr Willi Müller on legislation relating to gas cylinders;
- Report by Mr Herbert on the technical equipment of tractors and motor vehicles;
- Report by Mrs Orth on additives in feeding-stuffs;
- Report by Mr Baas on the suspension of duties on agricultural products from Turkey (without debate);

- Report by Mr Jahn on the Third International Parliamentary Conference on the environment;

- Report by Mr Liogier on the allocation of EAGGF funds for 1974;

- Report by Mr Vetrone on a Community tariff quota for frozen beef and veal;

- Report by Mr Premoli on the reduction of pollution of the aquatic environment (without debate);

- Report by Mr Frehsee on the change in the central rate for the Dutch guilder (without debate);

- Report by Mr Howell on the suspension of customs duties on certain agricultural products;

- Report by Mr Della Briotta on cocoa and chocolate products (without debate);

- Motion for a resolution from the six political groups on the situation of refugees in Cyprus.

The sitting is closed.

(The sitting was closed at 1.25 a.m.)

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IN THE CHAIR: MR BERKHOUWER

President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Reference back to committee of a report*

President. — I call Mr Houdet.

Mr Houdet, chairman of the Committee on Agriculture. — (F) Mr President, as new factors have come to the notice of our committee which are likely to affect Mr Liogier's report on the

Houdet

allocation of EAGGF appropriations for 1974, I would request on behalf of the Committee on Agriculture that this report be referred back to committee.

President. — I have been requested by the Committee on Agriculture, the committee responsible, to refer Mr Liogier's report back to that committee.

Pursuant to Rule 26(2) of the Rules of Procedure this request is granted.

3. Documents submitted

President. — I have received the following documents:

- (a) from the Council of the European Communities a request for an opinion on the proposal from the Commission of the European Communities to the Council concerning the fixing of prices for certain agricultural products and connected measures for the 1975/76 marketing year (Doc. 413/74).

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

- (b) a motion for a resolution tabled by Mr Ansart, Mr Bordu, Mr D'Angelosante and Mr Leonardi on behalf of the Communist and Allies Group on the activities of oil companies (Doc. 414/74).

This document has been referred to the Committee on Economic and Monetary Affairs as the committee responsible and to the Committee on Energy, Research and Technology for an opinion.

4. Directives on approximation of Member States' legislation on gas cylinders

President. — The next item is the report drawn up by Mr Willi Müller on behalf of the Committee on Public Health and the Environment on the proposals from the Commission of the European Communities to the Council for

- I. a directive on the approximation of the laws of the Member States relating to welded unalloyed steel gas cylinders.
- II. a directive on the approximation of the laws of the Member States relating to seamless aluminium alloy gas cylinders

(Doc. 384/74).

The rapporteur informs me that he has nothing to add to his report.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the Communities. — (I) Mr President, my special thanks are due to the rapporteur.

On behalf of the Commission I should merely like to reserve our position as regards the proposed change to Article 5(2).

I should like this to appear in the verbatim report.

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

5. Directives on braking and lighting devices on agricultural and forestry tractors — Directive on the sound level and exhaust system of motor vehicles

President. — The next item is the report drawn up by Mr Herbert 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 approximation of the laws of the Member States relating to the braking devices of wheeled agricultural or forestry tractors
- II. a directive on the approximation of the laws of the Member States relating to the installation of lighting and light signalling devices on wheeled agricultural or forestry tractors
- III. a directive modifying the Council Directive of 6 February 1970 on the approximation of the laws of the Member States relating to the permissible sound level and to the exhaust system of motor vehicles

(Doc. 364/74).

I call Mr Hill to present Mr Herbert's report.

Mr Hill, deputy rapporteur. — Mr President, the first two proposals relate to braking and lighting devices on agricultural and forestry tractors, and I would welcome these proposals as representing

¹ OJ No C 5 of 8. 1. 1975.

Hill

a step in the right direction in that they contribute to the safety of such vehicles. I should perhaps remind the House that tractors are not among the safest vehicles in daily use, and anything that can be done to improve their safety is therefore welcome. It is for this reason that an amendment has been proposed to each of the directives which seeks to ensure that the harmonized standards will, at a subsequent date—though a specific date is not suggested—be made compulsory. While I am all in favour of optional or partial harmonization where such things as beer and sausages are concerned, I do not think this is desirable when we are dealing with safety at work or on the roads, and it is highly desirable that standards should be compulsorily harmonized at least to a minimum level.

The main reservation I had about the two directives on tractors was that they only covered tractors having a maximum design speed of about 25 kilometres per hour, and certainly in the Republic of Ireland many normal agricultural tractors are capable of speeds in excess of 25 kilometres per hour, which, on the surface, would appear to mean that such tractors would escape the provisions of these directives. I would have sought to amend these directives to raise the maximum design speed to perhaps 35 or 40 kilometres per hour were it not for the fact that I have an assurance from a representative of the Commission that it is intended that tractors with a higher maximum design speed will be covered by a subsequent directive.

As regards the third directive on the maximum permissible sound level of motor vehicles, I have no wish to do more than to repeat what Mr Herbert says in his report, namely that the technical progress that has been made and the new reduction that will be possible are to be welcomed, certainly as in the case of buses a reduction by as much as 50% will be possible. I would hope that speedy realization will be given to the Commission's declared intention to improve on the methods used for measuring the sound levels of vehicles, with a consequential further reduction in the permitted levels.

In conclusion, I would say that this does not seem to be an area in which it is necessary, at this stage, to introduce compulsory harmonization, since standards in this field are constantly improving. On Mr Herbert's behalf, I therefore formally recommend to the House the Commission's proposals for these three directives.

