

Annex

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from 24 to 28 October 1983

Europe House, Strasbourg

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#### NOTE TO READER

Appearing at the same time as the English edition are editions in the six other official languages of the Communities: Danish, German, Greek, 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. *(DA)* for Danish, *(DE)* for German, *(GR)* for Greek, *(FR)* for French, *(IT)* for Italian and *(NL)* for Dutch.

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

*Resolutions adopted at sittings of 24 to 28 October 1983 appear in the Official Journal of the European Communities C 322, of 28 November 1983.*

## SITTING OF MONDAY, 24 OCTOBER 1983

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## IN THE CHAIR : MR DANKERT

*President*

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

## 1. Resumption of the session

**President.** — I declare resumed the session of the European Parliament adjourned on 14 October 1983.<sup>1</sup>

## 2. Statement by the President on events in Lebanon

**President.** — Ladies and gentlemen, the dastardly outrages in Beirut...

(All the Members rose)

strike primarily at France and the United States. However, other European countries are also represented in Lebanon. It is true to say therefore that Europe is particularly concerned at these events.

<sup>1</sup> Approval of the minutes — Petitions — Authorization to draw up reports — Referral to committee: See the Minutes of this sitting.

I feel that I am voicing the sentiments of this entire House when I express first of all our profound sorrow and sympathy to the families of the victims.

I firmly pledge the support of our Parliament for the efforts being made by European countries to restore peace in Lebanon.

The sacrifice of our fellow-Europeans will not have been in vain if it helps to bring peace and liberty to that sorely distressed part of the world. I would ask the House to observe a minute's silence in memory of those young soldiers who gave their lives in the cause of peace.

(The House observed a minute's silence)

## 3. Agenda

**President.** — At its meeting of 12 October 1983 the enlarged Bureau drew up the draft agenda which has been distributed to you.

At this morning's meeting the chairmen of the political groups asked me to propose a number of amendments to the House.

(The President read the amendments to the agendas for Tuesday, Wednesday and Thursday)<sup>2</sup>

<sup>2</sup> See Minutes.

**President***Friday:*

— since the President-in-Office of the Council is unable to be present, the two oral questions to the Council by Mr Johnson, on the protection of the environment and economic development, and Mr Gautier, on motor vehicle exhaust gases, are withdrawn from the agenda. All the other questions, which are addressed to the Commission, will remain on the agenda.

**Mr Gautier (S).** — *(DE)* Mr President, thank you for the information you have just provided. Can you give an assurance that the oral question on exhaust gases will not only feature on the agenda of the next part-session but will be scheduled for debate in the presence of the President-in-Office of the Council? Secondly, I persist in my belief that the remaining questions on the agenda, in the context of the joint debate, are somewhat of a hotch-potch. I have never believed environmental policy to be susceptible to such treatment and I therefore feel that the questions I have just referred to ought, rather, to be taken separately, for I fail to see the connection between such issues as the drought afflicting the Sahel region and flags of convenience and such-like.

**Mr Bangemann (L).** — *(DE)* Mr President, we had decided to give pride of place under this item on the agenda to the question tabled by Mr Johnson and to consider the remaining questions, including that on flags of convenience, as dealing with individual aspects of environmental protection. Mr Gautier has, perhaps, overlooked the fact that his question deals exclusively with environmental aspects. It is not my fault that the questions tabled by Mr Johnson and Mr Gautier to the Council have to be withdrawn in view of the latter's absence. Nevertheless I feel that the colleagues who have tabled such questions are most interested in keeping them on the agenda and I would ask you therefore to leave it unchanged. I am not sure that Mr Gautier's proposed change has been moved in the correct manner.

**President.** — Mr Johnson's question is a kind of umbrella question covering all the others, and since that is being withdrawn, I think that there can no longer be any question of a joint debate. I feel therefore that we can now take the various questions separately.

**Mr Gautier (S).** — *(DE)* Mr Bangemann has obviously not been paying sufficient attention to the proceedings. I agree with your suggestions on the procedure, Mr President, but I would also ask you to carry forward my question, and that of Mr Johnson, to the next part-session and to treat them separately on that occasion. Community citizens have a special interest in seeing legislation to control exhaust gases being treated as a subject in its own right, rather than one point among many in the overall context of a

general discussion on environmental protection. I have requested such a separation with a view to enabling Parliament to provide the public with an unambiguous stance on the issue.

**President.** — Whether this item can be put on the agenda for the next part-session will depend on whether the Council can be present or not. Furthermore, the November and December agendas are already overloaded. However, we shall see what we can do.

**Mr von der Vring (S).** — *(DE)* I have a question concerning Friday's proceedings. Will the vote on those reports on which the debate has been concluded on Thursday be taken on Friday after the oral questions and the debates on them, or will it be taken beforehand?

**President.** — Mr von der Vring, the vote on reports already dealt with will be taken first thing on Friday. After that we continue with the other debates.

**Mr Møller (ED).** — *(DA)* Mr President, it is only 14 days since the enlarged Bureau drew up the draft agenda, and representatives of the Council were present who accepted these items. It seems very odd to me therefore that now, on Monday, we are told that the Council President cannot attend on Friday. Anyone can, of course, be unavoidably detained, but no reason whatsoever is given to explain why the Council President cannot be here on Friday to answer the oral question which has been on the agenda for a fortnight.

**President.** — Mr Møller, this was accepted with the proviso that the President-in-Office of the Council would be able to be present on that Friday. We had good hopes that he would be, but he is not able at this moment.

**Mr Sherlock (ED).** — Mr President, I must agree with the observations made by Mr Gautier and Mr Bangemann on this relegation yet again to a latterday debate of two important environmental matters. Important though the budget is, these matters touch upon the lives of every citizen in this Community every day. Had those who drew up the agenda and put on it these two matters, both of which are referred to the Council, cared to look at their diaries, they would have seen that the 28th of this month, which is next Friday, is one of the most important national holidays in the Greek calendar. I think that just a little forethought on the part of those who draw up the agendas could save this sort of time-wasting nonsense.

Finally, I must agree with the observation by Mr Gautier that it is time, if these matters are put off to another part-session, that matters pertaining to the environment should cease to be packed away in any odd corner that is left in any small part of the agenda.

**President.** — Mr Sherlock, I think that your remarks are not fair. This is the first time that the enlarged Bureau has proposed to the House that it deal with a number of oral questions — not reports by committees — which have been trailing along on our long list for a considerable period of time. Of course, we try to combine the questions to the Commission with questions to the Council. As for the holidays in Greece, well, anyone who is President of the Council these days will probably not have much holiday anyway. That is really all that one can say about the unavailability of the Council on Friday next.

**Mr Hord (ED).** — Mr President, in the light of the information which has just been furnished by my colleague Mr Sherlock — namely, that it is a Greek public holiday on Friday — would there not be some merit in transferring the business which we are discussing from Friday to, say Thursday afternoon, particularly now that Mrs Nielsen's report is withdrawn and, with the consent of the House, I would be very happy for my own report to be taken on Friday morning? In this way we should get the business done on Thursday and everybody would, I hope, be satisfied, including the Greek representatives, who will still be able to go on holiday on the Friday in question.

**President.** — Mr Hord, you know that we have the budgetary votes on Thursday. It is very difficult to foresee their duration — they might be rather long — and I think the GATT report will also take a considerable period of time. Moreover, a new report has been added to the agenda on Argentinian refugees. So the agenda on which we have already agreed without a night sitting makes it highly improbable that we shall be able to deal with those questions also on Thursday.

**Mr Konstantinos Nikolaou (S).** — (*GR*) Mr President, I would like to thank our two British colleagues who mentioned the Greek national holiday. Nevertheless, let me say that the Greek Members of the European Parliament will be here on Friday until 1 p.m., when their flight is due to leave. Thus, there is no need to postpone the debate, but in any case I thank our colleagues for their suggestion.

**Mr Wurtz (COM).** — (*FR*) Mr President, just a remark on the Arndt report. We only received this text on the day prior to the final date for the tabling of amendments. I would therefore ask you if you could possibly extend the deadline to tonight.

**President.** — Mr Wurtz, I accept what you say. I propose therefore that the deadline for tabling amendments to this report be fixed for 8 p.m. this evening. The same will hold for the Scrivener and Pfennig reports. The deadline for tabling amendments to the new items entered on the agenda is fixed for 12 noon tomorrow.

(Parliament adopted the draft agenda thus amended)<sup>1</sup>

#### 4. Air transport

**President.** — The next item is the second report (Doc. 1-454/83/rev.) by Miss Forster, on behalf of the Committee on Economic and Monetary Affairs, on

the proposal from the Commission to the Council (Doc.1-740/81 — COM(81) 590 final) for a directive on tariffs for scheduled air transport between Member States.<sup>2</sup>

**Miss Forster (ED), rapporteur.** — Mr President, I do not believe that this Community can afford to be protectionist. The days when Europe was the rich man's table are gone. Those seeking jobs or trying to run businesses which create jobs are faced with a world in recession where people protect themselves and their countries' industries. They protect what they have for fear that any opening up or liberalization will look like weakness. I believe they are wrong. Those who hide from reality grow weaker, not stronger.

The scheduled airlines are the same: they are extremely protectionist. They have too many large aeroplanes chasing too few passengers, because in an era of rising costs and unemployment there are not enough people who can afford to pay for the seats at the prices they are now asking. So what do they do? They protect themselves from anybody who might offer lower prices and different services. They say they have the divine right to run air services in Europe their way, at their prices and to protect their jobs.

If God were a European, I am sure he would disagree, because he has wings of his own and can get around the place. From London to Athens, for example, he would not pay £ 280 Club Class or £ 221 Eurobudget — which you cannot even cancel if you are ill. And neither, Mr President, would I. I went for £ 85 to the Committee on Economic and Monetary Affairs in June, which voted unanimously, with only three abstentions, for the directive as amended by the committee. It is now my duty as rapporteur to ask this House to do the same and vote in favour of the directive.

I know I have support in some parts of this House, and I will therefore address my remarks to those who I know are against the report.

Who are these people from six different countries who move almost identical amendments? They are uncannily alike. I am sure they are all charming

<sup>1</sup> Speaking time: see Minutes.

<sup>2</sup> See also OJ Annex No 1-292 pp. 287-296 and p. 312, as well as Debates of 4 July 1983, pp. 4 and 5.

**Forster**

and intelligent, but they do appear to be a trifle inconsistent. Mr Hoffmann and Mr Herman I would normally expect to believe in free competition. Mr Halligan, Mr Key and Mr Carossino and Mrs Desouches — who are they representing with their amendments? Not the consumer, that is for sure, despite their Socialist and Communist beliefs. They, Mr President, are the airline group ganging up to protect the flag-carrying State airlines. Their protectionist line may be right in the short term — there will be no disturbance, no changes and no redundancies. But what about the situation in five or ten years' time? Are the flag-carriers going to be competitive when flying outside Europe to third markets? No, I do not believe they will be. Passengers will choose instead the People's Express or a revamped Pan Am. And what is happening inside Europe? Is the development and growth of European industries going to be helped by airline tickets which are at an artificially high level, thus putting an added burden on manufacturing industries which are doing their best to compete with Japan and Far East low-cost producers? I am a Conservative and I believe in preserving the best of the *status quo*: to this extent I sympathize with some of the amendments; but in the long term, Mr President, I believe my committee is right and the amendments are wrong.

Introducing a little competition on a route-by-route basis, that is all we are asking for. We are not asking for deregulation overnight. I am sure it would be good for the airlines and good for the airline users.

Mr Hoffmann and his friends, I feel, have feet of clay; they should try to fly a little higher, a little faster and a hell of a lot cheaper.

*(Applause)*

**Mrs Desouches (S).** — *(FR)* Mr President, I shall not go into the substance of this debate, as I feel that everything, or just about everything, has already been said, but I would like to comment on the procedural aspects the House has witnessed with regard to this report. I believe such a procedure provides a classic example of the way in which Community procedures can be deflected from their real objectives and Parliament assigned a useless and even ridiculous role.

The mechanics are quite straightforward: the Commission submits to Parliament for the latter's opinion a proposal for a directive; once the Commission has gone through the formal motions it can then proceed to draw up its own text with a free hand. Since spring we have known that the Commission was working on new proposals and that, I quote, 'it will be necessary to alter certain points of the directive in order to take account of the changed statutory and economic situation'. Notwithstanding, the Commission is still dragging its feet and stubbornly refusing to allow Parliament to raise the issue of the changes envisaged. The Commissioner responsible informed our Committee

on Economic and Monetary Affairs that 'it need not concern itself with the validity or otherwise of the texts submitted to it'. In other words, we are there to vote and not to ask questions, least of all intelligent questions. I would add that such an attitude brings the Parliament into disrepute in the eyes of the airlines which understand, only too well, the Commission's game and will thus be emboldened to ignore a Parliament whose powers have so obviously been repudiated. Some time ago we debated medium-range projects. We are now confronted with an immediate problem, one which concerns the real power of this Parliament. You will, I trust, appreciate that my group and I are not, under the circumstances, favourably disposed towards this directive.

Finally, Mr President, with regard to Miss Forster's motion for a resolution I would point out, to my colleagues that there is a page missing from the text which has been distributed and that they have not got therefore Articles 10, 11 and 12 which is, to say the least, somewhat embarrassing.

**President.** — As far as the French version is concerned, Mrs Desouches, you are quite right. As a result of a technical error there is one page missing.

**Mr Franz (PPE).** — *(DE)* Mr President, ladies and gentlemen, my group, the Group of the European People's Party, shares Miss Forster's regret that the free market forces are being prevented from functioning in the air traffic domain by national protectionism and subsidies. It must be obvious to all that this lack of competition is a fundamental flaw in Community air transport. More efficient competition in this sphere, however, presupposes that all market participants operate under the same conditions. Nationalized and semi-nationalized carriers, sheltered as they are from the eventuality of bankruptcy, are every bit as much out of place in this scheme of things as monopolies, cartels and other concentrations of market power. Although the domain of air traffic, unlike that of other modes of transport, is not subject to Community regulations on competition, we are nevertheless fortunate in having a viable European air transport system which assures scheduled air services between the Member States of the European Community. However, the intricacies of a pricing policy, difficult enough for the expert to come to grips with and therefore well-nigh impossible for many users, coupled with a lack of market transparency result in a national market compartmentalization and, consequently, considerable restrictions on competition. Equal opportunity for the competing airlines in the air traffic sector has yet to become a reality. A framework in which this can be achieved must first be created before this sector can be exposed to free competition. A transitional period will be called for. It will take some time therefore for the conditions of free competition which will ensure a user-oriented market to be attained in this sector.

**Franz**

The exposure of the air traffic sector to a greater degree of deregulation is, however, both necessary and possible already, even if this has to proceed cautiously in order to avoid damage. The safety, precision and punctuality which have been characteristic of European air transport must be maintained. Hence the need for compromise.

The Forster report, now before us, on the Commission proposal to the Council for a directive on tariffs for scheduled air transport between Member States follows in the footsteps of the Schwartzberg report and represents an additional milestone on the way towards the application of Community competition rules to the air transport sector.

Community air transport needs more competition, more transparency for the consumer and, consequently, more deregulation. One can only subscribe completely to Miss Forster's contention that the existing restrictions on the European market are one of the chief reasons for excessively high air fares. Fortunately European air space has been hitherto free of barriers, but the achievement of a completely free Community internal market would ensure a simplification of the formalities and hence considerable cost reductions. There is no reason why a Düsseldorf-Paris flight should be any more complicated than one from Düsseldorf to Munich.

The exhaustive discussion of the Commission's proposal for a directive and the motion for a resolution in the Committee on Economic and Monetary Affairs has resulted in numerous substantial amendments and improvements and has underlined the significance of this proposal for Community air transport. The implementation of the directive throughout the Community will lead to a more efficient tariff practice in Community air transport as a result of increased competition. The Group of the European People's Party has tabled several amendments and we look forward to their adoption. Although my group does not subscribe unconditionally to the Forster report, we would nevertheless like to extend our thanks to the rapporteur for the unstinting effort she has put into it. Miss Forster, we have not made things easy for you in the committee stage nor, indeed, here in the plenary and we should be grateful that you have not thrown in the towel. A complex and sensitive area such as that represented by air transport cannot be changed with one bold stroke. However, we agree with your contention that this represents a step in the right direction. Hence the PPE group is prepared to vote in favour of the motion for a resolution provided our amendments are incorporated.

**Mr Moorhouse (ED).** — Mr President, in our opinion the rapporteur has done a great job. Her thoroughgoing analysis and her thoroughly sensible recommendations could go far to help develop a common air transport policy for Europe. The time has

now come for the Council of Ministers to get to grips with this vital issue and not to dilly-dally any longer. They must show the people of Europe that they are not merely the lackeys and the stooges of the national air carriers.

Mr President, this proposal from the Commission marks the third stage in the Community's efforts to bring air transport undertakings within the rules of competition of the Rome Treaty and so liberalize scheduled air services within the EEC and indeed in Norway, Sweden, Spain and Portugal. We are absolutely convinced that this is the only way to develop still further the internal markets and bring down air fares which are still far too high, notoriously so on certain routes, not least in Scandinavia.

The first stage was the adoption by Parliament and the Council of Ministers of the directive on inter-regional air services, which takes effect on 1 October 1984. That will give air carriers the opportunity to start up entirely new services at cost-related fares. That is the crucial point — cost-related fares, not fares that are a rip-off which only the bureaucrats and the businessmen can afford because they are not paying the fares themselves. More than that, the new directive will enable new air services to be opened up on such routes as Aarhus to Hamburg, Manchester to Toulouse, Liverpool to Antwerp, Copenhagen to Strasbourg, to name but a few.

But to bring the IATA air carriers and the men who run them within the rules of competition of the Community and to get agreement on this proposal on air tariffs is a much tougher proposition than the inter-regional air services draft directive ever was. We know all too well, as do our colleagues in the Council of Europe, that the IATA carriers, with one or two honourable exceptions, are fighting a tough rearguard action, a relentless campaign. They are determined, ruthlessly determined, to resist Community legislation. We see ample evidence of this in the strenuous efforts that the national air carriers are making here at Strasbourg up to this very minute, and over lunch and dinner, to win colleagues to their side. Let us therefore make it abundantly clear that our prime duty — and I appeal to my colleagues here — is to our constituents, to our electorate, and not to that small exclusive clique of powerful airline heads who seek to perpetuate their iron hold on the airways of Europe.

Mr President, was it not Abraham Lincoln who once said, *you can fool some of the people all the time, all the people some of the time, but you cannot fool all the people all the time!* So it is with people and airfares! People can see perfectly well for themselves how the newly-famous US airline People's Express can fly a person across the Atlantic from London to Newark in the United States for no more than £ 99 single.

*(Interruptions from the left)*

### Moorhouse

They do not like this, but this is a fact! £ 99 single, 3 000 miles or so. Yet it costs as much as £ 255 economy fare to be flown from, say, Rome to Copenhagen.

Mr President, there is absolutely no doubt in my mind that scheduled air fares on many European routes are too high, absurdly so, and they could be significantly reduced by airlines run on less extravagant lines and operating more economical aircraft.

*(Further interruptions from the left)*

You do not like competition! We know that quite well. Nor do you like cheap fares. That, of course, we also know only too well. You should be here to represent the constituents of Europe and not the big airline interests!

This directive will not be passed unless and until it is agreed by the Council of Ministers. This is what we have to work for. Alas, it is all too clear that despite intense activity by the Commission, by the European Parliament and by the Council of Europe, the Transport Ministers, with maybe two or three honourable exceptions, are not prepared or are too timid to interfere in the affairs of their national airlines. Indeed, it is not going too far to say certain national airlines act as a state within a state...

*(Protests from the left)*

... regarding themselves as out of reach of the law. I will give you an example. The chairman of Lufthansa, Mr Ruhnau, when he paid a visit to Strasbourg, was frank enough to show that he did not appear to be aware that the Community could conceivably affect his freedom of action. He, like the USSR, does not recognize the Community. Equally, Mr President, in Denmark it is somewhat difficult to liberalize Scandinavian air transport policy because the official in charge, Mr Halck, is also on the supervisory board of SAS, and one does wonder whether such a situation is legally or morally acceptable.

So, given these obstacles, it would seem that we are in for a war of attrition. We may yet have to join my honourable colleague, Lord Bethell, in his now famous legal action to try and get a fair deal for air travellers in Europe. How much better it would be if airline heads could see sense and come to terms with the political realities!

Mr President, failing an early solution, let the airline heads not underrate our determination, both in this Parliament and in the Council of Europe, to invoke the Rome Treaty and thereby give air travellers greater freedom of movement through lower air fares, a cause for which all of us, and I make this final appeal to my colleagues, should strive. We shall certainly be supporting the report.

*(Applause from the European Democratic Group)*

**Mr M. Martin (COM).** — *(FR)* Mr President, at its second reading in the Committee on Economic and

Monetary Affairs the revamped Forster report did not strike us as noticeably different from the first version which had evoked considerable criticism from my group, the French Communists and Allies.

The amendments to the Commission text, whilst introducing a greater degree of coherence than had prevailed in the wake of the previous vote, are either purely cosmetic or, alternatively, tend to further shift the thrust of the directive in what we consider to be the wrong direction. Admittedly, some concessions have been made in the presentation with a view to rendering the text more attractive. Thus Article 3 no longer refers to 'costs' but 'overall costs'. The principle of standardization of freight charges and equalization of different airlines' charges, while not being admitted formally, would now appear to be tacitly recognized. In the main, however, the amendments only lend weight to our original point of view.

I shall give three examples. On the arbitration procedure to be set in motion to resolve disputes, both the wording of the directive as it currently stands and that of the proposed amendments introduce an unbelievable degree of bureaucracy. In the case of additional state aid to airlines, one of the new amendments envisages investing the Commission with power to ensure that such aid is in conformity with Article 92 (3) of the EEC Treaty.

Furthermore, consultations between airlines would be subject to Commission supervision, and the Commission would be called upon to rule on the compatibility, or otherwise, of specific concerted practices with the rules on competition laid down in Article 85 (1) of the EEC Treaty.

As to the motion for a resolution, it bears the obvious hallmarks of the proponents of deregulation. The objective of attaining a gradual liberalization owes a lot to the incessant barrage of criticism which has assailed national air carriers, which are subject to the constraints that are incumbent upon a public service and that are incompatible with the consideration of transport as just another product.

Finally, convinced that the international agreement concluded in 1967 provides a framework within which price-fixing mechanisms can involve, we do not intend to emulate the authors of the motion for a resolution in their desire to establish a Community authority to oversee civil aviation. The *de facto* result of such action would be the departure from IATA, a framework eminently capable of responding to the challenge of elaborating an improved civil aviation tariff system.

For all of these reasons we shall be voting against the proposal for a directive and the motion for a resolution.

*(Applause from the Communist and Allies Group)*



**Mr Nyborg (DEP).** — (DA) Mr President, I should like to say at the outset that, while I speak on behalf of the European Progressive Democrats, some of the views I present will be my own.

I have spoken in this forum for the cause of liberalism in the past, and I shall do so again today. The aim of an air transport policy should be to benefit the consumers to the maximum extent possible and at the same time to ensure that the various air transport undertakings in the Community operate under the same competitive conditions. In this context we should prevent the air transport undertakings from limiting free competition, for example, by means of pool arrangements. It is also the task of the Commission as the guardian of the Treaty. When we look at the development of civil aviation in the world, we have to agree that it is the private companies which have been the driving force in the reduction of prices to the advantage of the consumer. It is also the private companies which have been most innovative in their thinking. It was the private charter companies, for example, which made a serious effort to provide air transport for the man in the street. In Denmark we have seen how entrepreneurs ready to take initiatives organized charter flight traffic on systematic lines to the advantage of sun-starved northerners and to the advantage of the tourist industry in the south.

I am one of those people who have followed Sir Freddy Laker's fight over the North Atlantic with interest and enthusiasm, and I am one of those people who are annoyed at the fact that it costs more to fly from London to Copenhagen than to fly from London to the USA. There is a need for new thinking and greater flexibility in the air transport sector. This is recognized in the more or less state-owned national air transport undertakings. I note, for example, that the SAS annual report for 1981-82 says on the subject of fare conferences under IATA auspices that: 'A consequence of fare coordination is that international fare setting is often characterized by rigidity and lack of innovative thinking'. Let us have greater transparency in the fixing of fares. It is quite conceivable, for example, that there are certain airports which impose unreasonable landing and take-off charges.

I have proposed an amendment to the motion for a resolution in the Forster report which may seem extensive in its scope, but I think we should make the proper distinctions. If a state-owned company, for reasons of national or regional policy, maintains an otherwise uneconomic route from the centre of the country to a remote area, its cost should not be a charge against the price of a ticket on other routes, international routes for example. If there are regional or social reasons for the tariff policy, it should be shown clearly in the accounts.

As I have said, there is a need for new thinking in air transport. Down here on *terra firma*, we see discount stores of all kinds prospering. Would not something of the kind be conceivable in the air transport business? Why should young people on long journeys, for example, not have the option of taking packed lunches with them on the plane and save themselves the cost of the meals provided? We are quick to criticize and compare European air fares with those in America, and I must admit, Miss Forster, that there is no direct comparison, but that is our own fault. If we had made better progress in creating the European internal market, we would have been able to secure reductions in air fares on the international routes within the Community. Indeed, on some routes today you might almost think that the waiting times for passport and customs formalities in transit are longer than the time actually spent in flight.

Let me conclude with the following observation: if private companies are given more of a chance, we shall undoubtedly see an increase in the number of passengers travelling by air. We shall see people on aeroplanes who previously never had the means to avail themselves of this convenient and rapid mode of transport, and an increase in passenger traffic will, all things being equal, be to the advantage of the air transport industry as a whole and hence to the consumers as well.

**Mr Key (S), draftsman of an opinion for the Committee on Transport.** — Mr President, as majority members of the Committee on Transport and the Socialist Group we listened with great interest to the very pleasant and very polite words of Miss Forster. In reality, however, her proposals are not as polite or as pleasant as she makes out. She is, in fact, in favour of deregulation. She is in favour of complete free competition. I think it was all summed up in the words of her colleague and co-conspirator, Mr Moorhouse, who stated very clearly that he was in favour of cost-related fares and that he wished the whole of the air transport industry to be brought within the crude rules of our rules of competition. The proposals put forward by Miss Forster would destroy the regional services of this Community. Small regional airports whether in the Highlands of Scotland or in areas like my own, like Bradford, and other regional airports throughout the whole of the Community, would be finished because they would not be able to compete. The private competitors will only go for the cream, and they will take the cream and forget about everybody else.

Secondly, they are totally irrelevant to the policy which transport should be pursuing, namely, providing a service for the individual consumer. You are only interested in profit. There is such a thing in transport as public service obligation. We are there to provide a service for people, not something that somebody can make a little bit of profit out of today and

### Key

ignore tomorrow. We have seen too many examples of people who have moved into industry — especially into the transport industry — made their money very quickly by providing a cheap service and then disappeared, letting the service rot, the consumer being left with no resources available to him.

In reality what you want is to deny a transport service to the consumer. That is what your proposal means. It is intended to feather-bed certain individuals who want to go in and take the cream. That is my answer to you lot over there.

However, my real criticism and my real questions are directed to the Commission. What I really want from them today is a clear statement setting out the exact status of the existing directive on air tariffs and how this relates to the memorandum which they have told us they will produce in November. I want it on four specific points — how the directive will be related to this memorandum, their attitude on country of origin, their position on pricing and zones, and finally, whether they will allow us, the Community and the existing industry to continue with the multilateralism which has been so successful in the past. Those are the questions I want answered by the Commission.

Our group and the Committee on Transport have tabled amendments against the directive and against the resolution. We will support those all the way down the line. But what we really want is for the Commission to tell us today what they are proposing to suggest in their memorandum in two or three weeks' time.

**Mr K. H. Hoffmann (PPE).** — *(DE)* Mr President, ladies and gentlemen, in a resolution on Community air transport adopted in 1981 the European Parliament set out clearly the preconditions necessary for the liberalization of the air transport sector in the Community. At that time some of the most crucial conditions were the creation of a common currency, a Community-wide uniform fuel tax and uniform passenger customs clearance at Community borders. Such conditions have not yet been met; this House has pressed for their implementation time and again, but the Council is still dragging its feet.

If we have not yet been deflected from our conviction that a degree of deregulation is also necessary in the air transport sector, it is largely due to our sharing the beliefs of our worthy rapporteur Miss Forster and my good friend James Moorhouse that something has to be done for the flying public in the Community. Such a commitment in the form of cheaper fares does not mean, however, that we are prepared to throw out the baby with the bathwater by eliminating those carriers who not only fulfil their transport commitment in the Community but at the same time manage to do so at a profit, in the absence of the preconditions I have

outlined earlier. We are not prepared to have a hand in such a practice.

I am aware of the effort Miss Forster has put into the compilation of this report, but I feel that had she displayed a greater readiness to compromise and a greater sense of cooperation, it would have precluded the resort to the array of amendments which have been tabled, with the result that she could have counted on the House adopting her report by the very large majority enjoyed by the report on Community air transport two years ago. To proceed in this way does not appear to come easily to some of our British colleagues. The fanaticism inherent in my good friend Moorhouse's approach — as evidenced in his incarnation of the Archangel Michael, complete with flaming sword in order to cast into outer darkness all who, while calling for competition, wish to see this taking place in an orderly fashion — shows just how easily we can fall into the danger of losing sight of the realistic stance the Community ought to adopt, because we think that, like the United States, we have a large integrated market.

We have, however, yet to achieve a common currency. An air ticket in Great Britain is still priced and paid for in pounds sterling, in the Federal Republic of Germany in Deutschmarks, in France in French francs and so on. This aspect alone is responsible for a wealth of injustices and cost differentials whose elimination will require more than just the magic word 'deregulation'. We must therefore set about creating a judicious set of preconditions. Our group, the PPE, feels its amendments, if adopted, will have done just that. If we can work together to ensure their adoption, I feel I would be in an position to guarantee Miss Forster's report the large majority she would then have deserved.

*(Applause)*

**Mr Bangemann (L).** — *(DE)* Mr President, it is my belief that some of the arguments advanced have clouded, rather than clarified, this problem. To begin with, no one can make competition a fetish. There are conditions which have to be complied with. There are certainly also public service factors that require the regulation of certain aspects of competition. We in the Liberal and Democratic Group do not in any way consider the introduction of competition as some kind of panacea. Nevertheless, the present situation is characterized by a variety of problems which have been skipped over by our colleague from Yorkshire in raising the problem of regional air transport. In fixing my gaze on the chairman of the Committee on Transport, I have to say that there is not the shadow of a doubt that the current practice favoured by the large national carriers, both on tariffs and availability and choice of destinations, has operated to the detriment of precisely those small regional airports.

**Bangemann**

Both for Scottish and a variety of other regional airports it is worth pondering this. I can provide examples: in the Federal Republic a small airline commenced flights between Münster/Osnabrück and Zürich. No one showed an interest in providing such a service, and neither of the two major airlines, Lufthansa and Swissair, was prepared to include it among its scheduled flights. The small airline in question, however, had sufficient entrepreneurial courage to see the opening for flights operated by the type of light aircraft long ago abandoned by the major airlines. Lo and behold, the service proved to be viable. The airline's authorization was, however, only granted for one and a half years. When the service turned out to be viable after all, the small airline's authorization was not renewed and Swissair jumped in and ran the service for some time. Eventually it lost interest and that was the end of that. That is the problem! That is why we must identify those arguments which are justifiable and carry weight in the transport sphere. We cannot simply say like the Americans, 'Now go off and compete nicely with one another' — to adapt a famous saying by a former President of the Federal Republic — and then sit back and feel that all will be well. That is certainly not possible, but I cannot, for all that, subscribe to threadbare pretexts — and the monetary situation is, in my opinion, one such pretext — for restricting competition.

In conclusion I should like to say that, in the light of this debate and the amendments tabled, we should take a good look at what should be permitted in the way of competition, with a view to eliminating one imbalance that obtains in the Community at present, namely, that which affects the small, disadvantaged regional airports. This must be remedied in an orderly fashion if chaos is to be avoided. That is what I perceive as the real debate, not competition at any price or rules that exist only in the planners' pipe-dreams. If we could address ourselves to this real debate, we could make a worthwhile contribution towards an improved European air transport system.

*(Applause)*

**Mr Alavanos (COM).** — *(GR)* Mr President, we accept that there is a problem for working people and consumers in connection with high air tariffs. However, we disagree with the central notion of the Commission's directive and the report of our colleague Miss Forster, which, in the guise of concern for the consumer, expresses the interests of the private sector and attacks the national State airlines. We believe that the problem of air tariffs, particularly for our own country but more generally as well, cannot be dealt with by the economic criteria of the private sector but by social and national criteria.

We believe that, for our country at least, the problem of air tariffs can be met by rational organization of the

State airline. Among other things there must be participation by the workers themselves. International flight tariffs can still be defined within the framework of IATA and in accordance with the principle of unanimity. We disagree entirely with the attempt to establish a Community authority in the sector of air transport, and in good faith we would like to draw the Greek Commissioner's attention, in particular, to the enormous dangers that this would create for Olympic Airways, the Greek national airline: firstly, from the possibility that Articles 85 and 86 of the Treaty might be applied to air transport; secondly, from the problems arising in the relationship between the State and a national airline and thirdly, from the efforts made to abide by the principles of competition even in relation to flights to provincial airports.

For these reasons we shall vote against the Forster report, but I would like the Commissioner to give a great deal of thought to the problems that might be created for Olympic Airways, our national airline.

**IN THE CHAIR : MR ESTGEN***Vice-President*

**Mr O'Donnell (PPE).** — Mr President, at the outset I wish to congratulate Miss Forster very sincerely on the immense amount of work she has put into the preparation of this report and also a previous report over a long period of time.

When I spoke in this House in December 1982 on her first report, I expressed regret that I could not find it possible to support the report. On this occasion I must say that despite the fact that there are some significant changes and modifications in her report, I still am forced to vote against the report.

I must explain that I represent a small, peripheral island country, vitally dependent on air links for trade, commerce and tourism. The maintenance and safeguarding of these vital air links depends largely on our own national carrier — Aer Lingus — operating under the present structure. In fact, only this morning I learned of a decision by two British carriers operating into Dublin to terminate their services, one between Liverpool and Dublin, the other between Leeds and Dublin, as from 1 November. Services between Ireland and those very important UK centres now depend on our own national carrier. Nevertheless, as I said, it is only fair that credit be given to Miss Forster for the fact that she has improved considerably some aspects of her original report. She has made several significant changes to the document which resulted from our debate at that time. Some of these changes represent a move in the right direction, and I sincerely congratulate her and her committee on them. I am thinking particularly of the change to the recital which removes the restrictive conditions

**O'Donnell**

relating to inter-airline consultation. Also to be commended is the reference to direct operating costs in Article 3 (1b). This change removes one of the objections which we had to the Commission's original proposal.

However, we are concerned about other proposed changes. I refer especially to Article 6 which deals with disputes and arbitration. The suggestion from the Committee on Economic and Monetary Affairs is that a fare over which two States are quarrelling should come into force automatically in the absence of a decision by the proposed advisory committee. This provision, in my opinion, goes much too far. I must also say that I am very unhappy with the whole matter of enforced arbitration included in Article 6, whereby either of the disputing States may force the other to the arbitration table.

May I also express extreme dissatisfaction with one unfortunate phrase in Article 3 which the Commission regards as the core of its proposal. I refer to a requirement that fares be reasonably related to the cost of a carrier, on the assumption that its principal place of business is located in the State of origin of the fare. This is an extremely cumbersome provision and militates against the avowed intention of the Commission to simplify and to speed up approval of fares.

Finally, may I summarize what I said on the occasion of the last debate. There is no apparent need for Commission intervention in the fare-setting machinery. Both Commission and European governments have declared that in general fares and costs are in reasonable relationship. The present structure is, in my opinion, flexible enough to cater for new fare initiatives, while at the same time preserving the control by government which is so essential to a public service entity like air transport and also preserving the rights of all Member States. I must therefore vote against this report.

**Mr Contogeorgis, Member of the Commission.** — (GR) I would first like to congratulate Miss Forster on her excellent report and the Committee on Economic and Monetary Affairs on its amendments. In addition, without this being considered contradictory, I would also like to thank the Transport Committee and its rapporteur Mr Key for their comments. The Commission's two proposals, i.e. the one we are now debating concerning air tariffs, submitted in the autumn of 1981, and the other on the timing of the application of the competition rules to air transport, cover two important aspects of the policy on air transport. In the two years that have passed since the two proposals were submitted they have been debated many times, both in Parliament and in other bodies of the Community. More particularly, a point was stressed that is also contained in Miss Forster's report. It is mentioned in the resolution and the concluding comments that the proposal for the regulation on air tariffs cannot stand

alone, but should be included in the broader framework of a policy on air transport. The Commission accepts that this view has its merits. Indeed, as is known, we are drawing up a memorandum from the Commission to the Council concerning policy in the civil airways sector which will cover the basic subjects touched upon by Miss Forster. This memorandum will supplement a previous one from the Commission in 1979 and will examine the problem of air tariffs within the more general framework of the way in which civil airlines function in Europe. The memorandum on which we are working has not yet been completed, and the Commission will therefore take Parliament's views concerning the matters raised by Mr Key into account when the memorandum is finalized. When the memorandum is submitted to the Council, the Commission proposes to recommend that the Council ask Parliament for its opinion, so that Parliament may have the opportunity to express its views — and this despite the fact that the Commission's proposals will be based on Article 84 (2) of the Treaty.

Now, what I have said does not mean that the Commission is inclined to withdraw the proposed regulation we are debating. However, the thoughts inspired by this parliamentary debate have clarified certain problems for the Commission, and we hope that when our memorandum on air transport policy is completed, as I hope it will be towards the end of this year or the beginning of the next, we will be in a position to include, perhaps in an appendix, amendments to the proposed regulation in question. Many of these amendments are sure to be based on amendments put forward by Parliament, which, of course, I cannot specify in detail now. In other cases we have become aware that, by embodying the regulation on tariffs within the broader framework recommended by Miss Forster, we might come to view the matter in a different light. I hope the House will understand that in such cases we may not necessarily accept the amendments exactly as they stand, but I assure you that, one way or another, we shall embody their basic thinking within the more general framework of this policy.

Mr President, the subject of air tariffs is of great political importance, and there are many sides to it. It is a difficult and complex problem. However, as the Commission's President Mr Thorn said when addressing Parliament at the beginning of this year, when he was presenting the Commission's schedule of work, the Commission takes the view that progressive liberalization of civil airways within the Community will make an important contribution to its internal cohesion, and will be to the benefit of the consumer. Our aim will be to achieve this without foregoing the undoubted advantages which the existing system has offered up to now. We shall proceed step by step, avoiding sudden breaks. Parliament's views on this will be most valuable, and I hope

### Contogeorgis

that we will be able to embody the spirit of this debate as fully as possible in the memorandum we are preparing.

**President.** — The debate is closed.

*Vote!*

### 5. Competition

**President.** — The next item is the report (Doc. 1-801/83) by Mr Franz, on behalf of the Committee on Economic and Monetary Affairs, on the twelfth report by the Commission of the European Communities on competition policy (Doc. 1-253/83).

**Mr Franz (PPE), rapporteur.** — (DE) Mr President, ladies and gentlemen, 'in the field of commercial policy the European Community is gradually losing its liberal fig-leaf'. Such is the contention of the Swiss Banking Corporation in its article 'Protectionism — the challenge of the Eighties'. I am convinced that such a statement is an exaggeration. 'Maintenance of undistorted competition is one of the fundamental principles of the free market economy on which the Community is based; the Commission's task, pursuant to the Treaties, is to secure its application.' These highly pertinent and most unambiguous sentences mark the introduction to the Commission's twelfth report on competition policy. The eleventh report continued to adhere to what is referred to, in an aside, as 'essentially' a free market system. The adherence to competition, a self-imposed commitment by the Commission to the maintenance of undistorted competition, is clearer than that of the preceding Commission reports. The clarity and unambiguity of the Commission statements should be supported fully.

The twelfth report's condemnation of the way in which the whole business of subsidies has got completely out of hand is just as unambiguous as its adherence to undistorted competition and the free market system. Whereas last year the Commission showed an open-minded attitude towards the practice of state subsidies — albeit limited by the necessity of preventing distortions to intra-Community trade — the twelfth report on competition is very clear on this point: only those subsidies which truly improve the competitiveness of Community industry and contribute towards the creation of permanent jobs were approved of. Such a call cannot be sufficiently forcefully underlined. The House has witnessed numerous debates on the subject of subsidies which have given rise to considerable trade distortion in the European Community. Suffice it to reiterate that subsidies

have, in many cases, resulted in whole branches of industry, which had been protected in whole or in part against exposure to competition, being no longer viable on the world market. In the past, subsidies have impaired entrepreneurial decision-making ability, performance and willingness to take risks — all of them essential ingredients in the free market system. They will continue to undermine entrepreneurial adaptability and market management mechanisms in the future. We must join forces with the Commission in taking firmer action than heretofore to put a stop to the Community's abuse of the subsidy system if we wish to prevent whole sectors from becoming uncompetitive. Some subsidies are, of course, inevitable. However, where this is the case, they must be completely transparent and subject to strict time limits. We ought not lose sight of the considerable number of jobs in the Community that could not be maintained even with the help of subsidies, in spite of hopes that these subsidies would safeguard the jobs in question. I am particularly heartened to see that we are of one accord with the Commission on this point too.

It is encouraging that the Commission has underlined, in much stronger terms than ever before, the significance of the European Parliament and cooperation with it, both on scope and content. There are already tangible signs of this. Cooperation with the European Parliament and its significance for competition policy are being emphasized in just such terms. Whereas the eleventh report on competition mentioned, almost condescendingly, that Parliament's recommendations were often very helpful, it is now apparent that our annual debates on the Commission's report on competition are given special significance!

In the light of the persistent economic crisis, and its effect on European integration, a sufficient degree of competition is imperative. Only unrestricted and undistorted competition can underwrite the full force of the economy, provide a sufficient stimulus for technical and economic progress and, by harnessing the individual constituents of the economic process, provide it with optimal direction. The appropriate Community competition policy must guarantee the central role played by competition in the Community. The focal point of the Community's free market system is freedom of economic activity within the constraints dictated by competition and the legal system. Competition is an instrument with which to comply with the desires of the consumer in the market-place. Furthermore, it is instrumental in providing solutions to problem areas. In this category we may put innovations such as the introduction of new products, and new production and management methods. As our colleague, Mr von Bismarck, has repeatedly commented in this House, a free market bereft of competition can never be truly social.

<sup>1</sup> See Annex.

**Franz**

I would now like to turn to Japan, a subject which has also been dealt with in the present report. We in the Community ought to spend less time bemoaning the ill effects of Japanese competition and more in focusing attention on the nature of the challenge underlying it. There are at present more than one hundred Japanese-owned factories in Europe, and the European Community currently plays host to almost 50 000 Japanese citizens.

In addition to English and French, the Japanese study Italian, Dutch, Danish, Greek and German. Some 3 000 students are currently enrolled at Japanese universities in Germanic studies as against some 200 students following Japanese studies at universities in the Federal Republic. The disproportion is all too obvious. Naturally we must continue to press for greater access for Community goods to Japanese markets. The conditions should be no different from those prevailing on Community markets for Japanese goods. We should and can do more in this respect. We must have a stronger presence on Japanese markets in many areas; this would involve going a stage further than simply learning the Japanese language. We must try to understand their mentality if we wish to be more successful. It should be borne in mind that Community exports still far outstrip those of Japan. We continue to have a technological lead in many areas. This can only be maintained if we resist the temptation to restrict competition and instead promote it. In this respect the occasional agreements on self-restraint, often viewed as a panacea, cannot be considered an alternative to free trade: by easing the compulsion to innovate they could be inherently dangerous. They can only be justified in exceptional circumstances and for a limited duration with a view to promoting competitiveness, and are as incapable of replacing the innovative forces and the adaptability of the Community economy as are state-managed and promoted export drives. We must measure up to international competition, in particular to that of Japanese industry, so that improved Community research and development can contribute to eliminating a state of affairs in which Community job losses have their corollary in Japanese job creation.

This twelfth Commission report on competition has, naturally, weaknesses and deficiencies. In commenting upon the Commission's tenth and eleventh competition reports Parliament urged the Commission to address itself, in the twelfth report, to restrictive practices on the internal market. Whereas the eleventh report simply ignored this request, the Commission has, in the latest report, gone some way to meet Parliament's desires. There are other areas in which the Commission has not fully complied with Parliament's wishes. Not all of the issues raised in the respective parliamentary reports of Mr Beazley and Mr Papanтониου on the Commission's tenth and eleventh competition reports have been taken up. To

summarize, however, it must be underlined that this twelfth Commission report is clear and comprehensive and demonstrates a more resolute commitment to defend a competition based on the European Community's free market system and a greater determination to uphold it for the good of the whole Community than has hitherto been the case. For this we are very grateful to the Commission, and in particular to Mr Andriessen and Mr Caspari.

*(Applause)*

**Mr Megahy (S)**, *draftsman of an opinion for the Legal Affairs Committee*. — Mr President, the Legal Affairs Committee has tabled ten amendments to this report. I do not think that this necessarily reflects a ground swell of discontent amongst members of the Legal Affairs Committee. It reflects the fact that, unfortunately, Parliament's procedures were such that the advice of the Legal Affairs Committee was received by the Committee on Economic and Monetary Affairs after it had prepared its report. So several of our amendments are not unduly critical. I think some seek to stiffen up considerably the wording of the report by the Committee on Economic and Monetary Affairs, and two or three take issue with points that are made there.

May I just very quickly look at some of the major amendments we seek to make. We start off by welcoming the increased attention which the Commission is paying to procedural matters. There is no doubt that in the last two or three years they have paid considerable attention and that there have been improvements. Nevertheless, we think that these improvements should continue and that there is no reason to be complacent. I think we expressed this in the first of our amendments, Amendment No 2.

In Amendment No 4 which is related to paragraph 25, we have come back to a subject that we have dwelled on many times in the Legal Affairs Committee, namely, the scarcely diminishing backlog of notifications and applications for negative clearance and exemptions which the Legal Affairs Committee considers constitutes a distortion of conditions of competition within the Community. We feel that recent moves by individuals and undertakings demonstrate that the application of the rules is a matter for very great concern within the Community. In fact, we go on to point out in our Amendment No 5, where we ask for a new paragraph 25(a), that there is increasing emphasis within the Community on dealing with competition matters in the national courts. In relation to this we are saying that, first of all, there ought to be a uniform standard of protection for rights in national courts, otherwise one is going to get a disparity of decisions made in various Community countries, and we add to this that there ought to be a procedure for compensating individuals which could be implemented by the national courts.

**Megahy**

Amendment No 8, on paragraph 26, seeks to replace the whole paragraph. I think that the text proposed in this amendment by the Legal Affairs Committee is much stronger than what the Committee on Economic and Monetary Affairs says. We first of all emphasize the need to be able to comment in the plenary session on these matters, because we do not think it is sufficient for the Committee on Economic and Monetary Affairs or any other committee simply to comment on such matters without it coming before the plenary. However, we go on in the last of the three paragraphs in that amendment to call on the Commission to put forward a proposal to amend Regulations Nos 1762 and 1965 so as to provide that the implementing regulations may not be adopted or amended without prior consultation of Parliament. This is to respect the spirit of the Treaty, in particular, Article 87. We feel that this restores to Parliament a right which was originally there and was subsequently taken away.

On the subject of comfort letters, again I think our amendment is much stronger in tone than what is being said by the Committee on Economic and Monetary Affairs. We call for certain specific measures to be considered, i.e. the possibility of provisional exemptions or decisions of limited duration in time.

With regard to the fundamental principles of Community law which require a fair hearing to be given in proceedings, I think that the view of the Legal Affairs Committee differs from that of the Committee on Economic and Monetary Affairs and is concerned primarily to see that the principles recently outlined by the European Court of Justice in the pioneer case are taken into account by the Commission. Following the recent pioneer case, we are also calling in one of our amendments for the Commission to make a full statement on the access of undertakings under investigation to the case file, in particular, where Commission inspectors' reports are concerned.