IN THE CHAIR: MR HANSEN

Vice-President

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I should like to thank Mr Hill and say that we share in general terms the opinion expressed by the committee. I hope that the committee and Parliament will take account of the difficulties we encounter whenever we propose excessively restrictive regulations or directives. It occurs all too often that such directives or regulations are never implemented. We therefore prefer to work out a flexible form of harmonization which can bring results fast rather than lay down extremely detailed provisions which are then not implemented in all the Member States. In other words, we prefer flexibility to rigidity.

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

6. Directives on additives in feedingstuffs

President. — The next item is the report drawn up by Mrs Orth on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a second directive amending the Council directive of 23 November 1970 concerning additives in feedingstuffs (Doc. 377/74).

I call Mr Laban to present the report on Mrs Orth's behalf.

Mr Laban, deputy rapporteur. — (NL) Mr President, Mrs Orth's report was adopted by the Committee on Agriculture by 10 votes with 2 abstentions. The Committee on Public Health and the Environment unanimously adopted its opinion. Hence Mrs Orth's request that there should be no debate on this report.

It now seems, however, that a number of amendments have been tabled by the European Conservative Group. As these amendments were not submitted in committee, Mrs Orth recommends that they be rejected. She also feels that the explanatory statement to be found in the report is sufficiently clear and that an oral explanatory statement is consequently superfluous.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

¹ OJ No C 5 of 8. 1. 1975.

Mr Scott-Hopkins. — Mr President, as Mr Laban, who has presented this report on behalf of the Committee on Agriculture, has said, my group was very careful to make reservations in the committee because we needed further consultation with experts before tabling any amendments to this particular report. We support it in almost every respect, the only difference between us and Mr Laban and his honourable friends being, I think, the fact that we believe further investigation should be possible, certainly in respect of hormonal and anti-hormonal substances. Leaving aside Amendment No 2, which is of course purely intended to pave the way, what we are seeking to do in Amendment No 1 is to put hormonal and anti-hormonal substances into a different category, so that they can be included in Chapter B, Annex II, thus permitting further investigation before the expert committee comes to a final conclusion under the procedures laid down in the proposal for a directive. New evidence is continually coming forward, and it must be ensured that proper scientific investigation of substances takes place. For instance, there is a substance used in my country called maximim, which is a hormonal additive that is completely harmless, as far as I understand, and certainly the authorities in my countries seem to think so. What we are trying to do is to see that such substances are subjected to full scientific investigation before decisions are made. It would seem to me and my group, Mr President, that not the easiest perhaps, but the best way is to refer back to the original document which was amended by a further one and which is going to be amended again and shift the hormonal and anti-hormonal substances out of the present state of complete negation into a category where they can be used and scientific investigation can take place of their capabilities. That is the purpose of the amendment.

Apart from that, as Mr Laban has said, we agree with the basis of the proposals from the Commission and indeed with Mrs Orth's report, and I do not think that what I am trying to do is in any way going against those principles. It is of course the safety of humans and animals which is of the utmost importance and uppermost in our minds. All we seek to do is to ensure that scientific progress is not impeded by directives that are too rigid at this stage.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (1) Mr President, I should like to thank Mrs Orth for her report and say that the Commission has no particular comments to make.

However, as regards the amendment tabled by Mr Scott-Hopkins, I am sorry to have to say that the Commission does not share his point of view since no certain method has yet been found of establishing to just what extent certain additives may be dangerous. In the absence of such certainty, we cannot accept Mr Scott-Hopkins' amendment.

May I also point out that a meeting of experts from the nine Member States was held in Brussels a few days ago. At that meeting, the British representative submitted the same request and the representatives of the eight other Member States declared their opposition. In these circumstances, I cannot accept Mr Scott-Hopkins' amendment.

However, I hope that research into the additives will lead to definite results as regards determining their harmfulness.

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

The general debate is closed.

We shall now consider the proposed directive, setting aside consideration of the motion for a resolution as such until after the proposed directive has been considered.

On Article 1(5) I have Amendment No 1 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

Add the following to this paragraph:

'The words "this derogation shall not apply to substances having a hormonal or anti-hormonal effect" shall be deleted.'

I put Amendment No 1 to the vote.

Amendment No 1 is adopted.

On Article 1(6) I have Amendment No 2 tabled by Mr Scott-Hopkins on behalf of the European

Conservative Group and worded as follows:

Add the following to this paragraph:

'Article 6 (2) (B) of the Directive of 23 November 1970 as amended by Article 1, paragraph 8, shall apply to substances having a hormonal or anti-hormonal effect.'

I put Amendment No 2 to the vote.

Amendment No 2 is adopted.

We shall now consider the motion for a resolution which had been set aside.

On the preamble and paragraphs 1 to 3 I have no amendments or speakers listed.

President

I put the preamble and paragraphs 1 to 3 to the vote.

The preamble and paragraphs 1 to 3 are adopted.

I now have Amendment No 3 tabled by Mr Scott-Hopkins on behalf of the European Conservative Group and worded as follows:

Paragraph 3a (new)

After paragraph 3, insert the following new paragraph:

'3a. Requests the Commission to make the following amendments to its proposal pursuant to Article 149, second paragraph, of the Treaty;'

As this follows on logically from Amendment No 1, this amendment is considered adopted.

On paragraph 4 I have no amendments or speakers listed.

I put paragraph 4 to the vote.

Paragraph 4 is adopted.

I put to the vote the whole of the motion for a resolution incorporating the amendments that have been adopted.

The resolution is adopted.¹

7. Regulation suspending customs duties on certain agricultural products from Turkey

President. — The next item is the vote without debate on the motion for a resolution 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 the total or partial suspension of Common Customs Tariff duties on certain agricultural products originating in Turkey (Doc. 378/74).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. Results of the Third International Parliamentary Conference on the Environment in Nairobi in April 1974

President. — The next item is the report drawn up by Mr Jahn on behalf of the Committee on Public Health and the Environment on the outcome of the Third International Parliamentary Conference on the Environment held in Nairobi from 8 to 10 April 1974 (Doc. 361/74).

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

Mr Jahn, rapporteur. — (D) Mr President, honourable Members, I can be relatively brief since the report on the outcome of the Third International Parliamentary Conference on the Environment held in Nairobi from 8 to 10 April 1974 is before you.

The Committee on Public Health and the Environment has studied the documentation on the pattern and results of the Conference in Nairobi in cooperation with the organizing committee of the conference, which has its seat in Bonn. I would particularly refer the House to the brochure which contains the 32 resolutions adopted in Nairobi in English, French and German.

It could not of course be our task to look into all of these resolutions in detail. We deliberately limited ourselves to those which are of particular interest as regards the present and future work of the European Community in the field of environmental protection.

Taking part in this conference as representatives of the European Parliament were the chairman of the Committee on Public Health and the Environment, Mr Della Briotta, and your rapporteur. While in Nairobi we discovered—Mr Della Briotta can no doubt confirm this—that in contrast to numerous national parliaments, the European Parliament was in no way adequately represented. As the sittings lasted from 9 a.m. to 9 p.m., after which the editorial committee sat, I as your rapporteur was forced to attend the sittings until 2 or 3 o'clock in the morning on 3 or 4 consecutive days without any assistance from secretariat staff, whereas all the other delegations had their staff with them.

This taught us the lesson that in the interests of the adequate representation of and effective cooperation by our Parliament such major international conferences should be attended by at least one representative of each political group. False economy is out of place here.

This is not of course the right place to criticize the Bureau. Where future decisions are concerned, however, I would say that in my view it might be appropriate to economize elsewhere and in particular with other committees. At any rate, I cannot escape the impression that the Committee on Public Health and the Environment is often considered to be superfluous. It was only last Monday that we heard that a hearing of experts for the really difficult and complex problem of the directive proposed by the Commission on yeast and yeast residues had not been authorized. And our committee—as

¹ OJ No C 5 of 8. 1. 1975.

Jahn

everyone will confirm—has exercised a high degree of self-discipline as regards requests for missions and other unusual items. It is for this reason above all that I would ask—and I should like the House to hear this—that in future better account be taken of our requests, which, I feel, are justified, especially when it is a question of representing our Parliament at important conferences on the protection of the environment.

In this connection the committee unanimously decided to instruct the President in paragraph 20 of the motion for a resolution to ensure that the European Parliament is adequately represented at future international parliamentary conferences, in other words by ensuring that at least one delegate is sent from each group.

I should now like to go into a few essential items in the resolutions adopted at the Conference in Nairobi.

We welcome the fact that all parliamentarians were called on to raise *in their own parliaments* the issues dealt with in the resolutions of the conference and to take all possible action to ensure that these resolutions are effectively implemented. The committee also feels that the parliaments and their members should exchange information on measures taken in their own countries in order to avoid unnecessary duplication of work and to make it possible for exemplary measures in one country to be adopted by other countries. We have stressed this in paragraph 3 of the motion for a resolution.

Another resolution adopted in Nairobi calls for the speediest possible conclusion of further international agreements along the lines of and on the same subject as the convention between the governments of the Nordic States on the management of trans-frontier activities. Unfortunately, when asked by the committee, the Commission had to admit that it had not yet taken or had not yet been able to take advantage of the right of initiative that it has under the programme of environmental action of 22 November 1973. We should therefore urge the Commission to press ahead energetically with the fight against trans-frontier pollution at European level.

A further important resolution concerns the serious and permanent consequences of high noise levels for human health, both mental and physical. The conference recommended the governments to adopt as soon as possible national regulations controlling noise emissions. These should include provisions for a maximum threshold, not exceeding 85 decibels, for emis-

sions of noise in factories, industrial centres and large cities. At the same time the conference called for the inclusion in these regulations on noise the requirements that the authorities responsible should undertake educational campaigns to create a public awareness of the serious dangers of this little known hazard.

The conference also called for the limitation of noise in the air and for a revision of existing international agreements on such noise. We cannot but deplore the lack of international co-operation in this field and would point out that not only people living in densely populated areas and in the vicinity of airports, but also the inhabitants of the Alps are particularly hard hit by aircraft noise since flight paths always remain the same and for years hundreds of aircraft per day have been flying over the same valleys and the same mountains.

In another resolution the Nairobi conference expressed its concern at the complete failure of many existing river-basin commissions, particularly those in Europe, to achieve effective joint management of water resources and an improvement of water quality. The governments concerned were urged to take action to improve the work of existing river-basin commissions and, if necessary, to grant them additional powers.

Yesterday evening there was a misunderstanding in this House on the situation as regards the Rhine. We felt in Nairobi that the five riparian states should of course act first, but we also felt that there should be an accurately defined programme, and it was on this point of my remarks that it came to the misunderstanding that we had to remove yesterday evening.

Mr President, in this connection we find it particularly regrettable that the riparian states have surrendered too little of their sovereignty to the river-basin commissions and international institutions. I need hardly remind the House that the European Parliament and in particular the Committee on Public Health and the Environment have for many years been concerned with this problem, beginning with the own initiative report drawn up by Mr Boersma. And as we discussed this in detail yesterday, I will not repeat it all today. We would be very grateful to Mr Scarascia Mugnozza if he could give us a general report on the progress of work in all river-basin areas in Europe, not only the Rhine, during one of the next part-sessions.