On structural over-capacity, our amendment highlights two matters. We are concerned that there should be strict compliance with the requirements of Article 85 (3) and we are asking the Commission to look at the possibility of block exemption regulation and to see that it is given careful consideration in this area.

I do not think the other amendments are matters of any considerable substance. We do have an amendment down asking the Commission to extend the scope to other matters. However, I feel that, if adopted, these amendments by the Legal Affairs Committee would help to improve the report.

*(Applause from the left)*

**Mr Papantoniou (S).** — *(GR)* Mr President, there is general acceptance by all sides of this House of the importance of a competition policy in fulfilling the

Community's aim to create conditions in the Common Market that will protect the consumer against exploitation by monopolies and cartels, and promote an effective distribution of productive resources within the Community's economy.

It is also accepted that the competition policy plays a critical part in present-day conditions of organizational adaptation and in major changes in the relevant price structures, in the patterns of demand, in technology and in the international economic situation of the last decade. However, Mr President, it is also quite plain that the distribution of the cost of organizational adaptation among various regions, social groups and sectors of production in the Community is unequal. Implementation of the regulations governing a free market makes a much more severe impact on areas that are lagging in development, on weaker social groups, and on those production sectors particularly exposed to international competition. These differences and inequalities are not sufficiently taken into account in the Commission's implementation of the competition policy, and this inadequacy is not pointed out in the Franz report. That is one basic reason why the Socialist Group does not agree with the report.

Another reason is that the report does not acknowledge the special problems posed by multinational companies in the implementation of regulations regarding competition. As you know, multinational companies spread their activities worldwide, and this means that they control a very considerable fraction of the productive resources. This poses special problems in implementing a competition policy, which are also connected with conflicting legislations. These problems are not recognized by the Commission in implementing the regulations, nor mentioned in the Franz report.

An important aspect of these problems is the well-known one of the overcharging and undercharging by multinational enterprises, which has assumed enormous dimensions in recent years. This too is ignored by the Franz report.

The report also contains two paragraphs, numbers 47 and 49, which refer to nationalization in an entirely unacceptable way. Specifically, it is claimed that nationalization goes against the spirit of the Treaty of Rome. We are obviously opposed to this point of view, and I am sure the Commission agrees with us.

Finally, the Franz report adopts an unreasonably strict attitude in connection with State aid. To be sure, we agree that State aid that serves exclusively national aims should be scrutinized by the Commission. However, where the aid is consistent with Community aims, it should not be discouraged, but on the contrary encouraged because it promotes the integration of the Community and helps to overcome the economic crisis. Subsidies for technological research

**Papantoniou**

and regional development are consistent with the spirit of the Treaty of Rome and with the Community's aims and must consequently be encouraged and not regarded as of declining importance, as Mr Franz would have it.

I must also point out that the convergence of economies within the Community is indeed one of the Community's aims, and therefore that subsidies which serve it, i.e. that promote the development of regions within the Community that are lagging, should be examined by the Commission in a positive spirit; this too is ignored by the Franz report.

For all these reasons the Socialist Group will vote against the report. However, if the amendments I have put forward seeking the omission of the more extreme and unacceptable points in the report are accepted, then the Socialist Group will abstain.

*(Applause from the left)*

**Mr von Wogau (PPE).** — *(DE)* Mr President, ladies and gentlemen, in contrast to the previous speaker I can inform the House of my group's unequivocal support for Mr Franz's excellent report. The reason? We believe that no other institution is as well-suited as the market to ensuring that consumer demand is met by the appropriate producer supply. The precondition for the market's ability to fulfil its social objective is Community enforcement of the rules of the free market system. The area of competition affords the Community one of its most crucial opportunities of exerting influence on our economic system. The annual Commission report on competition provides an occasion to evaluate the extent to which this opportunity has been used.

To begin with, one has to recognize that the Commission, in enforcing the competition rules, has had more success with individual firms than with the Member States. Initiatives which seek to reverse this trend should have the full support of this House. We ought to ask ourselves whether a fundamental paradox of Community competition policy resides in the promotion and tolerance of behaviour in specific economic sectors which incur heavy penalties in others.

Let us take the steel industry as an example. It is accepted practice that steel producers collectively set quotas with the Commission as active overseer; if, however, a few craftsmen get together with a view to dividing up the market along similar lines, they will incur heavy fines. One has to question the moral stance of a State which requires its citizens to adhere to a specific code of behaviour from which it absolves itself.

*(Applause)*

I believe the lesson to be drawn from this is that, precisely in the steel sector, we should endeavour to return to a situation of unrestricted competition, that the prevailing trade distortions in this sector should

be finally removed. Take the most recent suggestions emanating from the Federal Republic of Germany to restore customs posts at its frontiers to prevent steel imports from other Community Member States, or the suggestion that redundant steel workers be retrained as customs officers so that they in their turn can prevent imports of steel from other Member States — and just such a suggestion can be found in the report of the steel experts of the Federal Republic. One can hardly imagine what kind of mind would be capable of conjuring up such ideas. This demonstrates the absurdities and perversions which have been brought about by derogations from the competition rules in the Community. Such a state of affairs must be redressed without further ado. And action undertaken by the Commission with a view to reinstating the Community competition rules in the steel sector can count on our full support.

A second bad example which we have decried time and again is that of state aids to nationalized industries. When the state uses public tax revenue — of which a good deal has been contributed by small and medium-sized enterprises — to subsidize large undertakings, and I would remind Mr Papantoniou that such large nationalized undertakings are, simultaneously, multinationals which are thus subsidized by small enterprises so that they can sell at prices which squeeze the latter out of the market, then we are dealing here with a further example of inherently contradictory Community competition policy.

This Parliament has repeatedly pressed for transparency in this area. We have urged that Member States be obliged to provide details of the extent to which their nationalized industries have been subsidized, and we are heartened that the obstacles which have heretofore impeded the attainment of this objective have now been removed by the Court of Justice of the European Communities. We trust that the thirteenth Commission report on competition will provide an occasion for us to ascertain full details of the extent to which the basic rules of the European Community are being violated, as well as the extent of the subsidies accorded to nationalized enterprises from taxpayers' contributions.

Yet another area characterized by Member State transgressions is that of public procurement. Should, for example, a commune in Bavaria decide to build a new school, it is obliged, under Community legislation, to publish Community-wide an open invitation to tender. When, however, the Member State authorities who are the most important purchasers of advanced technology — witness Post Office purchases in the electronics field — issue invitations to tender, it is done on a purely national basis. Thus each large Member State has its own principal supplier, the authorities in the Federal Republic calling upon the services of German suppliers and those in France and



von Wogau

the United Kingdom on French and British suppliers respectively. A quite unique and solitary exception is the case of the Federal Republic of Germany, which manages to allocate 5 % of its total public procurement to non-German suppliers, but I believe this fails to do justice to the demands of the market.

Our two experts, Professor Michel Albert and Professor Jim Ball, have come up with what I consider a very significant calculation when examining the government procurement sector. Community industrial production is geared towards small national markets and is thus unable to benefit from the economies of scale which accrue from mass production. This makes European Community products about 10 % dearer and is responsible for annual excess costs of 40 000 million ECU. Such a sum could be put to better use in alleviating Community social and economic problems rather than squandering it through unnecessary protectionism.

A further critical area to which the Commission's twelfth annual report on competition addresses itself is that of the transfer of technology. This provides us with an opportunity to fundamentally revise Community policy on patents and licensing. For quite some time we have been discussing the Commission's regulation liberalizing licensing arrangements. I would point out that such rules are of crucial importance for competition policy and, more particularly, for policy oriented towards innovative technologies. Today the area of technology is characterized by very lengthy development and starting up periods. The development of a new product often takes seven to nine years. A further two or three years is invariably necessary before the product has obtained the various authorizations which will enable it to be marketed throughout the ten Member States of the Community.

Patents, however, expire after 18 years. No sooner, therefore, has a product achieved a breakthrough on the market, and the concomitant profits begun to materialize, than the revenue from licensing agreements will have almost come to an end. Existing patent rules operate strongly to the detriment of small undertakings which do not have wide distribution of their products through subsidiary companies and for which revenue from patent and know-how agreements is one of the few possibilities of making their invention internationally lucrative.

We expect to see the new liberalizing regulation submitted also to our Committee on Economic and Monetary Affairs in the near future. We ought to insist that competition rules in this sphere be so framed as to meet the requirements of the future. It is always regrettable to have to remark how in the area of competition policy the economic principles first have to be cast in the form of legal provisions and then interpreted by the legal experts, even though in many areas these legal provisions have in the meantime

been overtaken by the economic reality. I feel that one of the principles of Community competition policy and one of our preoccupations must be to match the legal provisions to the actual underlying problems. We must not squander and forfeit future opportunities through rules which we ourselves have drawn up.

I shall now turn my attention to the question of industrial concentration in the European Community. I have to admit that product development costs are so astronomical in certain branches such as the aviation and aerospace industries as to render mergers and cooperation agreements unavoidable. However, I feel I must warn against considering mergers as a panacea for restoring competitiveness in this area, for bigness is not always an advantage. It inevitably leads to an increase in bureaucracy, and firms are no exception, and it must therefore often be seen as a brake.

Many of the real innovations within the Community are not the work of these mammoth concerns but rather of the small and medium-sized undertakings, of inventors who, hitting upon an idea, set up their own businesses, managed to tap venture capital, developed their idea and brought it on to their respective markets. Undertakings such as these in particular require a competition policy which will afford them unrestricted access to our internal market, Community-wide. Community competition policy must not be allowed to foster mergers *ad infinitum* so that we end up with just one mammoth European concern with its inherent intolerable bureaucracy. Instead the guiding principle and the main preoccupation of our competition policy should consist of opening up the extensive Community internal market and affording access also for the small and medium-sized undertakings.

*(Applause from the centre)*

**Mr Beazley (ED).** — Mr President, my group considers that the Franz report on the Commission's twelfth report on competition policy deserves the thanks of this House for its definite, clear and forceful statement of the responsibilities of competition policy and the lines it must follow to play its part in the formation of a fully-fledged internal market. However, of special importance is what Mr Franz's report says about the relation between competition policy and the competitiveness of the Community's trade on an international basis and in the international market. This report will, therefore, receive the full support of this group.

Furthermore, the strengthening relationship between DG IV of the Commission and this Parliament and its various committees gives confidence that the Community's competition policy may be developed as a positive instrument to assist in the creation of a common market and in strengthening the Community's economy by a sensitive appreciation of the needs of

**Beazley**

both these internal and external markets rather than purely as a policing authority to cope with contraventions. Of course, the relationship between Parliament and DG IV still has a very long way to go before it can fulfil its potentiality.

The scope and presentation of the Commission's competition report is steadily improving, and it is becoming an increasingly helpful report. However, it is disappointing that Mr Franz had to write his paragraph 51 pointing out the number of cases where previous reports by this House have apparently received little or no attention from the Commission. This default must be corrected at the first opportunity if mutual confidence is to increase.

Secondly, I consider it important that the Commission and the Council should pay due attention and give proper support to Parliament's claim to play an appropriate part in competition policy. This House is indisputably the representative of the people of the Community in all its aspects. How can this House properly carry out its representative role if it has no formal position in matters so directly affecting the public and commerce and industry as did the renewal of Regulation No 67/67? Why should the responsible committee have to write an own-initiative report under Rule 47 in order to express its views? I submit that the participation of Parliament in clarifying issues and pointing out the need for the regulation to be based on principles very materially helped the Commission to extract itself from the maze into which it had strayed in the renewal of Regulation No 67/67.

Likewise, I submit that the same will be the case with the proposals on selective distribution. Once more we have had to use the only instrument available to us, a resolution leading to an own-initiative report, in order to have a vehicle to intervene on behalf of the people whom we represent on this important proposal.

It is within the powers of the Council, on a proposal from the Commission, to set this matter right. And I believe that Parliament has earned this right and will continue to justify the confidence which it asks the Council and Commission to extend to it.

Next I would like to draw the Commission's attention to what I believe is a serious gap in its organization — that is, a means of evaluating in advance the likely consequences of its proposals. As the competition Commissioner well knows from a presentation at the London Conference on competition policy, which many representatives of this Parliament and the Commission attended, the United States anti-trust authorities benefit from the work of a sizeable group of practical economists whose responsibility it is to prepare this pre-legislative economic investigation and evaluation process — a group, furthermore, that turns over at regular intervals to keep its approach fresh and actual.

I am confident that the benefits which such an addition would provide to DG IV would not only receive the support of this House but also ensure much greater confidence on the part of trade and industry in the proposals of DG IV.

Finally, I would like to suggest that the Commission should take care in evaluating the extent to which competition policy on its own can assist in creating the common market and the competitiveness needed by the Community to be successful in international trade. In many of its measures the creation of the common market is the basis of its proposals, but it often works on too narrow a front. We all know the extent to which national interests restrict the scope of the common market and hold back the speed at which it can be created. I suggest that Directorate-General IV must widen its horizons. It must have a greater appreciation of the urgency with which the Community needs a real common market. It must concert its efforts throughout all the directorates-general of the Commission. Not only must it be more effective and quicker in eliminating State aids, but it must be more aware of the need to break down the obstructions to a common market for services and must evaluate where the common market is weakened by the fiscal and financial policies of Member States.

Lastly, may I say in regard to the creation of a common market that I do wish that we could hear more often ringing out from the bathroom of the Commissioner the word *Eureka*. He has a bigger job to do and less time in which to do it than he may imagine, and this House will support him if it gives him its trust.

**Mr Leonardi (COM).**— (IT) Mr President, the role assigned to competition in the EEC Treaty is an ancillary one: in Article 3 it is considered as one means — amongst others — of achieving the general development objectives set out in Article 2. It is not so for the Commission, which, in the twelfth report, singles out competition as being alone capable of ensuring a definitive optimal allocation of resources. Competition is thus imparted an absolute value, a view with which we are in strong disagreement.

After years of progress, this Community in the present extremely difficult situation is in danger of regression because, instead of going ahead with common policies — which should, among other things, define the scope and function of competition — we are now assigning to competition a decisive role and some kind of absolute, universal, ideological value — contrary to the historic realities of our existing systems. These are, let me remind you, mixed-economy systems, with built-in provision for public intervention and respect for values other than those of the forces of competition.

**Leonardi**

Mr Franz is falling into the same trap. Let me just refer to a few passages of his resolution. Paragraph 22 calls for acceptance of Japanese competition: in the present conditions we should, instead, make it our first duty to equip our industries to meet, on an equal footing, the competition of a country that is thoroughly, structurally, protectionist. Japan should first of all allow European firms to enter its market; instead it simply concentrates on conquering our markets. Paragraph 36 approves the criteria adopted for the acceptance of restrictive agreements: yet these are essentially based on the firms' performance, rather than taking account of overall Community interests. Similarly, paragraph 40 expresses concern over enlargement of the Community, particularly as regards the possibility of applying the rules of competition to the new member countries: no thought is given to the aids necessary to bring their economies closer to the level of the developed countries. Finally, paragraph 49 deals with nationalization. Although reluctantly, the rapporteur accepts this, mainly because in most cases it concerns enterprises faced with bankruptcy and saved by state intervention: but he makes no mention of the need for measures to enable these enterprises to participate in fair competition both within and outside the Common Market.

We believe, Mr President, that no universal principles — whether they be of competition or nationalization — will get us out of our present difficulties. What we need is comprehensive and specific policies that can command a broad democratic consensus. Policies that are consonant with the mixed economies in which we live and which today are in a state of crisis.

**Mrs Tove Nielsen (L).** — *(DA)* Mr President, 25 years after the establishment of the Community, we have to recognize that the internal market does not function as it was always intended it should. We have eliminated the external tariff barriers, but a whole range of internal problems have unfortunately arisen. We have acquired a whole series of technical barriers to trade, as they are known. They might also be termed a form of protectionism, indeed a form of nationalism. All this, whether it be technical barriers to trade, increasing nationalism or protectionism, is in direct conflict with the spirit and letter of the Treaty of Rome. We must therefore make an effort to achieve the functioning of the internal market and the removal of these technical barriers to trade. It is easy to look for an explanation in the economic situation in which our Member States find themselves in these years. After all, everything is so much easier in a period of economic upturn. We are currently in a period of economic decline, but when we enter into binding cooperation such as precisely that arising from membership of the European Community, all the Member States — hence also their governments — must learn that we cannot be protective towards

our own nations, towards our own national business interests, and forget that we are involved in binding co-operation. This means that we are a unit which must be built upon, that we have to localize enterprises geographically where they are best placed to produce competitive goods. Different operations must be sited in different regions on purely geographical considerations.

Instead what is unfortunately being done is, on the one hand, to create these technical barriers to trade and, on the other hand, in certain quarters to give national aid to firms in order to keep them alive artificially, perhaps on the pretext of preserving jobs — that is understandable. In a period with such an incredibly high level of unemployment as we have in these years — 12-14 million out of work in the Community — of course we have to do everything in our power to safeguard existing jobs and to create new ones. But we shall not do it by giving national aid and by artificially keeping alive certain firms for which there is no future in any case. This is an artificial form of support, which will only be of help for a limited period to the firms that receive it.

At the same time, companies which have a good chance of prospering and which have shown imagination and creativity in manufacturing products that can be sold, experience detriment commensurate with the state aid which is given to the firms which are not viable, and that is very serious. It is finally down to the internal market, and if that is disrupted and conditions of competition are such that we are no longer able as a unit to meet the challenge of competition on the world market at large, we shall get into really serious economic difficulties.

It is time to change our tactics. It is good that the Commission realizes barriers to trade must be dealt with. The twelfth report which we have before us shows that very little has actually been done. But this point is emphasized very clearly by the rapporteur, and of course we in the Liberal Group will back the Franz report, as we did in the Committee on Economic and Monetary Affairs. It is a very sensible document, since it stresses free competition, which of course must be the vehicle that will carry Europe forward to create a better future for us all.

But there is still plenty to do, and for that reason we think it excellent that a matter of such importance as the small and medium-sized enterprises should be tackled. The report makes it quite clear that the Commission must play its part in promoting the right conditions and investment possibilities for the small and medium-sized enterprises and in stimulating their readiness to invest.

I have already said that we must be competitive on the world market at large, but when we think of the challenges we face, both from the Americans and the Japanese, we must concede that at the present time

**Nielsen**

Europe has fallen behind in the race. We must learn to meet the challenges, we must strive to apply new technology, so that we can compete on the world market at large. There is therefore something to be achieved, and we must be clear about one thing: we cannot achieve it unless we do something about training, unless in Europe we have people who are qualified to do the jobs which are needed to meet the challenges we are facing. Otherwise, we may as well pack up and go home. In all seriousness, I do not believe that those people of socialist persuasion who think they have the answer to unemployment will miss the chance of doing something about employment. For if they do miss it, nothing will happen, which is why it is a good thing that we have vocational training in the Treaty of Rome as an area in which something can be done. We must get to grips with it.

I shall conclude, Mr President, by saying that an error has crept into Amendment No 1, at least in the Danish text, which was tabled by one of my colleagues and myself from the Liberal Group. It concerns paragraph 40, under which we are anxious to adopt a positive attitude towards the development which will take place when Portugal and Spain join the Community. We feel that the manner in which it is expressed in the original text of the Franz report, with fears of this and fears of that, is too negative a way of tackling the problems. Our proposal therefore states that we 'consider that the difficulties arising as a consequence of the enlargement of the Community should be' — and the word here should be 'løselige', i.e. 'capable of solution'. Unfortunately the exact opposite appears. We do, of course, think that the problems, the difficulties we may be faced with on enlargement, are problems which have to be solved. I would ask that this amendment be understood in this light, and not as it appears in the Danish text.

Mr President, we are happy with the Franz report, and we will give it our full backing. I hope we shall soon be a little more representative than we are at present, for it is an important field. Quite simply the future of Europe depends on the internal market being able to function, for it is only on the basis of an internal market which functions adequately that we can meet the major challenges facing us. We can tackle them if we only have the will to do so.

**President.** — Mrs Nielsen, I think that only the Danish text is incorrect.

**Mr Ryan (PPE).** — Mr President, the special aids which Ireland gives to encourage manufacturing industries are well known and accepted. Because of Ireland's acute rate of structural unemployment, even before the current recession, its relatively high dependence on agriculture and the rapid rate of expansion of its population, with the birth rate more than double

the death rate, our European partners generously agreed that Ireland might continue to grant facilities to encourage the development of industry.

We are grateful to our European colleagues for that concession. But we have recently come to doubt their sincerity, certainly the sincerity of some of them who have expressed support for Ireland but have outbid Ireland in the attractions offered to industry. Lately a number of new industries which were about to be established in Ireland switched at the last moment to other European countries, because Ireland's richer European competitors offered more attractive and costly aids. As a result nearly 17 industries and 4 000 jobs were lost to Ireland, and Ireland is after all, apart from Greece, the poorest member of the Community, and with Belgium the one with the highest rate of unemployment. This is a situation of which any decent European ought to be ashamed.

I would like to translate those small figures into the larger European dimension. As far as the Federal Republic of Germany, Italy, France and Great Britain are concerned, the loss of 4 000 jobs to Ireland would mean proportionately 80 000 to 100 000 jobs lost in their countries. The Commission and the Council of Ministers will really have to take urgent and effective action to stop the racket of competitive bidding for industrial investment at the expense of poorer Member States. This is not an issue for interminable debate and negotiation. The Treaty of Rome enshrines the principle of improving the living standards of all Europeans so that all may enjoy equal and improved living standards. The practice of a rich European country outbidding a poorer one flies in the face of that goal and must therefore be stopped forthwith.

The Commission's proposal for a superlevy on milk production would create a problem 20 times more severe for the Irish economy than the impact that the budget refund has on the British economy. We are sympathetic to the British in their problem. But if to the despondency created by the milk proposals is added alarm at the failure of the Commission and the Council of Ministers to stamp out unfair bidding for industry, the dream in Ireland of European unity will become a nightmare.

The cure to the scourge of unemployment in Europe will not be found by beggar-my-neighbour policies. If we try to export our problems to others, they will retaliate. The only effective way to give European industry the uplift it needs is to agree on European-wide cooperation so that Europe may enjoy the economies of scale and modernization being implemented in the United States and in Japan.

The area of greatest abuse is probably the public sector, in particular public service purchases. As a consequence of government-arranged protectionism to favour native industries, the US and Japanese investors are tempted to set up industries in those countries

**Ryan**

which fail to respect their European Community obligations. France and the UK particularly are gaining investment by breaking the rules. The Commission fails to act. What a way to say you are serving a Community! In Ireland 40 % of manufacturing is related to exports. Much of it is in those areas where there is most protectionism, for instance, telecommunications, electronics, healthcare products, machine tools, engineering and a wide range of consumer products. It is high time the Commission took drastic action to stamp out all the covert protectionism in the European Community.

**Mr Alavanos (COM).** — *(GR)* Mr President, we would like to thank our colleague Mr Franz for his excellent report, which he has presented just a few months before the elections for the European Parliament. With his report Mr Franz absolves us of the need to voice matters that the Committee on Economic and Monetary Affairs itself recognises and that, if we ourselves had said it, would have attracted accusations of exaggeration or of kow-towing to the European Economic Community. As for the matter of competition, among the many statistics that could be mentioned on the basis of Greece's experience I shall refer only to one: that Greece's trade deficit in the two years since our accession, 1981 and 1982, reached 297 billion drachmas, i.e. roughly three times what the Community's budgets have granted to Greece. Of course, the consequences of such a trade deficit are well known, both for the state of industry and for employment in our country. Moreover, this is happening during the transitional period and not under the frenzied competition envisaged by Mr Franz.

The situation of competition as it is developing in the EEC today has two basic consequences for our country:

Firstly, it essentially compels Greece to abandon a policy of economic and especially industrial development, which is very important for our country.

Secondly, it essentially compels our country to abandon a path of social and economic change. This second consequence is perhaps the more important one, especially at a time when conclusions are being drawn about the two years that have passed since the change of government in our country.