Ladies and gentlemen, I feel I should limit myself to those few remarks, which of course are by no means complete. Further details can be found in the report. I would conclude with

Jahn

the hope that the delegation sent by the European Parliament to the Fourth International Parliamentary Conference on the Environment, which will undoubtedly take place in 1976, will be commensurate with the rank of Parliament since the conclusion drawn during all the discussions at the conference—and Mr Scarascia Mugnozza will probably be pleased to hear this—was that the European Parliament takes the lead as regards the principles outlined in the programme of principles and the action programme on the protection of the environment, compared with the various regions of the world, and that as a result of its activities during the conference the European Parliament really gained a good reputation, which was fully acknowledged by the organizers, the bureau and even by the delegations from Eastern European countries.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I should like to thank Mr Jahn for his support and say that the problems considered in Nairobi are of particular interest to the Commission, which was represented there by one of its delegations. Moreover, more recently, at the last OECD conference, which took place in Paris, I made contact with Mr Strong, responsible for environmental problems at the United Nations, with a view to working out the basis for what, I hope, will be a profitable collaboration.

I would be pleased if the European Parliament could take part in the more important meetings at international level, but, of course, that is something I am not responsible for. I can simply express the hope that Mr Jahn's request will be granted.

As regards the other international bodies, the presence of the Commission is always assured, and I would like to emphasize that the work completed up to now has been particularly effective.

As a result of these efforts, we have almost arrived at a stage where the Member States can coordinate their actions and adopt joint positions so that the Community, at any international conference, will always be able to speak with one voice.

The Commission is also participating in the meetings on world environmental control and those concerned with the documentation of environmental information. Immediately, following the Nairobi meeting, the Commission began publishing all relevant information on

the subject for the benefit of all the Member States.

In my capacity as Commissioner responsible for transport questions, I have also had contacts with IATA and a few days ago I was to have met the President of this body, but the meeting was postponed because the President was otherwise committed. In the framework of contacts with the airlines, we are examining the problem of noise because we consider that this subject, as I said yesterday evening, should be carefully evaluated as to the degree of risk to human health which it may cause.

These problems, connected with civil aviation, will form part of the Commission's second environmental programme which, as I have already announced, will be submitted to Parliament in the course of 1975. Moreover, we have been able to coordinate the proposals of the various Member States for the United Nations Conference on the Law of the Sea, which embraces, among other things, consideration of important environmental problems, particularly as regards the search for oil and natural gas on the continental shelf, and in this sector, too, we have obtained positive results.

I spoke on the subject of reforestation yesterday evening, but, since two specific points were raised by Mr Jahn, I should like to add that we are paying attention to forms of pollution capable of spreading across frontiers. In this connection, we have repeatedly stated that pollution recognizes no frontiers, and it has proved possible, precisely in the framework of directives already adopted by the Council of Ministers, to reach a satisfactory agreement between the Member States, which was then reflected in the directive on the condition of water flowing across frontiers. Our agreement also covered an aspect which, until now, had not been dealt with and that is the possibility of civil responsibility in such cases.

As regards river basins, to which Mr Jahn referred, I should like to say that we have discussed them on several occasions in the Committee on Public Health and the Environment, and that the question of river basins assumes particular importance precisely in the framework of the priority we are giving to the fight against water pollution.

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ OJ No C 5 of 8. 1. 1975.

9. *Regulation on the Community tariff quota for frozen beef and veal for 1975*

President. — The next item is the report drawn up by Mr Vetrone on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation on the opening, allocation and administration of the Community tariff quota for frozen beef and veal falling within sub-heading No 02.01 A II a) 2 of the Common Customs Tariff (1975) (Doc. 395/74).

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

Mr Vetrone, rapporteur. — (I) Mr President, honourable Members, the Community has committed itself in the framework of the multilateral GATT negotiations, as is well known, to opening an annual tariff quota for frozen beef and veal; it has regularly done this in past years and is preparing to do so for 1975 with the proposal with which my report deals.

This House has always given its approval in the past and, since we are now dealing with an established commitment towards various third countries, I trust that it will be able to deliver a favourable opinion on this occasion, too. This, more or less, is the attitude adopted by the Committee on Agriculture in its motion for a resolution; the committee however, criticize certain actions of the Commission and call for guarantees for the immediate future. Attention has been drawn to the present crisis situation on the Community market in meat, a surplus situation which has required exceptional measures, including, most recently, import restrictions which are still in force. It struck the Committee on Agriculture as contradictory that, in a situation of this kind, which is showing absolutely no sign of changing, the Commission should be proposing, purely and simply to open a tariff quota for frozen beef and veal for 1975, and even to increase the volume—the 34 000 tonnes fixed for 1974 have been increased to 38 500 tonnes from 1 January next—without explaining the reasons for this increase and, above all, without mentioning any of the safeguard clauses which Article 19 of the GATT Treaty contains and which should have already been invoked for the 1974 quota, instead of resorting to an import stop. The Commission disregarded the safeguard clause, but what is even more deplorable is that, in the middle of the beef and veal crisis on the internal market, during discussions of Article 24(6) of the GATT in Geneva last July, it granted a further concession of 4 500 tonnes which it had since arranged unilaterally following the accession of the United Kingdom, Den-

mark and Ireland to the Community. The original quota was fixed at 22 000 tonnes annually, became 34 000 as a result of the enlargement of the Communities and has now reached 38 500 as a result of the recent concessions made in the GATT talks.

A change in the organization of the quota was then proposed. This involved splitting the quota into two parts: the one would consist of 22 000 tonnes, which goes back to 1968, the other of the new 16 500 metric tons; this was done because monetary compensatory amounts could not be applied to the original quota, since this mechanism only came into being following the monetary crisis, and can thus only be applied to the 16 500 metric tons of the quota.

Moreover, the proposal reaffirms the Commission's intention to set up a Community reserve which would also be divided into two sections: one of 2 000 tonnes not liable to compensatory amounts and the other of 1 500 tonnes to which the compensation could be applied. Member States would have access to the reserve if they could show that they had exhausted the share of the quota originally allocated to them on the basis of the effective quantity of frozen veal or beef they had imported during the previous three years.

I would, however, like to point out that the Council was never willing to agree—until 1968—to the proposal for setting up a Community reserve, and over the past few years the entire quota has been distributed among the Member States in a single operation. This is a marginal point, and the Committee on Agriculture, although bringing it up, has not considered it a decisive factor. The committee did agree, on the other hand, to urge that use be made of the safeguard clause should the crisis situation in this sector continue without any sign of a return to normal.

It is in this spirit, and only subject to Community production being safeguarded, that the Committee on Agriculture requests this House to approve this proposal.

(Applause)

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I think one cannot let this report go without comment. The House will realize what a very sensitive subject beef is. I congratulate our rapporteur not only on the way that he has drawn up the report, but also on his presentation just now, which underlined and highlighted the troubles and problems connected with this particular issue.

Scott-Hopkins

We know that in the Community at the moment there is perhaps not a mountain of beef, but quite a lot of beef which is in intervention cold store. Farmers in almost every Member State who are dealing with livestock, and particularly those in my country, have had a very difficult time during the last eight months; and indeed a lot of them, especially those in mountain areas and hill areas, have gone bankrupt, or are now on the edge of bankruptcy.

I fully understand that we have an obligation under GATT, and that we must honour that obligation. And I fully understand that the proposal from the Commission is that we should open a quota. That does not mean to say that that quota will necessarily be taken up, particularly bearing in mind the level of prices which exists throughout the Community. It may not be a very attractive proposition to importers to take up this quota. I hope also that the House and the Commission will realize what a very sensitive subject this is and how very easily it can be misrepresented by those who are enemies of the idea of the Community and those who think that our common agricultural policy has defects. At a time of surplus, at a time of difficulty in the agricultural sector, we are opening quotas for imports from third countries into the Community which will only aggravate the problem. This is the difficulty and this is the sensitive area with which this proposal from the Commission and the report by Mr Vetrone deal. I think it is fair to say, Mr President, that without paragraph 2 of Mr Vetrone's report, it would have been impossible for my group to accept the proposals as they stand.

In conclusion, Mr President, I would say that paragraph 2, which calls on the Commission and also the Council to implement the protective measures laid down in Article 19 of GATT, means that should there be problems inside the Member States, then Article 19 will be used to stop these imports. Of course, we all know that the easiest way to deal with this beef crisis in our countries is to ban all imports. But this would disrupt world trade, cause disruption in countries less well-off than ourselves, but equally hit by the vast rise in the level of costs flowing from the rise in oil prices. These countries would be very badly hit, and obviously we must pay attention to their interests and indeed to our obligations under GATT.

It is an unhappy situation. I would only say, Mr President, that because of the way this recommendation has been drafted, my group is able to accept it. I do hope that the Commission will be very cautious in the way they apply it and that they will pay particular attention to the future use of Article 19 should conditions arise which make it necessary to implement it.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, following what Mr Scott-Hopkins has said on this subject, I should also like to make a few remarks. He has rightly pointed out that the meat market in the Community is very sensitive at the moment. But as I have said on several occasions, the measures taken by the EEC to solve its own problems have had unpleasant consequences for a number of developing countries that usually supply meat to the Community.

In a far from elegant manner and without any deliberation, an import freeze has been announced and our worries pushed on to other countries. We have always and rightly pointed out that the GATT quota must be left out of account. And it is also completely clear that we must meet our GATT obligations, but this does not mean that meat must be imported while prices in the Community are so much lower. I therefore find that this proposal goes a little too far; we still have Article 19, the safeguard clause, as a weapon, and in respect of the countries with which we are still seeking a satisfactory ruling, without success as yet, we are going a little too far if we explicitly state in the motion for a resolution that we can put a stop to imports with the aid of the safeguard clause. I thus agree to the proposal as such, but I should like it to be noted that I object to the safeguard clause being explicitly mentioned.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, I thank Mr Vetrone not only for his report, but also for his explanation of what is involved, which was, as usual, extremely lucid and presented with great competence. I also listened to the other speakers, and I must say that the only controversial point is that concerning safeguards. Of course, the Commission has taken full account of the climate of concern prevailing in the Community, particularly as regards the fact that, in some countries at least, there is a definite meat surplus (even if, in other countries, the situation is exactly the opposite), a surplus which leads to a fall in prices and, as a result, is extremely harmful for agricultural undertakings.

However, I believe that the Commission, in these circumstances, should take account of the requirements of the Community as a whole, as well as of the agreements and commitments which it has entered into at international level, not to mention the assurances given to farmers in certain parts of the world such as Latin Amer-

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ica, with whom we have concluded agreements relating to our meat supplies. Having made these commitments—and, after all, meat is not created from one day to the next—we were suddenly obliged to double-cross them, which has had serious repercussions for the European Community as well, since it not only imports meat from these countries, but also has to export products to them.