I would like to stress certain points in the Franz report: Firstly, the report maintains that State aid should not amount to a State protectionism that is no help in solving the present economic difficulties. Elsewhere it speaks of the transparency of public subsidies, etc. In essence this report shows that within the framework of the EEC Regulations, of the laws that govern the European Communities, it is impossible to pursue a national programme, which cannot but be based on powerful participation by the public sector in a development policy. There is, of course, an

exception, the well-known exception accepted by all conservative governments in contravention of their ideology. As Mr Franz himself says, State subsidies are only permitted when there is a deliberate policy of economic motivation for the restructuring or reorganization of industries. In other words, subsidies are only acceptable when they benefit large capital interests. Secondly, the Franz report opens the way to privatization and strikes at the development of the public sector in a very real way. Characteristically, it mentions the danger of the centralizing effect of nationalization, and that subsidizing public enterprises would be at the cost of competition in the private economy. Thirdly, it multiplies the ways in which the European Economic Community can intervene to control competition. Fourthly, it essentially prohibits nationalization.

In the light of all this, Mr President, we shall vote against the Franz report.

**Mr Contogeorgis, Member of the Commission.** — *(GR)* Mr President, before I begin I would like to inform you that my colleague Mr Andriessen, who is responsible for matters relating to competition, has suddenly been taken ill, and I am sorry that he cannot be here this evening for the debate on the Commission's 12th report on competition.

Mr President, the agenda gives us a picture of the variety of subjects generally covered by the competition policy. The utility and purpose of the annual reports on competition is that once a year all these subjects are brought together to form an overall picture of the situation. Consequently, Parliament's resolutions concerning these reports have twofold significance for the Commission. Firstly, they bring to the surface Parliament's reactions to our general policy of competition, which is a very useful finger on the pulse for the Commission. Secondly, they refer to the report itself, its quality and its content, and this makes it possible for us to effect improvements in later reports. Thus, we are very glad that the 12th report is being debated already, so that we can make a start on the preparation of the 13th report while bearing your comments in mind. This year the debate on the 12th report is taking place much earlier than last year.

From the resolutions of previous years it is apparent that the Commission's basic policy agrees with Parliament's most fundamental wishes. It is a policy that continually harmonises with the existing situation, and a dynamic policy that adapts to changing circumstances while not departing from the principles laid down in the Treaty, i.e. those of a market economy.

Our proposals on the control of centralization, which is a matter of such great importance nowadays, are proof of our efforts to adapt to the present-day situation. Besides, Mr President, this year is characterized by intense activity in the area of decreeing regulations concerning competition. The new regulations on

**Contogeorgis**

distribution and sales agreements have come into force, a draft regulation on distribution in the automobile sector has been published to allow the opportunity for comment, and discussions on the draft regulation concerning exploitation licences have started again. In the sector of aid, our policy requires continual adaptation to the existing situation.

The increases in State aid gave rise to powerful intervention by the Commission, which was intended to penalize the mentality of many companies concerning aid and to avoid a 'beggar-my-neighbour' policy between the Member States as a result of State aid.

Mr President, the Commission is pleased with the positive spirit of the motion for a resolution, not only in relation to our policy but also as regards the quality and content of our report. The importance of Parliament's good opinion is obvious, but the report has also had favourable reactions from other non-parliamentary readers. As my colleague Mr Andriessen mentioned to the Committee on Economic and Monetary Affairs, the competition report is a 'best seller' among the Commission's publications. It is perhaps the most sought-after document.

We do not intend to rest on our laurels; this year too we are trying to effect any improvements that we can.

The report concentrates into a single paragraph, paragraph 50, the most important points of criticism and allows us to consider some of these in greater detail.

Mr President, I can assure the House that the Commission takes careful note of these criticisms. In connection with some of them we can find solutions in the immediate future, which will satisfy Parliament. In other cases, however, we may encounter greater difficulty. At any rate, Mr President, rest assured that the competition report to be drawn up next year will demonstrate the progress made in this area. Parliament's comments and criticism are welcomed by the Commission and will be taken into account.

**President.** — The debate is closed.

*Vote*<sup>1</sup>

*(The sitting was closed at 8 p.m.)*<sup>2</sup>

<sup>1</sup> See Annex.

<sup>2</sup> Deadline for tabling motions for resolutions to wind up the debate on the oral question on the suspension of payments from the EAGGF — Agenda for next sitting; See Minutes.

*ANNEX*

## Votes

The Report of Proceedings records in an annex the rapporteur's position on the various amendments as well as explanations of vote. For details of the voting the reader is referred to the Minutes of the sitting.

**SECOND FORSTER REPORT****(DOC. 1-454/83/rev. — AIR TRANSPORT): ADOPTED**

The rapporteur was :

- IN FAVOUR OF Amendments Nos 1 to 13, 15, 23 and 46 ;
- AGAINST Amendments Nos 14, 16 to 22, 24, 26 to 32, 34 to 45, 47, 48, 53 to 55 and 57.

*Explanations of vote*

**Mr Seal (S).** — It was very interesting to hear Miss Forster, with her fine rhetoric and grand ideas, talking about efficiency and savings for passengers. But all that is a smoke-screen. It is a smoke-screen because she supports the kind of typical Tory dogma which wants free enterprise and the survival of the fittest. None of the Tories, when they spoke, mentioned Mrs Thatcher's former friend that she used to put forward as an example. I mean good old Freddy Laker, that supporter of free enterprise. He too said he wanted the chance to help passengers. He too said he wanted the chance to help taxpayers, but in the eventuality the only person he helped was himself. If Miss Forster's ideas go through, then regional airports like Cardiff, East Midlands, Liverpool and Bradford-Leeds in my own area will eventually disappear.

Miss Forster talked in such a fine style about her ideas on theology. She said God had wings. If this goes through, He will need wings if He is going to visit Bradford because there will be no aeroplanes flying there.

**Mr Albers (S).** — *(NL)* I regret to have to part company with my group on this matter. I have painstakingly analyzed the proposal for a directive and accompanying motion for a resolution and I have concluded that the Commission recommendations afford the possibility of reconciling tariffs with the services provided while preserving the all-important interlining system. I also welcome the decision not to determine fares exclusively on an airline cost basis but to take account also of the direct costs of the firms, the characteristics of the route and subsidies granted to frontier regions. I find it quite natural that the tariffs be subject to approval by the Member States, but I also consider arbitration particularly necessary. I deeply regret that the Commission's role has been completely eclipsed as a result of the adoption of the Herman amendment. I was especially keen to see the Commission being assigned a role.

I believe I can say that this directive will strengthen the influence of air transport users while respecting the working environment and working conditions, as well as safeguarding the provision of services and safety. These are the reasons for my decision to support the directive and the accompanying resolution.

*(Applause)*

**Mr Welsh (ED).** — I really rise merely to draw Members' attention to the quite ludicrous rubbish spoken by Mr Key. Mr Key affects to be the spokesman for small regional airports and the spokesman for consumers. Well, I have a small regional airport in my constituency. It is called Blackpool and you are very welcome to come for your holidays there, Mr Key, if you so wish. But the fact is that Blackpool airport, which is municipally owned, has been frustrated at every turn by that cartelized nationalized industry, British Airways, which does its best to stop airlines flying in and out of Blackpool in order to protect its own interests elsewhere.

Then Mr Key said he spoke for consumers. If anybody thinks that consumers are served by the extortionate fares charged by those nationalized cartelized airlines, I can only say to Mr Key, as the Duke of Wellington once said, 'If you believe that, my friend, you would believe anything.'

*(Applause from the European Democratic Group)*

**Mr Moreland (ED).** — If my colleague, Mr Welsh, feels that he needs to answer Mr Key, I shall answer Mr Seal. However, I have an easier job, because I suspect that every time Mr Seal speaks, it means that most of the House rallies to the cause opposite to him. We are naturally disappointed that this resolution does not go as far as we would like and we are forced to abstain because of that. There is a clear need in Europe for a more competitive airline system and for a cheaper airline system related to cost.

I will tell you why the group opposite is against that. They are opposed to it for two reasons. The first is that they do not regard this as anything but a threat to State control. They know that the system in Europe is a criticism of State ownership and control. The second reason they are opposed to the proposals is this. They, of course, bleat very often about the needs of the working class and what they should do. However, when it comes to the real needs of the working class — like making their travel cheaper — they are of course against it. That is typical of the Socialists.

I shall abstain. I regret I cannot vote for the resolution but at least I regard it as a step in the right direction.

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#### FRANZ REPORT (DOC. 1-801/83 — COMPETITION): ADOPTED

The rapporteur was :

- IN FAVOUR OF Amendments Nos 1 to 3, 7, 13 and 18 ;
- AGAINST Amendments Nos 4 to 6, 8 to 12, 14 to 17, 19 and 20.

#### *Explanation of vote*

**Mr Wurtz (COM).** *in writing.* — (FR) The French Communist and Allies Party does not deny the need for a competition policy. When they vote against the Franz report, they will be doing so for three specific reasons :

- firstly, because the report considers the enlargement of the Community to include Spain and Portugal as a foregone conclusion
- secondly, because it supports the Commission's policy of dismantling the steel industry, and
- finally, because it claims to be opposed to the principle of nationalization.

These are all measures which we cannot accept. It is this that leads us to vote against the Franz report.



## SITTING OF TUESDAY, 25 OCTOBER 1983

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## IN THE CHAIR : MR DANKERT

*President*

*(The sitting opened at 9 a.m.)<sup>1</sup>*

1. *Control of concentrations*

**President.** — The next item is the report by Mr von Bismarck, on behalf of the Committee on Economic and Monetary Affairs (Doc. 1-807/83), on

the amended proposal from the Commission to the Council (Doc. 1-946/81 — COM(81)773 final) for a regulation on the control of concentrations between undertakings.

**Mr von Bismarck (PPE), rapporteur.** — *(DE)* Mr President, ladies and gentlemen, yesterday we discussed competition and by a very large majority adopted a report in which the Commission showed far more clearly than it has in the past that it fully appreciates that without competition there is no competitiveness and that it is primarily competition which leads to competitiveness. We heard various Members refer to the serious obstacles to be overcome before we reach the stage in a common European market where we have competition that makes this market really social. But today we have to discuss a subject which adds a very important dimension to the implementation of yesterday's decision.

We all know that, if competition were completely free, we should have a liberal market economy, that a few large entities would emerge to crush their neighbours and not do what they should do: ensure optimal supply to the citizen. We know that we here must ensure — and there is no time to lose — that the elephants do not grow so large that they quite accidentally tread on the mice with their gigantic feet and destroy what we really want — a social market economy. The Committee on Economic and Monetary Affairs therefore very much welcomes the Commission's second attempt — it made the first as long ago as 1973 — to propose that the Council adopt a regulation that permits the exercise of preventive control of concentrations.

This preventive control is designed to ensure that concentrations that obstruct the market, that disrupt the market and the exchange of suppliers' and consumers' interests do not take place.

The Commission's first proposal was rejected by the Council, and not by just one but by all the Member States, each having its own interests, which is understandable. But this Parliament should now give the Commission every support by adopting a joint

position with it to make it morally impossible, in the eyes of our citizens, our constituents, for the Council to avoid taking the step that needs to be taken, the introduction of transfrontier controls to add to the effective controls over concentrations which we have in many countries.

If we look at the Commission's very carefully prepared document and ask ourselves why the first proposal failed, a question that must surely arise is: Do the political leaders of the Member States know enough about the market, about competition? Do they know that, without competition, a market economy cannot be social, whatever other social action may be taken? Without competition it cannot be social because the suppliers are not then forced to comply with the wishes of the consumers. Do the politicians in the Member States know this? I doubt it. This Parliament is at present principally an opinion-forming body, and together with the Commission, it should urge the Council, as unanimously as possible, to take this step, which is in fact a small one. What we are discussing now has several facets, which I will name so that we all have an impression of how essential this is.

Firstly, transfrontier competition. The plan is that transfrontier concentrations should also be controlled from now on. The controls will apply where one of the companies involved in a concentration has its registered office in the Community. If we look at the details, the real problem was to minimize the Council's objections and make it easier for it to believe that it is doing something that will benefit all the Member States, even those who have their doubts.

A few words on the details. The first point is turnover. Turnover, which can be seen in balance-sheets and publications, is what triggers off action. It can be established fairly objectively. But the question was what the level should be. At first, 200m ECU was considered appropriate, then 500m ECU, and we finally agreed on 750m ECU. Why? Because we believe that this transfrontier control is something new which will pose new problems for the Commission, and we should avoid overtaxing the Commission. We shall overcome all kinds of objections from the Member States if we raise the amount to this level for a limited period, say 5 or 10 years. Hundreds of cases will have to be dealt with even if we raise it to this level.

The committee took a long time over this and also discussed it with the various authorities in the Member States and came to the conclusion that 750m ECU is an appropriate figure to begin with. I ask all those Members who believe we should go back and think again to remember the enormous task we are imposing on the Commission. It cannot cope with it overnight. This is a very complicated field as we know from our own countries. We should be doing the Commission a disservice if we landed it with an enor-

<sup>1</sup> For approval of the Minutes and documents received, see the Minutes of Proceedings of this sitting.

**von Bismarck**

mous number of problems, and we should also jeopardize confidence in the Commission, because companies would say that the Commission cannot cope, it all takes far too long, it takes the wrong decisions. We should be jeopardizing what we want: competition and control. I therefore ask Mr Caborn in particular to appreciate that I cannot support his amendment, in which he calls for the reinstatement of 200m ECU, because, if that is adopted, we shall not get anything accepted and it will take another ten years before we are perhaps able to convince a future Council.

Secondly, there must be legal certainty. It must be known who is responsible for what. To this end, I ask the Commission in paragraph 6 of the motion for a resolution to add something to its proposal. It is not absolutely clear what the national control authorities are to do if the Commission does not intervene. There must be a ruling so that anyone who heads a company knows what happens if the Commission does intervene and what happens if it does not. It must be clear, in other words, which is the competent authority. Everyone must know what to expect, because otherwise the whole thing will adversely affect our ability to compete with the rest of the world.

Thirdly, we felt it right to consider the whole of the Community market. However, it is equally important to protect substantial parts of the market. As agriculture stands today, it cannot be denied that Greece and Ireland, for example, are still completely separate markets, as Portugal will be. We must also consider substantial parts of the market and bring them into the regulation, otherwise we shall do harm to individual markets and not give them the benefit of the control of concentrations.

This third point is particularly important and specifically concerns Article 19. We agree with the Legal Affairs Committee, which has done some very important work, for which I thank it most sincerely on behalf of the Committee on Economic and Monetary Affairs. As Mr Vetter has reported, the Legal Affairs Committee has considered various examples, including the idea of 'substantial parts of the market', and in this respect in particular — Article 19 — our two committees agree. Article 19 says that the Council may intervene again at any time and the Commission, once it has decided, must first establish whether the Council agrees.

I must tell the Commission's representative that we do not share this view. We believe that two authorities must be competent for cartels — the Commission and the Court of Justice, and no one else. If we involve politicians at national level, we well know the pressure that is brought to bear on them, as in the case of subsidies, and we consider it important for the Commission to be accountable to the Court of Justice

and not to Council members delegated by the national parliaments, who cannot champion a cause as a whole but must vote in such a way that they retain their positions. Our view on this is quite clear and unshakable. Nor do we want things to remain as the committee agreed. I was outvoted in committee, but an amendment will be tabled — I say this on my own behalf — and I would be happy if you could again make a correction, so that it is completely clear that the decision is always taken by the Commission.

As regards legal certainty, there is a question of detail: the two criteria of turnover and market share. This is also a controversial point. It is impossible to tell straight away from newspaper articles and reports what a firm's market share is. Further investigations have to be made before this question can really be answered. I therefore call on those Members who may have plans in this respect to drop them. It is clear that turnover is the applicability criterion, but the market share as the assessment criterion is not considered until it comes to taking action. Otherwise, there would be many errors of judgement.

I should like to take this opportunity to say the following — on your behalf, I trust — and I would ask the gentlemen of the Council to bear this in mind: when we have acted together, debated the matter thoroughly beforehand, adopted and submitted a text, the Commission should get out of the habit of changing, little by little, what Parliament has said. We shall then gradually become what we should be: the legislature. Every time the Commission changes our texts, it offends against Europe's elementary interest in having a Parliament which represents the ordinary citizen, makes laws and governs. We have discussed the matter very carefully with your superiors, and I take this opportunity to call on you to set an example and allow Parliament to decide, whether you like it or not.

This is a basic problem for our Community, and the Commission would be well advised to join with us in ensuring that there are as many such instances as possible during the next parliamentary term and to adopt texts with us. Let the Council then try to tackle us both. As long as it divides us, it will have not difficulty. If we stand together, it will have trouble. Let us stand together.

*(Applause)*

**Mr Vetter (S)**, *draftsman of the opinion of the Legal Affairs Committee*. — (DE) Mr President, ladies and gentlemen, the Legal Affairs Committee expressed its views on the original proposal in two paragraphs and communicated them to the committee responsible, the Committee on Economic and Monetary Affairs, orally and in writing. I must point out that we were at that time taking stock of the situation on the basis of the documents then available, and that what I say now

**Vetter**

should in no way be regarded as a final opinion on the motion tabled by Mr von Bismarck, because we were considering the original proposal.

In the first paragraph of the opinion we very largely agree with the Committee on Economic and Monetary Affairs when we say that the control of certain concentrations having a Community dimension is a desirable element of competition policy. The second paragraph was the result of discussing innumerable amendments that were also available to our committee and can simply be put down to the age and nature of the original proposals we were considering.

After a lengthy discussion of the many amendments, we reached the conclusion that this was not the right way to treat the matter. We therefore proposed to the Committee on Economic and Monetary Affairs that the Commission should withdraw these proposals and draft fresh ones after a thorough scrutiny of the topic. This, then, was the position of the Legal Affairs Committee at that time.

If I might be permitted a personal comment, I have looked at the paper on which we have to vote and I intend to join in the discussion on it. Had the Legal Affairs Committee considered this paper, it would undoubtedly have endorsed it. I say this entirely on my behalf, since the Legal Affairs Committee was not asked to assess this paper.

*(Applause)*

**Mr Caborn (S).** — Mr President, may I first of all, like Mr von Bismarck, welcome the Commission's initiative in putting this once again before Parliament. Let us hope we can get some movement into it this time. It is 10 years ago since they introduced the first document on the question of merger control. I think it is unfortunate that we deal with matters like this in a rather piecemeal way. It was, in fact, in 1981 in my report on the multinational corporations that we tried to turn attention to having a businesslike approach to the question of a legal framework in which multinational corporations should be operating, and indeed the larger national companies as well.

We have moved a little way down that road. We have had the Vredeling proposals, which took up a fair amount of time in this Parliament. It was indeed a document discussed widely within the Community. The second area was transfer pricing, and, unfortunately, we have done nothing about that. Now, thirdly, we have merger control, and I am glad to see this before Parliament today.

There are two points I would like to raise on the document itself. First of all, I wish to say to the Commission that I cannot understand why they have allowed the sliding to take place. As Mr von Bismarck has already remarked, in 1973 certain figures were incorporated in their recommendations to the Council, but now those have been changed. I cannot understand why the Commission have shifted from 200 million units of account, particularly in Article 1(2), to the 500

units of account now recommended. Unfortunately, the Committee on Economic and Monetary Affairs have now made that 750 million units of account. I am trying to restore the position as it was in 1973. I believe that position ought to be allowed. I would also remind Parliament that consultations took place at that time and the figures that were embodied in that recommendation to the Council were, in fact, approved by Parliament. I therefore reject the argument put forward by Mr von Bismarck this morning that 750 million units of account is an operational figure. I believe 200 million units of account will be an operational figure that can quite clearly be coped with by the Commission.

I now turn to what I think is a glaring example of Commission from the recommendations both of the Commission and of the Committee on Economic and Monetary Affairs' report presented by Mr von Bismarck — namely, the question of workers inside the companies that would be merged. We had a long discussion on 'Vredeling', in which many people made statements on how they would like to see workers involved in the organization and running of companies. There were certain legal restrictions that had to be considered, and, in fact, in the view of the Socialist Group, the Vredeling proposals were watered down to an unacceptable extent.

But here we have an opportunity to determine, without any problems of confidentiality or leaking of secrets, where the workers could be consulted. That is why I hope that in their response this morning the Commission will take on board Amendments Nos 19, 22 and 24, where consultations can take place with the workforce, and in particular No 19, where we are asking that the conditions under which workers are operating at the time of the merger should be safeguarded, treated as part of the investigation by the Commission before any sanction is allowed in regard to that merger. This is an extremely important matter, and if you take on board the points that have been made by Mr von Bismarck this morning on the question of the social economy then surely the workers and their representatives must be an integral part of that. You talk about competition and profitability. The one omission in this document is the main ingredient of industry — the workers. Here we have no reference to that at all.

I conclude on a slightly lighter note. I think Mr von Bismarck does for transparency of multinationals and workers' rights in this report what Mr Bangemann does for hang-gliding.

**Mr Blumenfeld (PPE).** — *(DE)* Mr President, the EPP Group, on whose behalf I speak, welcomes not only the Commission's second proposal, which has been under discussion for some years, but also, and in particular, the clarity of the report that has been submitted by Mr von Bismarck on behalf of the Committee on Economic and Monetary Affairs. We

## Blumenfeld

shall vote for this report unless its face is fundamentally changed as a result of amendments, but I do not think this will be the case.

It is undoubtedly true — and I endorse what Mr von Bismarck said at the beginning of his statement as rapporteur — that it is very important for the various aspects of competition to be settled and also for an appropriate arrangement to be found for the control of concentrations. The question which the committee faced and which the rapporteur has again put, or at least implied, is also, of course, whether the proposed controls on concentrations are likely to ensure practicability and the rapid completion of procedures, because this is very important, an essential factor: the undertakings concerned and the economy as a whole must have the benefit of legal certainty. One of the most important basic requirements and principles for the functioning and further development of the European Community is in fact the legal certainty in which we work, and we must therefore without any doubt welcome the rapporteur's unequivocal statement in this context that only two bodies can decide on the applicability and assessment criteria and on the regulation: the Commission and the Court of Justice.

I should like to go back to the question of legal certainty regarding the standards applied and the predictability of the various stages of the procedure and also the period of three months within which the Commission, or the relevant authority, must take action to determine whether there is cause for intervention. All this must be clearly set out in the provisions and terms of reference, and duplication must certainly be avoided. We cannot have a European as well as a national level of responsibility. This must be made absolutely clear.

Articles 85 and 86 of the EEC Treaty are, of course, sufficiently explicit on the obligations and rights in respect of the maintenance of competition, with account taken of existing structures, but the effective means of taking action to prevent concentrations of undertakings likely to restrict or even preclude competition, so clearly described by the rapporteur in the explanatory statement and his presentation of the report, do not exist at present.

Mr Caborn has gone a little further by mentioning a point which is undoubtedly important, the compatibility of employees' interests in multinational or major concentrations with the appropriate criteria for starting proceedings. We also believe that 200 million is far too small a figure for starting a very difficult procedure, and we therefore approve the limit of 750 million proposed by the Committee on Economic and Monetary Affairs. You referred to the workers. This question will have to be dealt with in the Vredeling directive, as it has come to be known. We do not want to overload this proposal, but we should bear this point in mind. It is a matter that should be

covered by another directive that the House has discussed and will be discussing again and incorporated in appropriate regulation.

The control of concentrations and this report can and will assume very great importance if this question is approached with caution, with care and in the realization that experience has to be gained. It would certainly not be wise of us, of Parliament, to try to establish the various criteria. That is the Commission's task. What is important is that we should say to the Commission and to the Court of Justice — to everyone concerned, in fact — that we must bear competition and the competitiveness of European undertakings throughout the world in mind. Decisions cannot be taken *ex cathedra* here. Instead, we must together ensure that our economy and our undertakings are ready for the future and therefore able to stand up to world-wide competition.

**Mr Hopper (ED).** — Mr President, my group will support Mr von Bismarck's motion for a resolution, partly to show support for a colleague and partly to show support for competition policy in the Community. I personally would like to express some doubts about the proposed regulation, and I should like to do so on three grounds.

The first is the ground of clarity. Mr Blumenfeld has said that the regulation is clear. There is one important respect in which I find it to be exceedingly unclear. I am referring to the rôle of dominant position. The present competition law of the European Community is based upon Articles 85 and 86. They are concise. They have been subject to frequent judicial interpretation and the basic principle is very clear. Dominant position is not illegal. The abuse of dominant position is illegal. Now I do not find that the new regulation is at all clear upon this point. Let me read part of its opening sentence: Any transaction which has the ... effect of bringing about a concentration between undertakings ... whereby they acquire ... the power to hinder effective competition ... is incompatible with the common market ... It would appear to me that this sentence attacks dominant position itself. Is the Commission telling us that henceforth dominant position is illegal? Is it telling us, on the other hand, that existing dominant positions are legal but that new dominant positions created by merger are illegal? I find the proposed regulation on this point to be unclear on an extremely fundamental matter.