In this case, it was vital to adopt extremely restrictive measures and, as a result, our frontiers are today closed to any imports of fresh meat. But the regulation we are discussing concerns a quota of frozen meat, a product for which no restrictions have been provided for until now.

It may become necessary in the future to apply a safeguard clause to frozen meat as well, but at the moment the Commission cannot make any commitment to do so; only if and when it becomes necessary, will provisions be made to take the appropriate measures.

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Decision on reduction of pollution in the aquatic environment in the Community*

President. — The next item is the vote without debate on the motion for a resolution contained in the report drawn up by Mr Premoli on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a decision on the reduction of pollution caused by certain dangerous substances discharged into the aquatic environment of the Community (Doc. 393/74).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

11. *Decision on the granting of aid for agricultural products in the Netherlands*

President. — The next item is the vote without debate on the motion for a resolution contained

in the report drawn up by Mr Frehsee on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a decision authorizing the Netherlands to grant aid for agricultural products following the rise in the central rate for the Dutch guilder (Doc. 411/74).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Regulation suspending customs duties on certain agricultural products*

President. — The next item is the report drawn up by Mr Howell on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation temporarily suspending the autonomous duties under the Common Customs Tariff on a number of agricultural products. I call Mr Howell who has asked to present his report.

Mr Howell, rapporteur. — Mr President, I present this report on behalf of the Committee on Agriculture. It is very straightforward and self-explanatory. The object is merely to suspend temporarily the CCT duties on fish roes, dried white beans and dates and to reduce the duties on bitter or Seville oranges.

Our main recommendation, in paragraph 3, is that we should where possible suspend totally tariffs for products of which there is no internal production, as in the case of dried white beans and dates. I think note should be taken of this recommendation, to avoid wasting unnecessary time on such items. I formally propose that this report should be adopted.

President. — I call Mr Laban to speak on behalf of the Socialist Group.

Mr Laban. — (NL) Mr President, this week we have discussed the outcome of the Summit Conference, and for the first time we have adopted the budget of the European Communities. Today I must once again draw your attention to what is in itself perhaps a minor problem, but one which in my view is typical for the EEC.

This proposal worries me somewhat. The solution selected for the temporary and partial sus-

¹ OJ No C 5 of 8. 1. 1975.

¹ OJ No C 5 of 8. 1. 1975.

Laban

pension of the autonomous duties under the Common Customs Tariff do not appear particularly attractive to me. At a given moment we find ourselves in the EEC faced with a shortage of certain products, and we then suspend duties completely or partially as long as we consider it good for the EEC. After all we must have our *ersatz* caviare, our baked beans and our pickles, and so we take the necessary precautions. When the shortage is over, we lift the suspension again.

In its search for refinement the Commission even proposes that duties be temporarily suspended on products that we do not produce at all in Europe, such as certain types of dried white beans used exclusively for the manufacture of canned baked beans. Other beans of this kind entered under the same tariff number of the Common Customs Tariff are not included. It is even possible that it concerns white beans of the type which the housewife can buy. But these two things should not be confused. In the case of dates the restriction applies exclusively to fresh and dried dates intended for the processing industry, particularly for the preparation of pickles.

It is these restrictions that I object to.

The Commission's proposal for both products, white beans and dates, will mean that imported lots must be accompanied by documents showing what they are intended for. If necessary, checks will even have to be made in the factories to determine what they are being used for, baked beans or pickles. From information we have received from the customs authorities it would seem to us that such bureaucratic checks are not feasible in practice. Or to put it more discreetly, the customs authorities feel that the Commission people have been very careful with the details without realizing what it all means to those who have to deal with them in practice.

Added to this is the fact that the suspension of duties on dates applies only to those intended for the processing industry. I feel that this will lead to discrimination against the processing industry in the producing countries, all of which are of course developing countries, and duties on packaged dates will not be suspended. On dates processed in the Community no duties will be levied whereas they will be levied on dates processed in the developing countries and imported into the Community. We find that this is an approach that smacks of old-fashioned imperialism, an impression that we must remove as quickly as possible.

For the reasons I have stated—red tape and discrimination against certain developing coun-

tries where dates are concerned—I would appeal for the total suspension of customs duties on beans of the species *phaseolus* and on fresh and dried dates.

I have thus moved the amendments tabled by Mr Van der Hek and myself.

I should like to thank Mr Howell very much for his expert report and for presenting it so clearly.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — I should like to reply, Mr President, to Mr Laban's intervention. I am astonished at the Socialist Group behaving in this way. A few hours ago, the leader of the Socialist Group attacked my group and myself for tabling an amendment to a report and being lobby-fodder, or some such word. And now we have the vice-chairman of the committee, who voted for the resolution as it is in committee, suddenly coming forward at the last minute with an amendment. Obviously, some lobby has asked him to table this amendment.

(Laughter)

This does seem a slightly hypocritical attitude of the Socialist Group. I do not complain, Mr President, but what is sauce for the goose is also sauce for the gander, as I am sure everyone will realize.

May I say, in conclusion, that I think in all seriousness Mr Laban is wrong. I think he is trying to open up a wider issue than that which was originally proposed by the Commission. In fact, our processing industry does lack these particular products, which is why the duty is being suspended and these new chapters are being opened. Mr Laban would be opening up exactly the same categories to be processed in other countries and brought into the Community, which could well aggravate the existing difficulties of that particular section of the processing industry. I hope that the rapporteur and the Commission and the House will not accept Mr Laban's amendment.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, it seems to me that the European Parliament and the Commission agree on everything except one fundamental point, and that is whether the duty should be suspended permanently or only temporarily.

The European Parliament is calling for permanent suspension; we consider that the suspen-

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sion should definitely be temporary, among other things because recently, when another suspension was being requested, we encountered considerable difficulties from the Member States.

In this sense, it is necessary, as I believe other speakers have said, to undertake careful studies and discover which products the Community is deficient in so as to be able to take steps as soon as possible to increase production. This should be done not with a view to achieving a sort of self-sufficiency, but, in our opinion, if we are positively to face up to the world-wide food shortage, we must do everything possible to stimulate production.

As regards Mr Laban's amendment, I would say in general that the Commission does not oppose it. All the same, before giving a final answer, I feel that certain points have to be looked into to determine the degree of applicability of what is proposed in the amendment.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I would first like to thank Mr Scarascia Mugnozza for having in principle no objection to the amendment I have tabled and thus leaving the decision to Parliament. In addition, I should like to draw Mr Scott-Hopkins' attention to the fact that the amendment tabled by Mr Van der Hek and myself was available several days ago. Moreover, it is my view that any Member of Parliament has every right, even though he is not a member of a certain committee, to table an amendment if he has seen the document concerned.

This, then, is what Mr Van der Hek has done.

As he cannot be here, I have also signed his amendment.

I would also point out that I always keep clear of lobbies. If I have listened to any group, it was the customs officials, who in practice have the greatest difficulties to overcome.

I further feel—and this argument should appeal to Mr Scott-Hopkins and his colleagues—that my amendment advocates liberalization and opposes bureaucracy. The House should therefore find it very easy to support it.

(Laughter)

President. — I call Mr Howell.

Mr Howell, rapporteur. — Mr President, I must say that, as rapporteur, I feel greatly surprised at Mr Laban, who supported our unanimous committee view that this report should be presented without debate. If it had been presented in that way on Monday, there would have been

no time for this amendment. Anyway, the amendment itself is badly drafted. It seeks to amend the first paragraph whereas, to make any sense at all, it should have amended the third paragraph, to allow processed beans and dates to enter. I feel that this amendment is out of character with the main proposals which have come from the Commission and that it should be rejected.

President. — Does anyone else wish to speak?

We shall now consider the motion for a resolution.

On the preamble I have no amendments or speakers listed.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No 1 tabled by Mr Van der Hek and Mr Laban and worded as follows:

This paragraph to read as follow:

'1. Approves the Commission's proposal on condition that the product descriptions under ex 07. 05 B I and ex 08.01 A be altered to read "dried white beans (species phaseolus)" and "fresh and dried dates" respectively;

As this amendment has already been moved I put it to the vote.

Amendment No 1 is not adopted.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

On paragraphs 2 to 5 I have no amendments or speakers listed.

I put paragraphs 2 to 5 to the vote.

Paragraphs 2 to 5 are adopted.

I put the whole of the motion for a resolution to the vote.

The resolution is adopted.¹

13. *Directive on cocoa and chocolate products intended for human consumption*

President. — The next item is the vote without debate on the motion for a resolution contained in the report by Mr Della Briotta on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive amending for the second-time Direc-

¹ OJ No C 5 of 8. 1. 1975.

President

tive No 73/241/EEC on the approximation of the laws of the Member States relating to cocoa and chocolate products intended for human consumption (Doc. 397/74).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

14. *Situation of refugees in Cyprus*

President. — The next item is the motion for a resolution tabled by Mr Lückner and Mr Noè on behalf of the Christian-Democratic Group, Mr Spénale and Mr Fellermaier on behalf of the Socialist Group, Mr Durieux and Lord Gladwyn on behalf of the Liberal and Allies Group, Mr Kirk and Sir Douglas Dodds-Parker on behalf of the European Conservative Group, Mr Yeats and Mr Rivierez on behalf of the Group of European Progressive Democrats and Mr D'Angelosante on behalf of the Communist and Allies Group, with a request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure, on the present situation of refugees in Cyprus (Doc. 412/74).

I would remind the House that it agreed yesterday evening to the request for urgent procedure and to this motion being placed on today's agenda.

I call Sir Douglas Dodds-Parker to speak on behalf of the European Conservative Group.

Sir Douglas Dodds-Parker. — May I, on behalf of the European Conservative Group, give our fullest support to this urgent resolution. I am sure that the whole House will support it. We all have a special interest in Cyprus as it is an Associated State. The other two countries most closely concerned, Greece and Turkey, are also Associated States and very good friends of the Community. I am sure we all hope that this food will help in the present tragic circumstances, particularly now that the winter, which is hard in Cyprus, is beginning.

I understand the food is available. I do not know if the Commission can tell us exactly where it is coming from and how long it will take to be delivered, but we all hope it will be delivered without further delay.

May I briefly say a word about the future: I think it is essential that all who are concerned in food production should be able to get back

to work for the 1975 harvest, since so much of the 1974 harvest was lost. I hope the Association Council will meet in Cyprus and that the Greek and Turkish committees will keep in close and constant touch in the coming months, in this acute situation in an area which is also in a condition of crisis. I understand that all the prisoners of war have gone back.

The next move must be to get the expatriates of many countries to return, for this will bring in outside economic help and prove a mollifying and unifying element in Cyprus. I hope that all who feel this would be a good move will bring pressure to bear where they can on their national governments as well as on the Community. Thirdly, we need a steady and early repatriation of those involved in food production in the island.

There has, of course, been damage to housing, which ought to be put right without delay: but the essential thing is to get food production going next year so that Cyprus can feed itself again. In the meantime I hope this proposal before the House will prove some help in the tragic circumstances in Cyprus at the moment.