I have a second reservation about the regulation. It seems to me to call into question the right of individual redress. Since the common market was formed and, in particular, since the Van Gend & Loos case in 1962, the law of the European Community has been made by the judges of the European Community and it has been made in answer to private suits. Hundreds of these suits have been brought by individuals, by companies and by other bodies.

### Hopper

I am concerned that the possibility of private action which exists today under Regulation 17/62 procedures will be swept away, and I am even more concerned at Mr Herman's amendment, which says very specifically:

Recommends that the right to take up a case, and, in particular, to commence proceedings under Article 6, should be reserved solely to the Commission.

My third doubt concerning this regulation relates to Article 1 (2) which lays down the criteria to be used by the Commission when deciding whether to bring an action. These seem to me quite inadequate and I would like to suggest to the Commissioner that there are six criteria which he should bear in mind.

The first and most important is the existence of entry barriers, such as, for example, the need to advertise exceedingly heavily or the need to obtain government approval in order to start business. The second criterion is the degree of product standardization which can influence the ease of entry. The third criterion is the state of the buyer's side of the market, not to be overlooked. The fourth is the history of antitrust regulation in that particular market and the extent to which it has been successful. The fifth, something that is frequently overlooked, is the attitude of national governments. A company may indeed have a relatively small part of a market, but if it enjoys the full support of its national government it may approach a monopolistic position. Sixth is a criterion on the other side, a criterion that may be held to be favourable to a merger, namely the consequences of that merger for efficiency. After all, economies of scale do exist.

I strongly support the views which Mr Beazley expressed yesterday on the need for the Commission to possess an adequate staff of economists. If it is to use these criteria effectively, it must have trained staff capable of using them.

It is my opinion that the Commission should not proceed with this regulation but that it should draw up and publish a list of guidelines describing the criteria which they intend to use. This is not an idea that I have invented. It is one borrowed directly from the United States, where the Justice Department publishes the so-called Baxter Rules. The Baxter Rules present major attractions. One is that if the Commission is to draw up such a group of rules it will be obliged to codify its own behaviour. Indeed, the rules will constitute a body of doctrine which will be useful to everyone who is involved. Secondly, the rules will introduce predictability. At present, under our existing rules, it is very difficult for a businessman to know whether a merger will be subject to investigation. Thirdly, it will relieve the Commission staff of the tedious work of recording proposed mergers. Those which fall outside the rules need not be reported.

Finally, the existence of such rules will relieve the courts of a mass of work. In the United States, since the introduction of these rules there has been a very significant decline in litigation.

May I say in conclusion, Mr President, that the publication of a body of rules of this nature would be of infinitely greater value than the proposed regulation.

**Mr Bonaccini (COM).** — *(IT)* Mr President, Mr von Bismarck is right to place the debate within the framework of competition policy. He claims that the debate complements that policy. I should like to ask him, does it complement or contradict it? For there are grounds for a strong suspicion that what we are discussing here may lead to contravention of that policy, and we wonder whether the emphasis that was being placed on competition policy and the way its virtues were being extolled here last night and this morning, as a kind of historic necessity, are not a prelude to legitimizing dominant positions.

What are the controls about? They are, in fact, about exemptions from prohibitions. This is the whole spirit both of the regulation and of Mr von Bismarck's speech — exemptions from prohibitions. So while, in words, we are fending off these giants, in fact we are allowing them to ensconce themselves in our economies and turn our markets into oligopolistic markets. Once that happens, we can say goodbye to competition and much good will all our hand-wringing do us!

I cannot, therefore, subscribe to Mr Blumenfeld's thesis, for instance, that the regulations should not go into details. If they don't go into details, the result will certainly be the one I have just described.

Both Mr von Bismarck and Mr Franz were trying to equate the economic and the social aspect, implying that by implementing competition policy we should somehow at the same time be realizing the highest social aims of this Parliament.

Let me say that in my country only the extra-parliamentary movements propound anything of the sort: they claim that anything in the social sphere automatically has economic implications. Here it is being said that everything to do with economics has social implications.

We prefer, on the other hand, to deal with the subject in hand realistically, regarding it as one of the occasions when we must stand up in defence of competitiveness. You may therefore expect us not only to oppose mergers, but also to adopt a more realistic approach which takes account of the social aspects and the possible consequences of such mergers. Thus, for instance, we shall support the arguments and the draft amendments submitted by Mr Caborn, and this is why we consider the figure of 750 million as too high. It would be much more reasonable to keep to the terms laid down in the Commission regulation.

**Mr Damseaux (L).** — (*FR*) Mr President, I should like to confirm the Liberal and Democratic Group's position in the vote on this report that was taken in the Committee on Economic and Monetary Affairs.

We feel it is essential to find a way out of this impasse, so the Commission can intervene, on an *a priori* basis, in take-overs or mergers that could affect trade between the Member States.

We are aware that concentrations may be desirable and sometimes even necessary in many sectors of the economy to ensure that structures are competitive and efficient and so we should take care to establish a control system that poses no threat to the improvement of the competitive position of European firms on the world market, but which can, at the same time, be applied whenever the process of concentration is likely to create monopolies that are incompatible with a market economy.

Mr Bismarck's proposed amendments strike a balance between these two imperatives.

Three points in the report seem to me to be essential in this connexion.

The competitive position on the international market has to be taken into consideration when fixing both the procedures and the criteria for appraisal of concentrations.

The European market is also part of the international market, so the development of international trade has to be taken into account if, in each case, an appraisal is to be made of the foreseeable drawbacks of concentration as compared to any advantages that would result as far as the competitiveness of the European economy on the international market is concerned.

My second point has to do with the criteria for deciding whether concentrations are compatible with the common market.

The first criterion — an overall, world turnover in excess of 750 million ECU — seems to me to be a reasonable figure. The control would therefore only affect some 423 firms, so the Commission would be able to get its initial experience by looking at a small number of cases and the Member States would be able to adapt their legislation.

However, I should like to support Mr Delorozoy's amendment about commercial undertakings. Turnover is not always a decisive criterion of the economic power of firms of this sort, nor of their competition and, in addition to this, their turnover is determined by completely different capital gains, particularly if it is derived from consumer goods in which there is a very high turnover.

So I propose that the threshold for the commercial sector be fixed at 1 250 million ECU.

As to the second criterion, 20 % of the market, this should indubitably apply not just to the whole of the Community market, but also to a substantial part of it if the idea is to avoid considerably restricting the desired effects of the rules on competition.

Lastly, I should like to insist on the importance of the cumulative nature of these two criteria.

My third and last remark has to do with the control procedure itself. It is vital for the control to be organized in such a way as to enable the Commission to bring out the Community aspects, so that the competition and the action that protect it are no longer subservient to national interests.

We must at all costs avoid a dual control. That would be both a heavy administrative burden for the firms concerned and a risk of contradictory decisions being taken — and a source of uncertainty, therefore.

So the regulation has clearly to define the powers of the Community and the national authorities and make the Commission exclusively responsible for raising the issue and for intervention.

**Mr Deleau (DEP).** — (*FR*) Mr President, ladies and gentlemen — some excellent things have been said in this debate, but I should still like to add one or two comments.

On behalf of the Group of European Progressive Democrats, I have to say that we share the view that better competitiveness of the firms of all the countries of the Community is a fundamental means of overcoming the economic problems facing Europe as a whole. This competitiveness is currently working in an internal market that we are anxious to make more transparent and more of an incentive. From this point of view, we cannot but be satisfied with the beneficial effects of the common competition policy which has proved to be very daring over the years, both as regards attacks on restrictive practices and the condemnation of dominant positions and positive encouragement for the development of new industries.

A further step in the competition policy — as we were reminded just now and as I should like to remind you yet again — was made in 1973 when proposals for regulations on the control of concentrations between undertakings were adopted. What the Commission wanted to do at that stage was endow the Community with an instrument that would control the effects of certain concentrations — and I say certain — that represented a threat to competition. This proposal arrived on the Council table with a positive opinion from the European Parliament, but the Member States were strongly opposed to it.

**Deleau**

The Commission is back before us today with another project, the main lines of which we have approved in the Committee on Economic and Monetary Affairs, in the first-class report by Mr Bismarck — and I think we should congratulate him for providing us with a text that has served as a basis for a discussion as interesting as the one we have been having since this morning.

Without wishing to start a fresh debate on the controversies — there are many of them and they have been raised in the Committee on Economic and Monetary Affairs we wish to insist on the need for a rapid, realistic conclusion and to point out that the obstacles and differences of opinion are not such that they cannot be overcome. We hope, in particular, that the Council and its experts will take account of the European Parliament's compromise position and of the fact that an *a priori* control no doubt has fewer drawbacks than an *a posteriori* one. We should also like to remind you that the problem of the coherence of Community and national measures is not particular to the competition policy and can be dealt with.

It is particularly desirable and particularly necessary for positions to converge on the possibility of Community control and national control in parallel, in view of the fact that very important social and material interests are involved. This is why we approve of the initial position of the Commission, which intended to associate the Council more closely in the projected procedure. At all events, the priority aim should be to seek a clear division of power between the Commission and the Member States so as to exclude, of course, any possibility of dual control, particularly in the case of transfrontier concentrations, but also in general, thereby avoiding any conflict of powers which would be prejudicial to the economic development of Europe.

As for the keys to the new proposal for a regulation, which deal with the criteria for determining how far concentrations are compatible with the operation of the common market — I should like to say that the 750 million ECU criterion introduced by the Committee on Economic and Monetary Affairs seems, undoubtedly, reasonable. I do not share the opinion of Messrs Caborn and Bonaccini on this point.

As to the criterion for intervention in respect of the share of the Community market, that is to say more than 50 %, we also feel this is practicable. And I should like to add, like Mr Damseaux, that I approve of the Delorozoy amendment on commercial undertakings.

However, clarification is called for when it comes to cases where the Commission can still authorize a concentration if it achieves one of the Community's

priority aims. This does not seem to be to be really clear and the point should no doubt be elucidated. I draw the rapporteur's attention to this.

Those, Mr President, are the thoughts provoked by the Commission proposal and the report by Mr Bismarck — that we shall be voting for provided it is not profoundly changed by amendments, while urging the Council to act at last on this dossier, a fundamental one in our eyes, for the future of the Community's firms, whose prosperity conditions social progress.

**Mr Albers (S).** — (NL) Mr President, ladies and gentlemen, there is no disputing that fair and free competition is central to the European Community. Fair and free competition has also given rise to rules which must be used to protect social conditions. What we are discussing therefore is a basic problem. It can be said that concentrations have increased precisely because this European Community exists. There is no denying that. It is therefore logical that means should be sought at the level of this European Community to exercise control in this sphere, because concentrations may be a threat to competition. But if in 1983, the year of small and medium-sized undertakings, we remember that the very existence of small undertakings may be threatened by these concentrations, that jobs can be lost, it is clear that employment is a factor to be considered. Consumers, too, have an interest in ensuring that concentrations are subject to controls.

It was in 1973 that the Commission proposed that concentrations should be controlled. Until 1973, the European Community had been a purely economic community, but about that time it was proposed that this economic community should also become a social community. I recall the social action programme that emerged at about this time. We must therefore consider the development of these proposals from this angle too.

It is, of course, very sad that even now, ten years later, no decisions have yet been taken by the Council of Ministers. And what do we see happening now? The Commission's original proposals have to be adjusted to take account of the comments the Ministers of the various Member States have made. In fact, the Commission has changed its proposal for the worse. And during the discussions in our Parliament, during the discussions in the Committee on Economic and Monetary Affairs, we find the view expressed in various quarters that it has not been changed enough for the worse: the limits should be higher, the market share larger, turnover higher — in fact, control over concentrations should be relaxed rather than strengthened. I happen to think that at this time of economic tension, of economic decline, there must be more control over concentrations.



## Albers

Mr President, a game is still being played with firms and with people. Firms are being closed down, even where it is not necessary, and the workers feel powerless. The workers are asking what the European Community can do to give them their rights, what the European Community can do about achieving the economic democracy which, along with parliamentary democracy, is so necessary. It is therefore a good thing that some of the amendments, which have been tabled take account of the position of the workers. Neil Kinnock, the new leader of the British Labour Party, has said that his party will be adopting a different attitude towards the European Community. One of the most important things he said was that, in his opinion, it was at the level of the European Community that something could be done about this economic democracy.

Let us therefore consider the proposals before us from this angle and let us also assess the amendments that have been tabled in the same way. Let us ensure that the proposals do not result in a relaxation of the control of concentrations. Let us instead try to strengthen these controls.

**Mr Alavanos (COM).** — *(GR)* Mr President, I am afraid that the motion for a resolution and the explanatory statement both smack more of the free competition of Bismarck's time than of the present-day state-monopoly capitalism and dominance by the huge multi-nationals. As regards the motion's practical significance, I think it is even more lacking than the Commission's proposal for a regulation, and this is highlighted in the recommendation that the applicability criterion for the control of concentrations should be raised. The practical significance of the control of concentrations is also substantially diminished by the introduction of clearly subjective criteria such as evaluation of the part played by these undertakings in the Community's ability to compete with other economic and political forces. On this reckoning, with all these limitations, I think that the proposal for a regulation is more of a — one could say — demagogic proclamation, or a means of resolving certain problems between the various monopoly undertakings, than an instrument for exerting anti-monopoly control.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, for two reasons it is with some sadness that I rise to speak on this motion. One is that my colleague, Frans Andriessen, is unable to be here and would very much wish to have spoken on behalf of the Commission on this subject, to which I know he attaches particular importance. So do I, and in that respect I am glad to be filling in for him. The other reason for sadness, of course, is the point which has been raised by a number of speakers from Mr von

Bismarck onwards, namely, that we are talking about something which has now been on the stocks of the Community for a very long time indeed.

I am accustomed in the field of insurance to dealing with subjects which make rather slow progress, but even by the standards of insurance competition appears to be a very slow subject indeed. Obviously, no blame attaches either to Parliament or to the Economic and Social Committee, both of which produced opinions on the draft regulation as long ago as 1974 — nine years ago. In the Council of course, as Mr von Bismarck pointed out, the matter has been held up, not because one country or another mounted a particularly strong rearguard action but because of the disagreements and the disinclination of a number of Council members over quite a wide area.

The question therefore arises, as we come back to this subject in a plenary sitting so long after the matter was initially put onto the Community's agenda, as to whether the proposal is still a relevant one, whether our philosophy ought to be revised, whether the approach which we adopted then remains valid now. Our response to that question is quite clear. We think that our philosophy is as relevant now as it was then, and we think that the approach which was valid then is valid now. In that respect, I must say that I was very pleased to receive the approbation not only of the mover of this resolution, Mr von Bismarck, but also, I think it is fair to say, of the great majority of the other speakers, even those who were speaking in opposition to Mr von Bismarck himself like, for instance, Mr Caborn. He was not arguing about the principle, he was arguing about whether we were going far enough.

In 1983, an instrument such as the one we are talking about is, we think, more important than ever before I would like to explain a little of the Commission's reasoning. Our present policy towards administering the competition rules is not only to apply them defensively, which is what one might have supposed from Mr Caborn's criticisms, but also to apply them dynamically. To do so, we need to have a means of controlling the structures within given industries. While our policy is sympathetic towards, for example, forms of cooperation in the small and medium-sized sector, we feel that we must also be able to intervene in structural changes, involving large firms where these may have damaging consequences.

I entirely accept the point that Mr Hopper made about the distinction between dominant position on the one hand and the abuse of dominant position on the other. It is an important distinction that he made. But it does not alter the fact — indeed, I think it reinforces the point I am about to make — that the Commission needs to be able to intervene in structural changes involving big firms where these may have damaging consequences.

### Tugendhat

The reason why I want to draw attention to this point is that studies have indicated in recent years that the degree of concentration has remained fairly constant in a number of large industries for some time. Therefore, what one sees is a situation in which many industries are organized in a very oligopolistic fashion with a small number of large companies very dominant on the market. In general, I think it is fair to say that a fairly intense degree of competition usually exists between those very large firms. But if you have a very small number of very large firms, then it follows, I think, that any degree of concentration could — and I use the word 'could', not 'would' or 'will' — endanger their competition. As we take that view, and as we feel that even a limited degree of competition in certain industries could have those effects, we think it is important that we should be in a position to examine all the possible dangers that might arise from amalgamations and mergers.

That is the background to our reasoning. The background to this particular proposal is, I think, well known to some Members of the House, but perhaps less well known to others. As I mentioned before, our 1973 draft was at the time approved by Parliament and the Economic and Social Committee, and the problems arose in the Council. At the end of 1981, the Commission submitted a revised proposal. The basic principles of the first draft remain the same, but the new version took into account a number of important political stumbling-blocks that had emerged in the preceding discussions.

The changes are roughly as follows: greater emphasis is given to the fact that the Community control is mainly aimed at mergers on a Community-wide scale. We have tried to involve the Member States to a greater extent in the decision-making though without, I hasten to add, diminishing the Commission's independent powers.

That brings me to the proposal on today's agenda and Parliament's reaction to it. I am pleased that the draft resolution now to be voted on approves the principles of our proposal. Indeed, one might say that the draft resolution actually extends the principles of our proposal, and Mr von Bismarck in fact made that point in his initial remarks. It is suggested that account be taken not only of competition at European level, but also at world level. This idea is only acceptable insofar as there is no question of back-door protectionism. I am sure that both Mr von Bismarck and Mr Blumenfeld, who spoke in support of him, would agree with that. In other words, as long as the European market is really open to competition from outside, then this competition could be taken into account in appraising the consequences of a merger.

In the preamble, Mr President, it is stressed that the responsibility for this area lies with the Commission.

We agree wholeheartedly with that and, incidentally, never had any intention of yielding that responsibility. None the less, we are grateful to Parliament for having made this point so clear.

I shall not go into the detailed proposals for amendments to the text of the regulation itself, though I will explain in a moment which we are accepting and which we have doubts about. I would, however, like to make a general remark. The resolution proposes that the threshold for application of the regulation be raised from 500 to 750 m ECU to give the Commission an opportunity to gain experience during this initial stage with a small number of cases. We are grateful for the concern and have no objection in principle to it. In fact, the sums involved are so big that raising the threshold will not greatly change matters and, in any event, the addition of a market share criterion would be a means of catching extreme cases.

Mr President, I would just say a word, before I close, on our attitude to specific amendments so that when it comes to the vote there can be no doubt where we stand.

First of all, there is a large group of amendments which the Commission takes great pleasure, I may say, in agreeing with. These are Amendments Nos 6 to 15, which have been tabled by the Committee on Economic and Monetary Affairs. This category also includes Amendment No 17, tabled by Mr Herman.

Then there is a group of amendments which the Commission thinks should be opposed. This group includes the following: Nos 1 and 2, tabled by Mr Delorozoy, concerning the introduction of a separate turnover threshold for commercial undertakings. We think that could be confusing and quite impractical to apply, in particular considering the legal uncertainty it would create for businesses. It could also be discriminatory in respect of certain undertakings in gauging both the production and the sale of consumer goods.

Another group which we are not disposed to accept comprises Amendments 18 to 24, tabled by Mr Caborn. These amendments tend to introduce considerably lower threshold levels which would extend the control of concentration far beyond what is necessary for maintaining an efficient competition policy and, indeed, far beyond, we think, the aims of the Treaty. Some of these amendments would, I think, also introduce a participation on the part of the employees' representatives in a way which would not be suitable in the proposed decision-making process under the new regulation. That, as I think Mr Blumenfeld pointed out, is a subject which is more appropriately dealt with under another heading which is also before the House.

Lastly, there is Amendment No 16, also tabled by Mr Herman. On this I would like to say that the Commission does not wish to oppose it. It is, however, unrea-

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listic to think that the decision-making process can be conducted without some involvement on the part of the Member States.

Mr President, I hope I have made the Commission's position clear on the substance, and I hope that what I have said on the amendments will facilitate arrangements when it comes to the vote.

**President.** — The debate is closed.<sup>1</sup>

IN THE CHAIR: MR JAQUET

*Vice-President*

2. *Financing of the Community*

**President.** — The next item is the report by Mr Arndt, on behalf of the Committee on Budgets (Doc. 1-856/83), on

the communication from the Commission to the Council (Doc. 1-375/83-COM (83) 270 final) on the future financing of the Community, embodying a proposal for a Council decision on the Community's system of own resources.

**Mr Arndt (S), rapporteur.** — (DE) Mr President, ladies and gentlemen, the report on the future financing of the European Community is — it can be said with complete justification — one of the most important that this directly elected Parliament will ever have to consider and decide on. We have delivered our opinion on future financing on several occasions, particularly in connection with the mandate of 30 May 1980. Unfortunately, Parliament's opinions have not led the Council and Commission to take decisions in good time. It cannot therefore be said that either the Council or the Commission has done its duty. On the contrary, the present situation is due to the delay in implementing the guidelines laid down in the 30 May mandate, for which the Council and Commission are to blame.

The situation is worse than many will admit. Both the second supplementary budget for 1983 and the draft 1984 budget prove that we have reached the upper limit of the European Community's resources. We also hear from the Commission that not even the second supplementary budget will be enough to cover this year's galloping agricultural expenditure. Various administrative measures will probably have to be taken to defer certain payments until the 1984 budget is in force. On top of this, the agricultural spending for which the 1984 budget provides even now leaves little room for additional decisions on the 1984-85 agricultural year, let alone any further movement in world market prices. The time when we and others suffered under the illusion that everything would somehow turn out all right is finally over. The rapid increases in the production of surpluses and the

sharp drop in world market prices leave us no alternative but to take tough and drastic measures. Those who are not prepared for this and try to gloss over or conceal this situation are in fact the ones who, as they themselves say, are destroying the only integrated common European policy, the agricultural policy.

Even the hope that, by raising the value-added tax rate, more of our own resources can be made available, thus enabling clear-cut decisions to be avoided, has been dashed. Because of the ratification procedure that must be followed in ten national parliaments, the Community will not have more resources of its own until 1987 at the earliest and probably not until 1988. We shall have to get by with the available resources for the next three to four financial years — and in view of the constant prevarication on the part of the Council, the Commission and quite a few Members of this House, that is in fact a good thing. In other words, we need the reforms and restructuring of the budget now. We cannot put them off any longer.

I should therefore like to single out ten essential points of the proposal put forward by the Committee on Budgets.

1. We believe that the situation must be regarded as unacceptable for a Member State when its economic efficiency, compared with that of the other Member States, is out of all proportion with the relationship between the burden it has to bear and the recognizable benefits it derives by comparison with the burden borne and benefits derived by all the Member States. To put this in simple terms, a Member State whose economic efficiency is below the average but which is exposed to an above-average burden and, in addition to this, derives below-average benefits from the European Community is in an unacceptable situation. We are, of course, all aware that this assessment must not be made solely in accounting terms.

2. In this connection, we again emphasize that the present method of calculating what is known as the net contribution is not only absolutely inadequate but also conflicts with the real purpose and substance of the European Community.

This prompts us to remind the Council that the European Parliament cannot accept any calculation of the rates of contribution by the Member States which is based on the repayments to the Member States from the European Community's resources. In other words, any model proposed by a Member State for the upper limit that is based on these repayments is diametrically opposed to the idea of European unification. Repayments by the European Community depend on European needs. When we assist projects under the social or regional policy, it is not because they are German, French or Italian. We assist these projects because they are European projects designed to benefit the citizens of Europe and specifically those

<sup>1</sup> For the vote, see Annex.

**Arndt**

who are most dependent on our help. Any model that runs counter to this is rejected by this Parliament.

*(Applause)*

3. Paragraph 24 of the motion for a resolution again emphasizes the close link between the decisions to increase the proportion of value-added tax going to the Community and the structural causes of the production of agricultural surpluses.

Anyone who does not recognize or refuses to acknowledge this close link is helping to prevent an increase in the proportion of value-added tax going to the Community and so to destroy the European Community's common agricultural policy. I might add that both the Bundestag in the Federal Republic and the House of Commons in Britain have made it quite clear that steps must be taken to curb agricultural spending before they take a decision to raise the VAT rate.

4. In the circumstances I have described, the annual increase in agricultural expenditure may not be greater than the growth of the European Community's revenue. This is the unavoidable framework within which we must operate. But this applies not only to us but also to the Council of Ministers. Any decision taken by the Council — regardless of which Council — must therefore be linked to the budget and may not depart from it unless agreement is reached with the budgetary authority, and thus with the European Parliament. Anyone in this House who, for example, rates the price decisions taken by the Council of Agriculture Ministers higher than the budget is, of course, undermining the rights of this Parliament.

*(Applause)*

5. All this means that the Commission's proposals concerning agricultural expenditure — whatever objective view may be taken of these proposals — represent the least that must be done, at least as they concern the financial aspects.

6. With these provisions the Committee on Budgets supports the increase in the proportion of value-added tax paid to the Community proposed by the Commission.

7. In paragraph 32, we also advocate that these resources be primarily used for the policies proposed by this Parliament on a number of occasions. I will list these policies once again, as the Committee on Budgets has done in paragraph 17 of the motion for a resolution: the fight against unemployment, the economic crisis and hunger in the world; a long-term structural policy which assists the poor regions of Europe; and Portugal's and Spain's accession to the Community. It must also be pointed out, however, that the majority of the Committee on Budgets consider it unhelpful and superfluous to discuss the Commission's proposal that the national parliaments should not be consulted on a future increase in the maximum rate of value-added tax. The discussion of

this proposal would result in some national parliaments rejecting the whole of the proposal for an increase in the maximum rate of value-added tax.

8. In line with Parliament's present unequivocal attitude, the Committee on Budgets proposes that the differences in *per capita* incomes and the economic efficiency of the Member States should be considered not only in the variable part of value-added tax but in value-added tax as a whole.

9. The Committee on Budgets also agrees to the variable VAT rate, but would like the only reference quantity to be those common agricultural markets in which there are structural surpluses. This might make it easier for us to solve the problem that is the greatest threat to the whole agricultural market, the problem of structural surpluses.

10. The Committee on Budgets explicitly points out that these problems must not be solved at the expense of the economically weaker nations. It therefore expressly states that special arrangements are needed for Member States whose economic efficiency is well below the average for the European Community but whose agriculture accounts for an above-average share of the economy as a whole.

In this connection, I should like to make it quite clear that not only the agricultural policy but also the regional policy is in urgent need of reform. It is high time we ensured that regional policy resources go to the regions of Europe where the standards are well below those in other areas and that Regional Fund resources are not used to bring about financial adjustments in favour of stronger or less hard-hit countries.

*(Applause)*

That concludes what I have to say about the resolution. We have reached the point in Parliament where there are no more 'ifs' and 'buts'. Anyone who now continues to delay, anyone who now tries to gloss over the situation, anyone who now tries to save structural surpluses will be destroying the common agricultural policy and the European Community. I hope that we all realize how serious the situation is.

*(Applause)*

**Mr Früh (PPE), draftsman of the opinion of the Committee on Agriculture.** — *(DE)* Mr President, ladies and gentlemen, I have the honour to present the opinion of the Committee on Agriculture on the Arndt report. It goes without saying that the Committee on Agriculture has a strong, a vital interest in this report. That was also clear from the rapporteur's statement. For reasons which I will discuss in a moment, we of the Committee on Agriculture have come down in favour of an increase in resources, as proposed by the Commission, because we believe that this increase is unavoidable if new policies are to be established — something we very much welcome — if the Community is to be enlarged — as again

**Früh**

became clear in Luxembourg only last week — and if the principles of the common agricultural policy, that is to say, the market, financial solidarity and Community preference, are to be upheld, and no one has yet questioned these principles.

I listened to the rapporteur of the Committee on Budgets very attentively and largely share his view that the agricultural policy is going through a difficult phase and that changes and adjustments are needed. Changes to the agricultural policy without it collapsing will clearly not be accomplished, as many here probably think and as the Committee on Budgets perhaps imagines, with millions and millions being saved to provide the resources needed to do what I was saying just now. According to the Commission's proposal, the savings will be in the order of DM 10 000m to 20 000m, which would probably be too much for the common agricultural policy to stand, especially if it is to be changed in such a way that the regions in particular need of assistance do not suffer.

There is a second aspect I should like to stress. We agree that the increase in resources should be determined by reference to an agricultural criterion, whatever form it may take, but, like the previous speaker, we firmly believe that the financially weaker countries, where agricultural products account for a larger proportion of the national product, must not suffer as a result. To put it another way, people are naturally annoyed — particularly in my country — when countries with a very good social structure, with very high income levels, with a well structured, smoothly functioning economy become net recipients because of agricultural repayments, although, as you know, I have no liking for the phrase 'net recipient'.

In this critical situation, the Committee on Agriculture welcomes the idea which the Commission has repeatedly proposed in the past and has again raised in this connection, of trying to regulate imports of oils and fats in compliance with GATT as a possible means of raising additional revenue, at least while restrictions are imposed on the Community's agricultural producers, especially as we can expect it to take several years, as the rapporteur has said, for this proposal from the Commission to be implemented.

In view of the limited speaking time I have, I will conclude by saying that the Committee on Agriculture has proposed that transitional measures should be introduced if it takes too long for this to be achieved, because we cannot go on living with the sword of Damocles over our heads for ever. It is unacceptable that we should be paralysed, that the agricultural policy cannot be changed or reshaped, because changes need not necessarily be cheaper. Nor do I believe that we can introduce other policies if we tie ourselves down to this one per cent. I hope that you will bear these objections and proposals from the Committee on Agriculture in mind when you come to make your decision.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, may I begin by congratulating Mr Arndt both on the vigour of his speech and on the wisdom of much of what he said. I hope very much that the words which he had to say about the difficulties of choice and the consequences of choice will be listened to by a great many people in this House.

Today's debate marks an important step in the process of obtaining new resources for the Community, of updating the Community's financing system and of restoring the impetus of the Community's further development. Both Parliament and the Commission have made known their views about the need for new own resources on a number of occasions in recent years, but the first formal step in the present legislative process was in February this year, when the Commission presented its Green Paper on the future financing of the Community and when President Thorn gave the Commission's programme speech in this House. The Green Paper was intended to canvass opinions prior to the presentation of formal proposals. In the light of the opinions received, notably in Parliament's own interim resolution of 13 April, the Commission's formal legislative proposal was submitted on 4 May. It is this proposal on which Parliament's own formal opinion is now required.

The Commission has made it clear that its approach to the Community's present malaise has three major components. First, the strengthening of existing Community policies in order to tackle the problems we face in common, such as unemployment and industrial decline, and the introduction of new ones, such as research, new technologies, energy, where the economies and benefits of a coordinated European effort are, we believe, evident. Secondly, reform of the common agricultural policy in order to remove structural surpluses and by stringent management to limit future growth of agricultural spending to a level less than the growth in own resources. Thirdly, an increase in the Community's own resources themselves, in the first place *via* a raising of the VAT ceiling to 1.4 % but with a provision for subsequent increases by means of joint decisions of Parliament and Council. This increase would be coupled with a transitional correction on the receipt side of the budget in the form of a modulation of part of the Community's VAT revenues until such time as the present preponderance of agricultural expenditure in the budget is offset by the development of new policies.

The present debate is concerned primarily with the third element in this approach, namely, the 'own resources' and financing dossier. I would remind the House, however, that the Commission has also presented in proper legislative form proposals on the other two elements — namely, the strengthening of the existing Community policies and the development of new ones and the reform of the common agricultural policy.

### Tugendhat

Today's debate therefore has a historic dimension, and I think it is important that we should all be aware of that. It is the first occasion on which a directly-elected Parliament will deliver a formal opinion, as the Treaty requires, on a proposal to increase the Community's own resources. It is also, of course, an issue of immediate practical urgency. In the present state of the Community's finances, early agreement on our future course is absolutely vital.

It would not be appropriate to the occasion, Mr President, for the Commission to review each and every paragraph of the draft resolution in detail. I should prefer to look at the resolution as a whole within the wider context in which it has quite properly been set.

It is clear that there is a large measure of agreement between the resolution and the Commission's own policies, both on the objectives and on the means to achieve them. As regards the objectives, we agree on the urgent need for a solution within the budgetary framework to the problems of budgetary imbalances and to the creation of new own resources, on the reform and strict control of the common agricultural policy, on the priority to be given to launching new policies, particularly in the sectors of industrial renewal, research and new technologies, on devoting more resources to combating unemployment and to the development of the poorer regions. Finally, we agree on the need to include Spain and Portugal within these policies. All these questions are inextricably linked to the Commission's proposals. Agricultural reform, quite apart from its own merits, has become an essential element in any budgetary agreement, and none of the other issues can be resolved without additional funds.

As regards the means, I am pleased to note that the resolution acknowledges, in paragraph 23, that the Commission modified its thinking in certain respects following the presentation of its Green Paper and, in paragraph 30, that our proposals concerning the rate of increase in the VAT percentage are considered to be satisfactory. Moreover, the resolution accepts in principle our proposals for a modulation of part of the VAT rate to finance a proportion of the budget so long as EAGGF (Guarantee) expenditure exceeds 33 % of total budgetary expenditure (that is in paragraph 38).

There are, however, a number of points on which we differ. It is right that I should draw the attention of the House to them. Some of these differences are essentially technical. For our part, we anticipate great difficulty in quantifying, for the purpose of calculating net contributions — and here I quote — both the 'financial and economic advantages and the real burdens of membership' (paragraph 18). The conceptual problems alone are such that argument over definitions could go on for a long time. In any event, the purpose of such a calculation is not clear. I might add

that if we were to undertake such an exercise, one result would be, I think, that the Member States would vie with each other to show how badly they did out of the Community. That, too, would be a counter-productive result of that exercise.

The Commission does not agree either with the proposal — nor with Parliament's comments to that effect — advocating the use of the net contribution concept in connection with the Community's future financing. Also, in the realm of statistics and forecasts, I fear that a financial plan for 1986 to 1990 (paragraph 31) would be subject to very large margins of error, so large indeed that it could prove a counter-productive exercise.

Some other differences between us are, I think, quite minor. Our aim in proposing replacement of the fixed 10 % collection by a more flexible formula was to try to reflect true collection costs. At this stage we simply do not know whether the substitution of 5 % or 10 % as the ceiling for any refund would be the most appropriate figure. The Commission would prefer to leave the precise percentage open for the time being.

There are also some significant differences. First, although the resolution accepts both the principle of modulating part of VAT and two of the three correcting factors proposed, it seeks to replace the key of Member States' shares in agricultural production subject to a market organization by shares in products in agricultural surplus (paragraph 39). An initial difficulty with this concept is that the lawyers, and perhaps also the national parliaments, will require some definition of the term 'structural surplus' before incorporating it in a major treaty decision. Although the Commission sympathizes with the aim of seeking to identify those sectors of agriculture which present particularly serious problems, it seems likely, I think, to prove too sophisticated a concept to apply in practice.

Secondly, the resolution would extend the use of the other two correcting factors — GDP per head and shares in net operating surplus — to the remainder of the VAT (paragraph 37), that is to say, to that part of VAT which, under the Commission's proposals, would finance the remainder of the budget after all other revenues, including the revenue for modulated VAT covering part of EAGGF (Guarantee) expenditure, had been taken into account.

It is perhaps ungracious of the Commission, having proposed a modulation of part of VAT, to express reservations on the extension of modulation to the whole. Nevertheless, I would stress that our proposals merely modulate a part of VAT and only for so long as EAGGF (Guarantee) spending exceeds 33 % of the budget. This temporary and partial modulation would leave the basic VAT mechanism intact. The resolution, on the other hand, would extend modulation to the whole of VAT and on a permanent basis. We feel

**Tugendhat**

this goes too far, and we are by no means clear that the overall result would be to assist us with resolving the Community's budgetary problems.

I must also comment on the proposed rejection of a Community procedure for controlling future increases in the VAT ceiling (paragraph 33).

The Community procedure included in our proposals would constitute an important transfer of powers from national parliaments to the Community as a whole, and to the European Parliament in particular. That is one of the points which I think the Parliament ought to bear in mind.

As long ago as 1973, the Commission proposed Treaty amendments to increase Parliament's powers in this crucial area. For its own part, Parliament has in the past consistently sought, understandably, to exercise its existing powers to the full, and, of course, where possible, to extend them. The Spinelli resolution is only one example of this process. I can only, therefore, express surprise that Parliament itself seems disposed to renounce an interest in this area.

I must also draw the attention of the House to the fact that the rejection of Community control over future increases in the VAT ceiling has the effect of merely substituting a 1.4 % ceiling for the present 1 %. A VAT rate of 0.4 % currently yields some 6 billion ECU. The implication of this figure is clear: if the VAT ceiling is retained, if the new ceiling is set at 1.4 % and we then embark on the new policies which Parliament and the Commission both envisage, the Community will be obliged to repeat the long and uncertain Article 201 procedure in the not too distant future. In the Commission's view, therefore, so small an increase in the VAT ceiling would impose serious constraints on achieving the objectives on which we are, Mr President, so largely agreed.

*(Applause)*

IN THE CHAIR : MR ESTGEN

*Vice-President*

**Mr von der Vring (S).** — *(DE)* Mr President, the Socialist Group approves the report drawn up by Mr Arndt, to whom we should like to express our appreciation and thanks for the trouble he has taken. We approve the report of the Committee on Budgets, although we have one reservation, which I will discuss in a moment.

I will begin, Mr President, by making one thing clear about the present financial crisis in the Community. This budgetary crisis clearly reveals the deficiencies of our Community, but it was not this that prompted the present debate. The enlargement of the Community's financial basis is not intended as a means of financing the common agricultural policy, and we have absolutely no intention of assuming when we take this

decision today and tomorrow that the worst of this reform is now behind us.

The rearrangement of the financing of the Community has two aspects, on which this Parliament has often expressed its views and is very largely agreed.

Firstly, the Community's irresponsibly small budget must be increased if its policies are to be extended to include the tasks it should be performing, to take in new common policies to fight unemployment, the economic crisis and hunger in the world, a common industrial, technology and research policy, a long-term structural policy, including an agricultural structural policy geared to specific regions, not the least important aspect of which may be that it will relieve the burden on the guarantee policy, and, of course, the financing of all the costs associated with the accession of Spain and Portugal. In other words, what we are concerned with here is not an increase in public spending but with a redistribution of public finances and a suitable redistribution of tasks between the Community and its Member States.

The second aspect is just as important as the first, perhaps even more important: adjusting the sharing of burdens and benefits among the Member States and regions of the Community. A degree of solidarity and justice among the members of the Community must be achieved, because, without it, fruitful cooperation is unthinkable in the long run.

Setting objective standards to ensure fair distribution is always and everywhere a problem, and the Commission and the Committee on Budgets, with its proposed amendments, have naturally had difficulties in this respect. But such proposals must be seen simply as a pragmatic approach, not as dogma. Nor has the last word been said on this subject. As always with the problem of fairness, we must start by eliminating particularly glaring injustices, because it just happens to be easier to define injustice than justice. And we begin with two aspects we consider intolerable: on the one hand, the unequal distribution of burdens and benefits, so clearly revealed by the British problem; on the other, the growing discrepancy between wealthy and poor regions, which is partly the result of the Community's policy in the past, the common market, the excessive emphasis our common agricultural policy places on the North and the all too modest resources with which the Community's structural fund is endowed. I do not need to reiterate what has been said here on this subject in numerous debates, but some of the statements by national governments on, or their objections to, this aspect of the Commission's proposals do call for comment on the principles concerned.

I am referring to such terms as *juste retour*, net contribution and — in the German case — new net contribution. I should like to meet the man who is capable of measuring the benefits in ECU the various Member

### von der Vring

States derive from the common market. The differences are, of course, plain to see, but the Federal German Government would have serious difficulty if asked to say what contribution to the Community budget it considered appropriate in return for the Community's open frontiers. The calculation of net contributions, even in rectified form, may well reveal gross injustices, but it cannot be regarded as a standard for the fair distribution of benefits and burdens in the Community. The idea of *juste retour* is retrograde, and that is why people also say *retour* back before the Community. The future of the Community, however, requires a forward-looking financial reform, the financing of common policies to the joint benefit of all, policies that are so formulated that everyone feels that on the whole he is being treated fairly.

The Commission's proposals now before us deal of necessity with only half of the problem — the reform of the revenue side of the budget. They will increase the scope for the budgetary policy in the next few years. They do not therefore permit a general and conclusive assessment of the solutions to the distribution problem. We are forced to make adjustments because the expected volume of expenditure will not be sufficient in the medium term to ensure an appropriate redistribution of expenditure. An adjustment of the revenue side, however, will only affect distribution among the Member States. Redistribution to benefit the poorer regions of the Community can only be achieved through expenditure. In particular, this will also entail — we must remind the relevant quarters of this later — the reform of the regional policy, which is still outstanding. The inclusion proposed by the Committee on Budgets of shares of the structural agricultural surpluses as a criterion for the allocation of a proportion of VAT contributions is designed to facilitate the solution of the outstanding agricultural problems. We do not see this proposal as dogma either. When this adjustment is made, however, we must insist on the exclusion of poor Member States where agriculture is a major employer.

I will conclude with two comments on the likelihood of the Commission's proposals being ratified. I do not think Commissioner Tugendhat heard Mr Arndt correctly. What the Commission proposes in Article 3 (6) as regards the fundamental amendment of the Community's constitution is completely in line with our aims. This Parliament is, of course, in favour of the Community's organs deciding autonomously on the volume of the Community's revenue in the future. But to link the ratification of an increase in the VAT rate in the present procedure to a constitutional amendment of this kind is, as the Commissioner very well knows, to condemn the whole thing to failure. That is why we want Article 3 (6) removed. When this is all over and done with, the Commission can come back with a new proposal on this subject, and it will then have our support.

Secondly, whether this proposal from the Commission is approved by the German Bundestag and the House of Commons will largely depend on its being made clear for what the additional revenue may not be used. The Commission has unfortunately failed to clarify this question, as has the Committee on Budgets. The vast majority of the German public consider it unacceptable that increased allocations of funds to the Community should be used to finance agricultural surpluses. This problem must be solved with agricultural resources. If this solution is successful, the 1 % limit will not restrict the future agricultural policy. We have consequently tabled two amendments, one to the report and one to the Commission's proposal, and to avoid any misunderstandings, these amendments make it clear that the cost of enlargements and the cost of new structural programmes, even in the area governed by the agricultural policy, will, of course, be financed from the new revenue. That should make our amendments acceptable.

We Socialists endorse these proposals provided that these guarantees are set out in the texts. Without guarantees regarding the use made of the new revenue, the Commission's proposals will not be approved, in the Federal Republic of Germany at least, especially in the year of the European elections. Those who refuse to support these two amendments will be endangering the ratification of the whole proposal. I therefore urge the House to approve these amendments.

(Applause)

**Mr Notenboom (PPE).** — (NL) Mr President, Parliament has to deliver its opinion on the Commission's proposals on the future financing of the Community. My group will cooperate in this and has a great deal of respect for the extensive work Mr Arndt has so far done on the subject. Much has already been said, and at the stage we have reached today, I shall be able to explain only a few of our ideas in the five minutes that have been allocated to me.

The Commission's proposals are detailed and clearly designed to give rise to the least opposition, the least pain in each of the Member States, which are busily working out which nuances and aspects will be of greatest advantage to them, what each can get out of the Community for itself. But, Mr President, ladies and gentlemen, in the final analysis technique can never fill the gap if there is no Community spirit or political will. As regards the principle of the *juste retour*, which still has an effect on all this, I must point out that I fully endorse what Mr von der Vring has just said on behalf of his group.

The remedy must be adapted to suit the seriousness of the disease. We cannot afford to be too sensitive at this stage, because the disease is deep-rooted. The



## Notenboom

ceiling on our resources must be raised. The Member States are right to want to impose strict conditions on an increase. That is what I want too.

The cost of the agricultural policy must be reduced, it must be kept within limits, it must stop being open-ended, without limits, but the common agricultural policy must continue to be the strong European mortar that holds the Member States together. New policies must be seen as replacement policies, so that they relieve or do not further increase the burden on national budgets. It is essential that this view be taken, as the Arndt report roughly, but not always explicitly, says. Mr von der Vring has just referred to the redistribution of public expenditure'. I share this view. It could also be called 'replacement policy'. Redistribution means Europeanization, but without its imposing an additional burden on public spending.

The Arndt report also says — explicitly this time — that the legal nature of our own resources, for which there has been such a struggle, must remain intact. On it will depend both the financial autonomy of the European Community *vis-à-vis* the Member States and the powers of this Parliament. I consider it a very serious question, Mr Commissioner, whether all the VAT keys used in your proposals encroach upon what are most definitely the Community's own resources. I think that they do and that there are experts in your legal services who think the same. The Arndt report is therefore slightly contradictory. The rapporteur need not worry: my group will certainly be taking a positive attitude, but if the keys are approved and are then described in greater detail — not just a key for agriculture but one for agricultural surpluses as well — they will begin to encroach even further on the strictly legal nature of our resources. The Community will then have even greater difficulty with the Court of Justice if a Member State ever complains about the money it is expected to pay, and it will be in a weak position if the nature of own resources, so strong at present, is changed, and there is something of this in the proposals. As I see it, the agricultural key certainly affects the nature of these resources. I am not saying that my group will vote against this report. I do not know yet but the question is also whether it will help to curb or simply legitimate surplus production. These Member States can after all say: we are paying for it. We must give this some careful thought.

Finally — there is a great deal more to say, but I have almost reached the end of my time — I personally believe it is short-sighted to reduce the costs the Member States receive in compensation for collecting old own resources from 10 to 5. I proposed this once, three years ago, together with Mr Aigner. But after careful consideration and after what has happened in the Member States, I have to say: be careful. If we deprive the Member States of an interest in a small part of these Community resources, there is a danger

that they will be less prudent in their collection and control activities and give precedence to their own national resources over the collection of the Community's resources.

These are still outstanding issues, Mr President. I am not saying that my group will vote against all of them, but there are still many questions awaiting answers in this connection. We must take a decision this week. We shall do what we can, and we cannot be too sensitive about it. But it is a great pity that in the quandary in which we find ourselves, in view of the impasse we face, we have to use the rough-and-ready methods that have been proposed here in some cases.

**Lord Douro (ED).** — Mr President, my group very much welcomes the Arndt resolution, and we would like particularly to congratulate Mr Arndt. I know it is customary to give congratulations to the rapporteur, but I think that in this instance those congratulations are particularly well deserved. In a comparatively short time Mr Arndt has prepared an excellent report on a very complex subject of great significance to the Community, fundamental to the continued existence of the Community. We think that he has done an excellent job.

It is, of course a matter of great urgency. We are all aware that the Community's own resources are now exhausted. We are not the only institution of the Community which is now debating this important matter. I think it very appropriate that Parliament should now, at the end of October, give a clear opinion on this matter, as it is important, in the last five or six weeks in the run-up to the important European Council meeting in Athens on December 6, that Parliament's opinion should be known and should be considered by the Council and others concerned.

Some years ago, certain Member States, including my own, were implacably opposed to any increase in the Community's own resources. There has, however, been a significant shift in the attitude of, for example, the United Kingdom. Now there is an awareness that on certain conditions an increase in these resources would be appropriate and acceptable. The most important condition of all is that the cost of the surpluses generated by the common agricultural policy should be controlled.

Now I realize that Mr Früh, who unfortunately is no longer here, and other members of the Committee on Agriculture view any talk of this sort as an attack on the CAP, as an attack on farmers. That is completely erroneous. I am a farmer myself, and it is undoubtedly true that unless we can alter the way that the structural surpluses are generated and the cost of storing and disposing of them, the CAP will become so unpopular with the rest of the public who are not farmers that a much greater attack on it will become inevitable in the future.

**Douro**

We are not talking about cutting agricultural expenditure. Mr Früh talked about cutting billions of ECU from the agricultural budget.

That is not what we are talking about. We are talking about controlling, curtailing the increase in agricultural expenditure. That is an important part of the Arndt resolution — that agricultural expenditure should increase at a slower rate than the Community's own resources as they are at present calculated. That is a fundamental clause in this resolution, and I hope it will be generally accepted by the House.