President. — I call Mr Behrendt to speak on behalf of the Socialist Group.

Mr Behrendt. — (D) Mr President, ladies and gentlemen, on behalf of the Socialist Group I should like to say how happy I am that all the political groups in this House support this motion for a resolution. It concerns above all a humanitarian question. We of the Socialist Group have decided to join this initiative and welcome the fact that this humanitarian question is supported by the whole House. But I should also like to say, Mr President, that the Cyprus question is not only a humanitarian matter. I feel that the European Parliament should be prepared to make a contribution to the solution of the political question outstanding in Cyprus and of great political significance to Europe, the African world and the Near East.

I believe that it would be very appropriate for us to make this contribution in view of the Association Agreements that we have concluded with Greece and Turkey. For this reason the Socialist Group is pleased to see that the Bureau has decided to send a delegation from the European Parliament to Cyprus in January 1975.

Mr President, on behalf of the Socialist Group I wish to state that we shall vote in favour of this motion for a resolution.

President. — I call Mr Pêtre to speak on behalf of the Christian-Democratic Group.

¹ OJ No C 5 of 8. 1. 1975.

Mr Pêtre. — (F) Mr President, on the same grounds as have been explained by previous speakers, which I will not repeat, I wish to say that the Christian-Democratic Group will be voting in favour of this motion for a resolution unanimously and with great conviction.

President. — I call Mr De Clercq to speak on behalf of the Liberal and Allies Group.

Mr De Clercq. — (NL) Mr President, the Liberal and Allies Group supports this motion for a resolution, which we do not wish to go into in detail because we fully approve it.

President. — I call Mr Dykes.

Mr Dykes. — Mr President, I only want to add a brief word, as perhaps the only Member not speaking on behalf of a group, but also in support of Sir Douglas Dodds-Parker, who spoke on behalf of the European Conservative Group.

This is one of those occasions when Parliament is agreeably unanimous on a humanitarian resolution. Perhaps, Mr President, after what occurred last night in connection with a particular motion for a resolution, it is agreeable that we are united on this matter with the Socialist Group in a good cause and a resolution which, if carried and implemented by the Council, will, I think, go a long way to helping in a tragic situation in Cyprus. One of the paradoxes, Mr President, is that despite the relative geographical proximity of that island to ourselves here and despite the fact that many people in Western Europe have a detailed knowledge of the island, it is not, amazingly enough, generally realized how urgent, tragic and pressing the hunger situation is for the refugees. Aside from what may happen in due course in terms of any lasting political settlement, I think Parliament now faces an obligation, a moral obligation as well as a real physical obligation, to unite in trying to provide that tragic island with some additional assistance through the Council of Ministers. I hope the resolution will be supported by all the political groups in this House. (Applause)

President. — I call Mr Yeats to speak on behalf of the Group of European Progressive Democrats.

Mr Yeats. — Mr President, I should like very briefly to say that the Group of European Progressive Democrats is glad to be able to associate itself with this resolution. It is obvious that at a time when some forty thousand Cypriot people are still living in tents at a time

of year when the weather is becoming increasingly cold, this is a human tragedy on a large scale, and the aid for which we call today would seem to be the absolute minimum that would be required under the circumstances.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Parliament. — (I) Mr President, I have listened with great interest to the statements made on behalf of the political groups, and the Commission can only note with satisfaction the resolution which has been moved.

However, I am sure that the European Parliament is entirely aware that the Commission has already done everything possible to help solve this humanitarian problem, to which it has always attached the greatest importance.

Not only my colleagues, Mr Cheysson and Sir Christopher Soames, but the entire Commission has recognized from the beginning the need to give substantial aid to those affected.

I think that the European Parliament knows also that the Commission's last proposal to grant them aid amounting to 5 000 tonnes of cereals has been shelved for the time being by the Council. We hope, however, that the Council can review its position, but I should also like to recall that, apart from Community aid, numerous Member States have also granted aid on a bilateral basis.

I would like, at any rate, to confirm once again that the Commission stands firmly behind this humanitarian action.

(Applause)

President. — Thank you, Mr Scarascia Mugnozza.

Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

15. Appointment of a new judge at the Court of Justice of the European Communities

President. — I have received from Mr Christian Bonnet, chairman of the Council of the Representatives of the Governments of the Member States, a letter dated 11 December 1974, which reads as follows:

¹ OJ No C 5 of 8. 1. 1975.

President

'Dear Mr President,

Please find enclosed for the information of your institution a copy of the decision taken by the Representatives of the Governments of the Member States of the European Communities to appoint Mr Aindrias O Caoimh judge at the Court of Justice of the European Communities until 6 October 1979.'

16. Referral to committee

President. — The motion for a resolution tabled by Sir Brandon Rhys-Williams (Doc. 360/74) has been referred to the Committee on Social Affairs and Employment.

17. Best wishes for the New Year

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, this is the final part-session before the Christmas holidays, and on behalf of the Commission I should like to express to you and to all members of the Bureau, to all Members of Parliament and to all the staff of the European Parliament at every level, including, of course, the interpreters, the Commission's gratitude for all the hard work you have done this year and to wish all of you and your families a very merry Christmas and a happy New Year.

(Applause)

President. — Thank you, Mr Scarascia Mugnozza. I should like to wish him and the members and staff of our institutions a happy Christmas and prosperous 1975.

(Applause)

18. Dates of the next part-session

President. — Parliament has now completed its agenda.

The enlarged Bureau proposes that the European Parliament hold its next part-session from 13 to 17 January 1975 in Luxembourg.

Are there any objections?

That is agreed.

19. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

20. Approval of the minutes

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 11 a.m.)

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