The other main condition, at least for members of my group, is that a long-term restructuring of the Community's finances should enable us to avoid unacceptable situations arising in the future for any particular Member State. I can assure this House that no British Member of the European Parliament has enjoyed the agonizing deliberations that we have gone through every year on these *ad hoc* repayments to Britain. Nobody in Britain wants that to continue. That is what everybody must understand, but we must have a fair long-term solution which avoids the necessity of these repayments to Britain before any increase in the Community's own resources can be contemplated. We do recognize that, as Mr Arndt has very clearly expressed in his resolution and as he said in his speech, the question of what each Member State gets out of the Community and what it puts in is not just a financial calculation; there are things other than the financial considerations which should be taken into account, and we do support the wording of paragraph 8. Mr Notenboom talked about *juste retour*. We do not talk about *juste retour*, what we talk about is justice. All we want is a fair deal, and we do not want this matter to have to be considered every year, as it now is.

We accept that if these conditions are met, an increase in the Community's own resources is desirable in order to develop new Community policies and, what is very important, to allow for the accession of Spain and Portugal. Indeed, this debate on the Community's future financing is absolutely crucial to the negotiations with Spain and Portugal. Only a clear and firm decision on the future financing of the Community can, in fact, clear the way for the Iberian countries to join us in a Community of twelve.

So, Mr President, we support the Arndt resolution in its present form. We shall be voting against most of the amendments. We hope that the present wording will be preserved. If the present wording, or some of it, is not preserved and if some of the important paragraphs of the Arndt motion for a resolution are amended, then, of course, we shall have to reconsider our position. But we hope the present wording will survive. We hope other groups will ensure that it does survive, and I very much hope that the present Arndt motion for a resolution, as we are considering it this

morning, will be carried tomorrow afternoon with an overwhelming majority.

**Mr Baillet (COM).** — (FR) Mr President, the financing of the Community is of considerable importance because it very largely conditions the pursuit of European integration. But if we are to provide any lasting solutions, we still have to have an exact, unbiased analysis of the situation.

On 21 April 1970, balance was established between the Member States in respect of the definition of financial and budget rulings. The system worked for 10 years. With the agreement of 30 May 1980, Great Britain upset the balance and led the Community into permanent renegotiation of its contribution, thereby flouting the principle of financial solidarity. In 1982, the system of financial compensation was even extended to the Federal Republic.

In recent years, the British contribution has eclipsed the overall problem of resources and the implementation of new common policies. We should not be led into hasty and disorganized decisions by the urgency of the situation. Depletion of own resources should not become a means whereby the Commission and Parliament can exert pressure to boost their powers to the detriment of the Council and the national parliaments. This, alas, is what I fear will happen, bearing in mind the way the proposals are at the moment. This is why the French communists and allies will not accept the Commission's proposal to deprive the national parliaments of their constitutional powers if VAT is increased, by 0.5 % at a time, beyond the 1.4 %.

In the same way, we cannot accept the VAT ceiling being removed or the tax being modulated according to the importance of agriculture. This would mean that France, for example, would be particularly heavily penalized, although it was a net contributor to the Community budget in 1982. As we see it, it is out of the question to talk about an unacceptable situation in budget terms alone. Everything has to be put in the balance of European construction — the advantages, of course, but the financial, economic and social risks as well. The Federal Republic, for example, has been getting the benefit of the monetary compensatory amounts for years and it has a trade surplus, compared to all the other countries of the EEC, of 10 000 million ECU, which is five times its net contribution. Is this permanent trade deficit not an unacceptable situation for the other countries?

Mr Arndt's report has the merit of not limiting European construction to budget transfers. But as we see it, it has the serious danger of intensifying the offensive against the farmers. So it is wrong to say that the budget imbalance is the result of agricultural support measures. The proof of this is that EAGGF expenditure was dropped from 75% to 65% of the budget in

**Baillot**

only a few years. As discussions and proposals now stand, I get the idea that we are passing over some important questions — the vital need to bring order to the Community's finances, for example. If agriculture is to take off again on new, healthier and more realistic foundations, then it should not be saved from this rationalization, as we have already said in this House on a number of occasions. We think that this rationalization has to be done along the right lines, that is to say via a rebalance that is to the benefit of small and medium-sized businesses and of certain productions, such as our Mediterranean productions, which have so far been passed over.

Lastly, it has to be admitted that Parliament enjoys itself voting credits and creating new budget lines. But every other year, these credits are under-used, often by more than 40 %, or they are only used as means of making transfers between the States by false common policies, so-called structural ones. I should like to ask whether, with the resources we now have, we cannot gear the budget to more constructive aims such as economic recovery, the shorter working week the strengthening of the commercial policy to deter pressure from America and encouragement for industrial cooperation.

Furthermore — and we have the proof of this, figures, here — it is possible to find new resources at once, in particular by doing away with the monetary compensatory amounts and making full use of the system of Community preference. This measure alone would bring in something like 3 500 million ECU p.a. to the budget — almost a quarter of the budget of the EAGGF!

Those are the remarks and proposals we wanted to make.

**Mr Rossi (L).** — *(FR)* Mr President, do I need to say that today's debate is a fundamental one because it in fact involves saying just what sort of Community we want in the coming years — a Community of stagnation and, therefore, of regression in the short term, something founded on the lowest common denominator, or a dynamic Europe that holds out hope for us?

Faced with such an important choice, how can we fail to think deeply? Our responsibility as European politicians forces us to pose the problem of Community financing in terms of objective questions and to provide equally objective answers to them.

The Community which at the outset introduced the common agricultural policy, which has done and is still doing undeniable good, has gradually wanted to extend its scope. But for the moment, income has not kept pace with this — although it has to be said that there has been no sign of the national governments' political will to introduce new policies, not because of a shortage of credits (that the Parliament would not have hesitated to vote), but because our States lack any European ardour.

This is the basic problem facing us at the moment. Other factors also have to be taken into consideration, it is true, but — and we make no attempt to hide this — they are only subsidiary factors. I am thinking here in particular of the efforts that need to be made to achieve better management of the common agricultural policy. We believe that it has become necessary to adapt this policy and if we fail to accept this, we will run the risk of dismantling it. But let us be realistic. How is it possible to believe that this measure alone will provide the extra resources the Community now needs?

Those, Mr President, are the reasons why the Liberal and Democratic Group has tabled a series of amendments to the Arndt report. We really do have the impression that the document has not taken everything properly into consideration. By putting the accent almost exclusively on the common agricultural policy and considering it responsible for all our problems, not only is it not assessing the facts objectively, but — and this is even more dangerous — it is likely to generate a reaction, a radical one. So we think that our amendments will pave the way for a consensus in this House and that they will avoid sterile confrontation between those who are somewhat artificially labelled as the partisans or the adversaries of the common agricultural policy, when what we have here is a Community policy, a policy that exists, and although we may have differing opinions as to the way that policy is managed, we should all be in agreement as to the principles behind it.

Our group, as you know, agrees with the principles outlined by the Commission to a very large extent and particularly when we insist on the fact, in amendment No 5, that VAT will have to be raised if European construction is to be furthered.

We also support the Commission in amendment No 7, in which we wish to re-establish the parameters it laid down for calculation of the variable rate of VAT.

Those, Mr President, are our principal amendments, although of course we shall be explaining the rest in the course of tomorrow's sitting. Let me sum up. We say yes to better management of the common agricultural policy, but we say no to it being condemned, yes to a relaunching of the construction of Europe, but no to any relaunching that is founded on the ashes of the common agricultural policy. Europe's fresh start means fresh resources. That is the message.

Our Parliament owes it to itself to cut across today's debate — which probably is, as Mr Arndt said, one of the most important it has held.

*(Applause)*

**Mr de la Malène (DEP).** — *(FR)* Mr President, ladies and gentlemen. Today we have taken up a debate we held last spring, but the situation is more

### de la Malène

serious than it was before because I think the Committee on Budget's report that Mr Arndt, our colleague from the Socialist Group, has presented to us is, in a way, a more radical version of a Commission text we have already turned down.

So I should like to make clear, right from the start, that we can give no support to the Commission's proposals and even less to the proposals of Mr Arndt. We are not in favour of either the spirit or the letter of them.

The Committee on Budgets tells us that, as far as expenditure is concerned, the CAP upsets the budget. We disagree with this version of the facts. The CAP does not upset the budget, as it precedes it. So there is no call for surprise that the agricultural policy that has been financed through the budget constitutes a considerable part of it.

However, as I have already had the honour of saying, there may be a lack of balance in the way the costs are distributed. That is a different thing altogether. It is a mistake to confuse a lack of balance in the budget with a lack of balance of the costs — which may well need investigation, we agree. As a result, we are unable to go along with the Committee on Budgets when it says that the lack of balance in the budget has to be reduced by a cut in agricultural spending.

The *rapporteur* goes further than the Commission proposals when it comes to income, as he completely modulates VAT and has it based on agricultural indicators. There again, we cannot go along with him. We do not want the agricultural policy to be renationalized on the basis of income, perhaps pending the day when it is renationalized on the basis of expenditure.

So we are totally against any modulation of VAT in the light of agricultural indicators. We are not against it being modulated in the light of wealth, which, perhaps, would alter the distribution of costs within the Community. But we do not want to attack the only common policy we have. We do not want the common agricultural policy to be partly renationalized on the basis of income. So we are against this formula. But we are in favour of an increase in VAT that is calculated in the light of the wealth of the Member States. All we have to do is define the criteria.

As to expenditure, we are not, of course, hostile to the idea of making an effort to cut agricultural spending — provided the aim is not a solely financial one. We are not, of course, in favour of the development of the milk factories that are burgeoning all over northern Europe. We think that this is deviating from the common agricultural policy and has to be stopped. This is not agriculture. It is industry — and industry with imported products too!

That, Mr President, is what I wanted once more to say in this debate. We shall not go along with the *rapporteur*. We shall follow the Committee on Agriculture and we shall table amendments. Our ultimate posi-

tion, naturally, will depend on the fate of the amendments of the Committee on Agriculture, of our colleagues and of the people in our group.

**Mr Eisma (NI).** — (NL) Mr President, this Parliament must not resign itself to undesirable developments, not even when they are described as unavoidable by the Commission, the Council and some Member States. This is also true of the various proposals concerning the future financing of the Community.

Some of these proposals include aspects which, had they been put forward two years ago, for example, would have made the hair of any right-minded European stand on end. 'Reasonable compensation' is one such aspect. In the proposals made by a number of Member States, but in the Commission's proposals too, this element is included by means of indicators of agricultural production, as if it was the most natural thing in the world and an inevitable factor in the future financing of the Community.

Mr President, we still believe that the principle of reasonable compensation must be rejected. Lord Douro has criticized Mr Notenboom for mentioning the idea of *juste retour* here. I have the feeling that Lord Douro himself is thinking of the *juste retour* while claiming he is only talking about justice. What's in a word? The point at issue is the background to the proposals, which are still very heavily biased towards reasonable compensation. It conflicts with the spirit of the Treaty, questions the principle of the Community's own resources and makes transfers outside the Community budget necessary. I completely agree with Mr von der Vring and Mr Notenboom that the idea of the *juste retour* must be rejected.

Of course, we also realize that a solution must now be found to the financial problems; but in our view it can only be found as part of a global arrangement, in which money does not flow in two directions. We therefore agree to the incorporation of an additional welfare indicator in the form of gross domestic product per capita as the basis for the Member States' VAT payments. I stress that this must be an *additional* welfare indicator, because VAT is in itself an indicator of this kind.

D'66 supports the idea of increasing Community resources by raising the 1 % ceiling on VAT, but only if it is ensured that these additional resources do not again disappear into the bottomless pit of farm prices. And it is not enough simply to say that 'agricultural expenditure must no longer rise faster than our own resources'.

No, Mr President, Guarantee expenditure must be reduced with a purposeful agricultural policy based on self-sufficiency. This means that the system as such, the whole of the Community's market and price policy in the agricultural sector, must be revised. We

**Eisma**

therefore believe there is a very great need for every farm that produces a surplus to be charged a high superlevy. Without this fundamental choice the financial problems will be solved by passing them on to agricultural incomes, and that would be a bad thing.

Apart from the Commission's proposal, various plans have been put forward by individual Member States, all convinced, of course, that their plan will benefit the Community most. The European conviction in which these various plans are cloaked is so touching that we can only keep back our tears with difficulty. What is striking is that the author of each of these plans would come off best if it were implemented. Member States which have not themselves come forward with plans adopt the same criterion in backing one of the authors. None of these proposals, whether they have been made by the British, the Danes or the French, offer an adequate or a fundamental solution to the problem of the future financing of the Community.

The nationalistic behaviour in the Council can hardly be called edifying. Council meetings are degenerating into haggling sessions, each out for his own good, without any vision of the future of the Community.

Mr President, you will appreciate that, despite my critical attitude, we shall be supporting the report by Mr Arndt.

**Mrs Castle (S).** — Mr President, I too would like to congratulate my good fellow-member of the Socialist Group, Mr Arndt, on a brilliantly vigorous speech today and also on a considerable amount of his report on which I can support him wholeheartedly, as far as the first two sections are concerned.

In those sections we have a more devastating analysis of what is wrong with the European Community than I have hitherto read in our past four years of membership of this Parliament. Let us stop a moment and think about what those two sections reveal. Despite all the talk in the past four years about the need to get a better balance in our budgetary expenditure between agriculture, industry, new technology, regional development, we are not progressing; we are going backwards. That is not a piece of anti-Common Market propaganda: it comes from a report of the Committee on Budgets which is very *communautaire*. But these are the realities. Agriculture's share of the budget, far from being reduced, is going up. The report makes it clear. In 1982, agriculture took 56.2 of the budget; in 1983 it took 61.4 and it is estimated in the Council draft that it will take 66.4 in 1984. So it is clear that none of the basic problems we have all been talking about have begun to be solved.

As the motion for a resolution now in front of us says, the sharp increase in agricultural spending has meant drastic cuts in the fields of social and regional policy. It points out also — again I am quoting the report — that since the entry into force of the Treaty of Rome,

the gap between the richer and poorer regions in our Community has been growing wider. It stresses how much we need more resources to combat unemployment, the economic crisis and hunger in the world. It goes on to say that that means drastic cuts in spending on the marketing, storage and destruction of the growing agricultural surpluses. Mr President, I could not put it better myself.

But the budget in front of us this session is not doing anything to deal with those problems, is it?

We know, for example, that in real terms, even if the Committee on Budget's amendment goes through, we shall be spending less this year on the Social Fund than we did last year. It is a retreat, a decline, all the time. So it really is absurd for the Committee on Budgets to propose putting only 5% of agricultural expenditure in reserve while at the same time advocating that the whole of the British rebate for 1983 should be put in reserve, only to be released, presumably, if the Athens Summit produces results. What results is not specified. I tell you, Mr President, this Parliament never gets specific about the results it hopes to see from the Athens Summit: it can only agree on generalities that sound good and on general blame of the Council and the Commission when this Parliament votes time and time again for the old, stale, destructive policies.

Now, really, to put in the budget the statement that the British rebate should go into reserve until the rest of us have managed to reform something, is to penalize the British people with a vengeance for the failure of the Community to reform itself. Does anybody seriously believe that putting the British rebate in Chapter 100 is going to bring any pressure on the Council of Ministers? I shall tell you how to bring pressure on the Council of Ministers: put 50% of the agricultural spending in Chapter 100 and see what happens then! You might begin to get some reforms, for, of course, we know — and Mr Früh's speech has made it absolutely clear — the farmers' lobby in this Parliament is not going to yield an inch on reforms. So we are whistling in the wind if we say that when they do we shall let the British get their rebate. Indeed, the Committee on Agriculture is constitutionally incapable of voting for anything concrete, as we saw at the last committee meeting, when some of us tried to get the committee to vote on specific options for the reform of agricultural policy. They refused and said they preferred to rely on general principles. So we in the British Labour Group will oppose the proposal to put the British rebate in reserve.

You know, Mr President, it is absurd even to be contemplating an increase in the Community's own resources at the present time. You know you do not give more money to an unreconstructed delinquent. That is what this Community is.

## Castle

Here we come up against a major inconsistency in the Arndt report. And why? Because of the second half: we in the British Labour Group cannot vote for it. I am astonished that Lord Douro — apparently on behalf of the Conservative Group — says that he can support the Arndt report. We cannot, because we think the second half does not follow logically from the first. One minute the report complains that it cannot discern any clear strategy by the Council of Ministers for solving the main problems of the Community. No clear strategy, it says, wringing its hands. But the next minute it announces that it considers the Commission's proposals for an increase in VAT yield to be satisfactory and merely calls for an assurance that the additional money will be spent on new policies. But that is a *non sequitur*, particularly in the light of that brilliant speech made by my colleague, Mr Arndt, in which he said that only harsh and drastic measures within the existing resources can really give us the reforms we need. He warned us, very rightly, that voting more money is not going to solve the problem of the British contribution or the problem of the future financing of the Community. It is going to take years and years, even if we have more resources, for it to have any effect on Britain's situation.

So I am sorry, we cannot vote for the Arndt report. It does not provide the right answer to Britain's problem — a problem, incidentally, which is spelt out perfectly in paragraph 8 of the report. I am sick of hearing people in this Parliament saying they do not believe in *juste retour*, etc. What they mean is they are out to get as much for their country as they possibly can. But I admire paragraph 8 because it puts it in a entirely different context. It deals with unacceptable situations for Member States, situations which, it has been declared time and again, we cannot tolerate. It defines an unacceptable situation as this: a blatant mismatch between the burdens and discernible advantage to a member of membership of the Community. That is Britain's complaint. There is a blatant mismatch between the benefits and the disadvantages to Britain of community membership. That is what the vast majority of the British people say and believe and will go on saying. It has got to be faced — not in the never-never land of some future reform, but here and now.

So we reject the complicated formulae for adjusting VAT yield to try and deal with this mismatch in complicated ways which will keep one Summit after another arguing for years and years. We do not like this pathetic clinging to the concept of own resources. That should not be the basis on which contributions are made. The VAT yield is irrelevant to the economic situation and ability to pay of a Member State. What is worse is that as long as it is there as the basis of calculation for financing, there will be increasing pressure

to harmonize VAT policy. We had it in the last Arndt report, calling for the harmonization of VAT policy throughout the Community. I repeat and I will go on repeating that that inevitably means — unless it is challenged and resisted — that before very long in Britain we shall be paying Value Added Tax on food. Only Britain and Ireland, of all the Member States, are at present allowed not to tax food.

The British Labour Group believes that financial reform should be based on two simple principles. First, there should be financial contributions based on ability to pay — just as with our own domestic income tax. Secondly, we must have a determination to see that the expenditure within the existing budget and existing resources is distributed more equally among the various activities. That is why, with all recognition of the work my colleague, Mr Arndt, has done, we in the British Labour Group shall vote against his report.

**Mr Simonnet (PPE).** — (*FR*) Mr President, we have two reports here — one from the Committee on Budgets and one from the Committee on Agriculture — on a Commission proposal to alter the financing of the Community and I should like to say that, as soon as we read them, we find ourselves in a paradoxical situation. I would not go so far as to say that things have been turned upside down, but that we do have, at all events, a quite staggering example of role reversal here. Let me explain.

As soon as we were elected by direct universal suffrage, we realized that the Community could not do all it should because it did not have enough resources. And the Committee on Budgets — and I congratulate it for this — took the initiative and called a small sub-committee, chaired by Mr Spinelli (with, in particular, Mr Barbi), to look into the Community's own resources. And this sub-committee said there was only one answer — go beyond the 1 % ceiling. That was what the Committee on Budgets suggested. There was only one concern and that was to increase income, so naturally this conflicted with what the Council and the Member States wanted and they said: 'No, not at all. Our position is the opposite of that'. They said there was no need to increase income for the Community. What had to be done was cut spending. And these two contrasting ideas have been with us for years. The idea of the Committee on Budgets that resources have to be increased and the idea of the Council that spending has to be cut.

And now here we have the Commission of the European Communities presenting us with a draft along Parliament's lines — which is to say the Commission is proposing to increase income in three stages. No doubt you are saying that the Committee on Budgets has got what it wanted at last and it will be congratulating the Commission, approving its plan and calling on the House to follow suit. But you are wrong.

**Simonnet**

Having got what it wanted from the Commission, the Committee on Budgets now takes up the Council's position. It says that we only envisage one 0.4% stage for the increase and we are grudging about accepting that. But it says nothing — that is what Article 33 says — about the next stage. The Commission of the European Communities proposes doubling VAT — but we wish to have nothing to do with this. Not at all. We want it to be much less. But expenditure, well, we are going to do something about that. And, taking the Council's position, the Committee on Budgets says that, basically, what we have to do is cut spending and in a report of about 30 paragraphs, there are 20 or so on cutting spending and barely 10 on increasing income.

It's upside down, I tell you. The Committee on Budgets has adopted a report which says the opposite of everything it has said so far.

**Mr Arndt (S).** — *(FR)* No... it's the same thing...

**Mr Simonnet (PPE).** — *(FR)* Fortunately, with the Committee on Budgets taking such a frequent hand in agriculture, for once the Committee on Agriculture has taken a hand in finances. And it has made a very good job of it. It has given details of all the proposals and done so far better than the Committee on Budgets — and it has reached conclusions that are more in keeping with what Parliament has always said.

That is the paradox we have facing us today. The ideas of the Committee on Budgets have been abandoned. It is not accepting a big increase in Community financing that it called for before and that the Commission of the European Communities is now suggesting. But it is, on the other hand, doing what the Council does and saying that, basically, everything will be all right if we cut our spending. But what sort of influence do you think we will have on the Council of Athens with a position of that sort? Once we have said amen to the Council proposal, when the Council has to choose between the Commission, that suggests increasing revenue, and the European Parliament, that suggests we should simply cut down on our spending, it will come down in favour of Parliament, that other branch of the budgetary authority. We will thus have lost a claim we have always wanted — an increase beyond the 1% VAT.

That is the paradox. So it will be clear to you that I cannot accept the Arndt report and that, if it is not profoundly changed by amendments, we will vote against it as it destroys everything we have tried to do over the past four years. If, on the other hand, Parliament agrees to the Committee on Agriculture's amendments and if it accepts a certain number of points of view in the name of which the amendments were tabled by various Members, including me, then

we hope that, this time, the report on the financing of the Community will be accepted.

I shall now give you one or two examples to show that everything I have said is in fact in the resolution. Take paragraph 33. As I told you, the Commission proposes three stages — a 0.4% stage, by inter-state procedure, and two further 0.4% stages, but this time by Community procedure. I shall be coming back to this. What does the Committee on Budgets have to say about this? It thinks it is pointless and superfluous, as things stand, to discuss the organization of the procedure to be used for further increases in the VAT ceiling. In other words, we have to be happy with the inter-state procedure, the most cumbersome and difficult procedure, which gives no powers to this Parliament. The 10 parliaments and the 10 governments are going to be presented with a draft agreement for ratification and that's all. And in four or five years' time, we will have to start the same procedure, that takes years and years, all over again. And it will only take the Danish Folketing to say no, as it did for the common fisheries policy, and the Community will get no extra own resources at all.

But what the Commission is saying is this. Initially, we shall use the inter-state procedure. We cannot do otherwise because the 1970 agreement has to be changed, but we shall not just plan for a first stage of 0.4%. We shall also provide — this is the most important thing and it is what the Committee on Budgets is refusing to entertain — for a Community spending increase procedure instead of an inter-State one. Naturally the Commission is taking every precaution — a unanimous vote in the Council and a qualified majority in the House — and revenue will not be increased on impulse. So, to conclude, if, contrary to the proposals of the Committee on Budgets, this House goes along with the Commission of the European Communities, then the increase in revenue will be decided not by an inter-state act over which we have no control, but by a Community act in which Parliament has the fullest powers.

This is what is at stake. It is vital. The Arndt report may mean a big step backwards if we adopt it as it stands, but it could mean a big step forwards if we go along with the Committee on Agriculture. There is no need for me to tell you what our choice is and I hope this House will come down in favour of increasing own resources, of increasing its budgetary powers and of developing the Community.

**Mr Price (ED).** — Mr President, I think what is quite clear from the Arndt report, and from this debate, is that we have a topsy-turvy budgetary system at the moment. That system means that only two out of ten Member States make any significant net contribution to the budget. One of those two States is one of the poorest of the Community, and if we have the acces-

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sion of Spain and Portugal, we shall have a third net contributor amongst the very poorest. Most of the budget is spent on one single policy and, worse still, almost half our entire budget goes on agricultural products which we do not need and do not want.

Now that to me is quite clearly a topsy-turvy budgetary system and one which the Arndt resolution sets out to deal with. It deals with problems of imbalances. Of course it would be far easier if we were starting at the beginning, without an existing system, to sit down and devise a system which was the best of all possible. But we are not in that situation. We have an existing budgetary system which has to be adapted, and that is a great deal more difficult than starting with a clean sheet. But the Arndt report does try to tackle it. It tackles the imbalance between the richer and the poorer Member States, the imbalance between agriculture and other policies, and the imbalance between the essentials and the wastage. The Arndt resolution tries to tackle these problems comprehensively, because we all know that what we have been bedevilled with in recent years is *ad hoc* solutions year by year which have been a source of division to this Community and have prevented us tackling effectively the world economic recession and bringing our Community round to taking the measures that it might have taken to realize its possibilities in that direction. So, we have to find a system which avoids these annual haggles, which is not a source of division to the Community but which is a basis of unity. That is what we need.

On the issue of the richer and the poorer Member States, the Commission proposal modulated only the top slice of VAT. The Arndt proposal goes a lot further in modulating the basis. I believe that that is very important for avoiding these annual disputes, because if all you modulate is the top slice you throw the burden redressing the imbalances on to the expenditure side of the budget. By its nature, the expenditure side is subject to annual decisions in the budget. That means that each year there will be a dispute over it. If you can throw a larger part of the responsibility for redressing the richer-poorer imbalance onto the revenue side of the budget by an automatic mechanism, then so long as that mechanism remains in place you do not have the dispute. That, for me, is why it is important to modulate the basic rate of VAT, not merely the top *tranche* of it.

With regard to the imbalance between agriculture and other policies, I look at paragraph 24, and in particular the last part of it. Let me quote: 'In the absence of clear decisions designed to contain the growth in expenditure in the Guarantee Section and in particular to end' — I repeat, 'end' — 'structural agricultural surpluses, an increase in the percentage of value-added tax will not be feasible'. I believe that contains a realistic precondition to raising the VAT ceiling. It is realistic because otherwise we should simply main-

tain the existing imbalance between agricultural and other spending. That imbalance must be redressed, and this is an essential precondition for achieving our object.

It is also essential, however, in order to get the increase through the national parliaments. Mr von der Vring in his speech earlier drew attention to what the Bundestag or the House of Commons, or indeed several of the other national parliaments, would be likely to approve. It is quite clear that without that precondition there is no hope of any increase in the VAT ceiling. It is, therefore, very important.

At this point I refer to what Mrs Castle said. I find it curious that, having set out very clearly and very eloquently what her conditions are, she has not gone on to do her colleague Mr Arndt the favour of reading carefully what is in his resolution. The precondition is there; it is entrenched there. And if she looks further she will find it also referred to in recital A; she will find it in paragraph 13 and paragraph 17. All these references are there in the report as well as a very clear statement in paragraph 24. We, on this side, could not, in any circumstances, support an increase in the VAT ceiling if we thought that what was going to happen was simply to pour it down the drain on surpluses of agricultural production that the Community does not need and does not want.

The third condition relating to the imbalance between essentials and wastage is, we feel, also addressed. The Committee on Budget's suggestion, of focusing attention on the Member States' share of agricultural surpluses, rather than on just their share of production, also helps to focus on this point. But that, I believe, is less important, a point of detail in the modulation, as to whether you base your calculations on the share of agricultural production as a whole or the share of the surplus. That is a point of detail. What is important is to get some control over that sector. If Member States take a real interest, for the first time, in trying to contain agricultural spending because they will have to pay a larger proportion of it, that is a way of starting to redress the situation which Commissioner Tugendhat has compared many times to a shared-costs meal in which everyone orders the most expensive dish because he does not have to pay. By entrenching in the modulation of VAT that they now have to assume a larger proportion of the bill, we shall get motivation as well as mere repetition of the requirement that the imbalance must be redressed.

If we look at the Arndt resolution as it stands — and I say 'as it stands' because it is very important that it is not destroyed by amendment — we shall find that it offers the Community the hope that most of us have been looking for in our work in this Parliament during the past four years — the hope that we can develop the Community; that it will have sufficient resources to put behind the policies that we have been



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calling for in resolution after resolution in this House for four years. But we shall not achieve those extra resources unless we are realistic in the way we pass the resolution; unless we realize that preconditions are essential. In response to what Mr Simonnet said earlier about the amount of attention devoted to the expenditure side, I believe that those guarantees are a very essential part of the resolution, and that is why so much attention has been devoted to them.

It is a resolution which has balance, and I hope this House will not seek in its amendments to destroy that balance.

**Mr Alavanos (COM).** — *(GR)* Mr President, we note certain positive elements in the Arndt report, such as its concern with the budgetary contribution and the more general economic strength of each member country, and with wider benefits and burdens, but we believe that these elements are of secondary importance in relation to the dominant theme of the budget, which is that of increasing the contributions of Member States along with the attack on agricultural spending.

Thus the main problem for our country, Greece, is to determine the outcome in its case of the increase in the Community's financing. There are some, belonging to the democratic forces, who until a little while ago were underlining the negative consequences of our country's accession to the EEC but who are now thinking along the following lines: if the revenue of the Community is increased, then our receipts from the Community budget will also increase, since we are already a net beneficiary. We do not share their line of thinking, much less their optimism.

In the first place, even if it is not disputable that our country's receipts will increase as a result of this alteration in the financing of the Community, the degree to which this increase will be genuine is very much open to dispute. One thing is certain: Greece's contribution to the Community will rise while, in relative terms at least, we move towards a reduction in agricultural spending, bearing in mind that 60 % of the net receipts of Greece from the Community budget are covered by the EAGGF (Guarantee Section).

We believe, however, that this increase will come at a heavy price, since it is one of the elements in the economic integration of the Community, the consequences of which are particularly negative for our country. So we cannot assume that the increase in financing will lead to a redistribution of resources in favour of the less wealthy countries, since it is a known fact — as shown in the Arndt report — that the alteration in the system of financing is connected with the Mandate of 30 May, which derives from the problem of the German contribution as well. We do have a redistribution of resources, that is, but not to the benefit of countries like Greece.

Another problem is that even if there is an increase in receipts from the Community budget, these resources will not be disbursable without conditions. They will not go into our national budget for the purpose of financing projects according to a national development plan. They will have to be spent as the Community sees fit and in accordance with its objectives, and this will have the effect of increasing reliance, reducing our capacity for national planning, and so on.

I would like to pose the following question. What benefit is there for us in getting a few more appropriations, a few more ECU, for unemployment, when it is our very membership of the EEC, and, even more so, the development of integration which are causing the immense problem of unemployment in our country?

The Communist Party of Greece is opposed to increasing the Community finances under these terms and will vote against the Arndt report.

**Mr Delatte (L).** — *(FR)* Mr President, Honorable Members, the report which our colleague, Mr Arndt, has written on the future financing of the Community is an opportunity for deeper reflection on the need to see how to improve the Community budget. The European Parliament's budgetary powers are considerable. It takes and adopts, through the authority of its president, the decisions on expenditure. But there can be no expenditure without revenue and, on this subject, Parliament can only make suggestions. This, moreover, is what we find in the proposals to increase the ceiling on the VAT contributions to the Community budget — which seems to me to be quite essential, as Mr Simonnet also said just now.

Another source of revenue may occur if customs duties on ECSC products are integrated into the Community's own resources. Mr Arndt said as much. But I am surprised that he did not keep the Commission's proposals to create new resources via the tax on vegetable oils and fats. This would be in line with GATT rules in that the European producers are taxed on a co-responsibility basis.

If we are to encourage the development of Europe, we must have the means of doing so. And cutting agricultural spending, as the Arndt report suggests, in order to implement other policies is merely robbing Peter to pay Paul. If it is possible to make savings by cutting the cost of disposing of certain surpluses, then it would be a good idea to continue with the attempt to encourage the development of crops of which there is a shortage. I do not feel it would be reasonable to envisage cutting the agricultural budget.

I should like to remind you that increasing the European budget does not mean increasing the burden of taxation or para-taxation. The idea is to transfer part of the national budgets to Europe with a view to better coordination of operations.

**Delatte**

Just now, my colleague Mr Rossi gave the position of the Liberal Group on the Arndt report and I should like to make some general remarks on agriculture. First of all, things should be seen in the right light. Look at the share of the budget that goes on agricultural spending and you can see there was a 12% drop between 1979 and 1984. That is clear from the figures the Commission itself gives. But in paragraph 3 of his report, Mr Arndt quotes percentages, comparing good years for the EAGGF with less good years and this gives a quite alarming and unfair picture because, as I say, the EAGGF's share of the general budget dropped from 73.8% in 1979 to 61.8% in 1984.

This is encouraging and far less apocalyptic than the rapporteur, with his statement that the EAGGF share has gone from 56% to 66%, would have us imagine.

Just now, Mrs Castle insisted on these figures too. As far as I am concerned, it is wrong to point to agriculture all the time, saying that it spends too much, is not competitive and so on, when the CAP — and why should we not say as much? — has been the cornerstone of the functioning of the Community so far. There is a need to revise the way the common agricultural policy works, that I realize, but let us not forget that it was set up at a time when we were running at a deficit, which is no longer the case today. Thanks to the spectacular development of agriculture, not only do the Europeans have guaranteed food supplies, but we are exploiting a natural productive potential of which Europe has great need. And the modernization of agriculture, I should like to add, of agricultural technology and of the food and agricultural industry has meant a livelihood for many people, as 22% of the working population of Europe earns its living in the sector, if you include the activities around it. So please can we stop this criticism. There is nothing constructive about it and it does not help us find any valid solutions. If we carry on looking at nothing other than the budget and only aiming at cutting agricultural production, then we shall clearly lose our place on the market to our competitors — who are not frightened to subsidize their agriculture to a far greater extent than Europe subsidizes its.

By aiming particularly at agriculture through the budget, the Arndt report poses the problem badly. If we really do want to find an answer to the question of the common agricultural policy, then we have to see how to establish concertation between the various food exporting countries. I know that our partners across the Atlantic have economic problems of their own to cope with, particularly agricultural problems.

But Europe's trade deficit in food and agricultural products with the USA, which is somewhere around \$ 7 000 000 000, means we have to keep up the development of our agricultural potential.

And the political question has to be posed, over and above any consideration of the budget question.

Europe cannot go on importing, on an unlimited and tax-free basis, products that generate surpluses of products exported with help from the budget. That is the real problem and I fail to believe that the one or two countries in the world with a surplus — there are not that many of them — cannot find a solution — through dialogue, of course, and concertation and, ultimately, contractualization. That, Mr President, is all I had to say. Let us not forget that the future financing of the Community will mean an increase in the resources of the budget if we want — as we should — to set up our second-generation Europe.

**Mr Pasmazoglou (NI).** — *(GR)* Mr President, both in the light of the immediate problems and in relation to the more distant perspectives of the European Community, this debate is truly historic. A positive outcome from the debate and the vote tomorrow will be an expression of our peoples' resolve to move towards European unification.

First of all, I want to stress the very great importance of the report Mr Arndt has drafted on behalf of the Committee on Budgets. I also want to say that the aims and principles underlying this report are fully in step with the Commission's own proposal. I say this by way of indicating the positive nature of our debate today. In addition, I want to say that notwithstanding the substantial differences of view which have been expressed in some quarters there does exist a mature appreciation of the decisions which need to be taken, and the varying strands of opinion are, I think, knitting together. Notable in this respect was the statement by Lord Douro on behalf of the European Democrats that an increase in the resources of the European Community is appropriate and necessary.

I think it is essential that the final resolution be given comprehensive approval by the widest possible cross-section of Parliament at tomorrow's vote, and naturally this is what I am hoping for. It would be a very positive piece of news for the Community, and for our peoples.

Mr President, after these initial observations I would like to make some more detailed comments. First of all, although Mr Arndt is right in observing that the advantages and burdens of membership for each country should not be assessed on net contribution alone, I do not think — and on this I agree with Mr Tugendhat — that these can be quantified. It happens, for example, that countries which pay in more to the Community budget than they receive sometimes have other substantial advantages, and here, more precisely, I am speaking of the Federal Republic of Germany. Moreover, as far as the countries which receive more than they pay in are concerned, I should say that there are adverse effects in these countries which cannot be quantified in strict financial terms.

### Pesmazoglou

My second comment is that in all the detailed work on the decisions involved we can use the mean *per capita* income of the Community as a whole as a basis for calculation. Despite its shortcomings, this is an important indicator, and different rates of value-added tax payable into the Community budget can be assessed solely on the differences in *per capita* income. Hence Mr Arndt's proposals on this point are very apt and of great importance. I think we should adopt them and that the VAT coefficient should be lower for those countries whose *per capita* incomes are below the mean for the Community.

My third comment has to do with the common agricultural policy. We need to be clear about the following points in particular. First, there is no condemnation of the common agricultural policy, rather a confirmation of its importance and of the need to persevere with it, and likewise with the system of Community preference in agricultural products.

Secondly, we must succeed in cutting back on expenditure on products which are permanently in surplus. This is essential, and in effect it means a reform of the common agricultural policy.

Thirdly, the variable VAT scale must not be calculated on the basis of Member States' receipts from the EAGGF, and on this I agree with what Mr de la Malène said a short while ago.

Fourthly, the countries with low *per capita* incomes, the economically weaker countries that is, all the peripheral countries and more precisely Ireland and the Mediterranean countries — and this I underline because Greece is one of them — have relatively large agricultural sectors. Hence in these countries, but more generally as well, it is essential that we move ahead with restructuring the agricultural sector. To this end, spending on agricultural restructuring must be kept at a high level and increased if we wish to succeed in putting our agricultural policy on a sound footing.

Fifthly, in these peripheral countries, and particularly in the Mediterranean countries, the size of farm holdings is commonly small, Special measures are therefore required to support small producers and those farming difficult terrain such as mountainous regions and the islands. With these modifications, we shall be able to reduce substantially our overall spending on agriculture.

Finally, I disagree totally with paragraph 33 of the Arndt report, but I do agree with the proposals of the Commission as referred to a little earlier by our colleague, Mr Simonnet. We need to look to the future, and our resolution should envisage further increases above a VAT ceiling of 1.4%, along with a procedure for implementing them. The powers of the national parliaments have to be reduced and those of the European Parliament increased. We must allow

for these steps so as to give our resolution greater conviction and force in future developments within the European Community.

**Mr Saby (S).** — (*FR*) President, on the eve of the Athens summit, the European Parliament's debate on the future financing of the Community is of rather exceptional importance.

As Mr Tugendhat, the Commissioner, underlined, dealing with the future financing of the Community is already displaying a political desire to unblock the current situation and courageously prepare the Community's future. And it is also recognizing the links and the ties between the common agricultural policy and its reform, the enlargement of the Community to include Spain and Portugal, the British contribution and the new policies — such as the European industrial and research community — that we need, that are possible and that we have to develop.

We thank Mr Arndt for having been so kind as to take a certain number of amendments we proposed into account. We find that his report contains some very positive points. It is true that it is essential to raise VAT today and that it cannot be done in just any conditions and for just any reason. And the extra funds for new policies are also a necessity — but there again, the policies have to be agreed to by the Ten and they have to be defined.

However, the report also contains a number of points we are unable to accept. We think the situation has to be analyzed better and that no mistakes should be made as to the target. So, the motion of budget imbalance, for example, which is attributed to excessive agricultural spending, I think has to be relativized. Since 1973, in fact, VAT yield has dropped considerably because of the crisis and a deceleration in consumption in the Community. Mr Arndt's report fails to take this into account.

The costs curve, including agricultural spending, has increased at the same rate as the annual average Community rate of inflation, while annual income from VAT has dropped, relatively, at the same rate as the drop in growth of internal consumption in the Community. This is clear in a longer term and more realistic view of the situation.

I should also like to insist on the artificially narrow view of the CAP versus the other policies. It is impossible to reason in narrow terms of the budget without setting trends in that budget against its economic, social and historical background.

We have to improve the management of the CAP, certainly, and fight against the machinery that leads to surplus production, the compensatory amounts. And we also have to ensure that the common agricultural policy takes account of the Mediterranean products, that vital complement to agricultural unity in the Community.

### Saby

But we do not think that putting a ceiling on agricultural spending, without distinction, is a positive answer.

Account also has to be taken of the international environment in which the Community defines its policies and its agriculture. Just now, a previous speaker referred to the problems facing the European farmers and to the facilities provided for farmers in third countries, particularly the USA. There the problem is not treated with the same balance and the same emphasis and I think some of our colleagues have too restrictive a view and fail to see the problem in the international context.

Lastly, the idea of Community preference has to be broadened. This is vital today, as far as both the common agricultural policy and the other policies are concerned. I should like to tell some of our colleagues, who are always talking about the consumers, that they should not forget that the consumers should also be the producers in the Community, in both agriculture and industry, and that dealing with all the citizens of the Community in terms of consumers alone is masking an important part of the economic equilibrium of that Community. The consumers are also producers, after all. They have to be involved in the process of production in Europe and in the world.

The future financing of the Community has to iron out this notion of fair returns, the idea that is based on nationalistic feelings, is sterile and would, in the long run, have a bad effect on the Community. This, of course, means the problem of the British contribution and so on. We have to get to the stage where we can deal with this in terms of the budget policy and of Community policy alone.

Then harmonization is called for as far as VAT is concerned. It is not right that the system should not be applied in Great Britain and certain other countries.

Those, then, are the things that make it difficult for us to accept the report as it stands — although it does contain some positive features. It is difficult for us, because this narrow-minded condemnation of the common agricultural policy is not realistic and should, as I have said, be seen in its proper context. And it is also very difficult because the technical details of VAT — one of my colleagues will be speaking on this later and saying exactly what these points are — as they are set out in the report seem to us to be a complicated solution which does not take any account of the real criteria that should be used to assess a country's debts and the gradual improvement in its wealth. These, I think, are important elements.

We have tabled a certain number of amendments which partly agree with those of the Committee on Agriculture and we maintain that this report is an

important step for Parliament before the Athens summit. I think we have to be coherent and not reflect on the problem in isolation or look at the Community's problems through the wrong end of the telescope. Parliament should not set itself against the common agricultural policy — even if reforms are called for. It should remember the reality of the agricultural policy, the need to reform it and to consider the other problems facing the community.

That is why we shall not be voting for the Arndt report unless our amendments, which clarify it and really endow it with the dimensions it needs for the future of the Community, are adopted by the plenary sitting.

### 3. Welcome

**President.** — Ladies and gentlemen, I have the pleasure of welcoming, on behalf of the European Parliament, the bureau of the delegation from the Portuguese Assembly to the Joint Committee European Parliament-Assembly of the Republic of Portugal.

The chairman, Mr Rui Mateus, and his colleagues, who have taken their seats in the official gallery, are engaged, together with our own colleagues on the Joint Committee, in preparations for the next meeting of this committee, which is of especial importance with regard to the progress of negotiations on Portugal's accession to the Community.

I wish our Portuguese colleagues a pleasant and fruitful visit to the European Parliament.

*(Applause)*

### 4. Financing of the Community (contd)

**President.** — We now resume the debate on the Arndt report.

**Mrs Nikolaou (S).** — Mr President, it is the specific make-up of the resources payable into the Community budget and the ideas governing the common agricultural policy which lie at the heart of the problem of balancing the budget and which have led us to the present *impasse*.

While expenditure has gone on rising steeply, the increase in revenues has been limited by factors inherent in the system and by the upper ceiling. With the reduction of protection for Community-produced industrial products, the level of customs duties as a percentage of total revenue has fallen from 55% in 1974 to a projected 31% in 1984, while the in-payments from agricultural levies will have fallen from 16% in 1977 to 12% in 1984. VAT has become the main source of the Community's revenue and now accounts for around 60%. Ever since 1980, Parliament has been warning about the danger of resources becoming exhausted. The reality we face today does not permit much latitude in the quest for a solution.

## Nikolaou

The *impasse* can be removed either by radical institutional change designed to put a brake on the trend towards rapidly rising expenditure or by an increase in revenues.

Parliament very rightly views these as two facets of a single problem and does not separate them. On the revenue side, raising the VAT ceiling offers without a doubt the most accommodating solution. The point at issue, however, is the *size* of the increase, together with the decision-taking procedure for its implementation. The increase could perhaps be higher than the 0.4% which the Commission has proposed and Parliament has accepted. However, as far as the decision-taking procedure is concerned, this should remain the prerogative of the national parliaments, since the transfer of resources from national to Community level is a purely political decision.

As regards the distribution of the tax burden among the different Member States, this must be sharply modulated so that the budget can function as an instrument for redistributing income from the richer areas of the Community to the poorer ones. This element has been neglected until now, with the result that unacceptable solutions have arisen for certain Member States. In contrast with what has obtained hitherto, the Arndt report deals boldly with the problem of modulation, and this is one of its most significant points. However, if the principle of modulation is to take its place as a part of the Community's financial machinery, the parameters used will have to be both transparent and functional in application and take account of each Member State's tax-paying capacity and of the benefits it receives from membership. The national economies' net operating surplus indicator would therefore, in our view, be difficult to apply and might have adverse repercussions on the countries with a high percentage of self-employed persons, as, for instance, the less developed countries of the Community. On the other hand, a compound indicator capable of registering both differences in *per capita* income and the benefits and disadvantages ensuing from intra-Community trade would be more in tune with the requirements I have listed.

As I have said, increasing the Community's resources entails the transfer of funds from national to Community level. The elected European Parliament, which expresses the will of the European taxpayer, has the obligation to ensure that the Community's resources are used as expeditiously as possible and to check constantly that they are being properly managed. We therefore approve of the way the Arndt report links the expenditure side. In contrast to what has been the case previously, expenditure must be closely tied to the level and rate of the partners' development. It is generally accepted that the way the budget has operated so far has chiefly benefited the wealthy countries of the Community.

The Arndt report sees the preponderance of price-support measures for agricultural products, which have

led to the creation of large structural surpluses, as the main cause of the worsening budgetary imbalance. It should be stressed, however, that the surpluses are the symptom rather than the cause of our current difficulties. It is the philosophy behind the common agricultural policy which is the root of the problem, that is. The undifferentiated implementation of regulations amongst objectively unequal partners, the demotion of the structural policy and the opting for a guarantees policy, the shielding of the better-off partners rather than the less-favoured partners against foreign competition, these have led to the situation where a large part of agricultural production is aimed not at the market but at profiting from the guarantees offered under the common agricultural policy. The problem of the structural surpluses will not be solved by imposing penalties but by revising the CAP.

As regards the call, in section II of the Arndt resolution, for additional resources for the development of new policies, for combating unemployment, coping with enlargement and a long-term structural policy to assist the poorer regions of Europe, we view this as a contribution to the restructuring of the Community budget which Parliament has long been calling for.

Mr President, as those of us who belong to the PASOK see it, consolidation of the principle of modulation on the revenue side and relating expenditure to the prosperity levels of the Member States should figure among the principal aims of those who hold visions of a different and socially fair Europe, where development will be balanced.

**Mr Woltjer (S).** — (NL) Mr President, it is a rare occurrence for me publicly to oppose a number of points raised by the group; but I feel I have to do so this time, and not because the rapporteur has not drawn up a good report. Quite the contrary, and I should like to make that quite clear. I do so because I believe Parliament is about to make a serious mistake.

The Commission is in fact proposing a modulation in the VAT arrangement if agricultural expenditure rises above 33%. The Commission then gives three criteria for this modulation. One of these criteria is the Member States' share of total agricultural production. Mr President, it is this modulation that I categorically oppose, and reference is made to it in the report. It is in fact based on the assumption that the present agricultural policy will remain as it is. It is tantamount to giving up and saying there is no other way. I express myself in this way because I feel that during the debate we had on the British contribution Parliament always made it abundantly clear that it only wanted temporary solutions. It has always made it clear — and this will again be a major issue in the forthcoming debate on the budget — that we do not want *juste retour* and that the Community must have a policy of its own.

**Woltjer**

What I like about the report — and it therefore has my full approval in this respect — is that it states explicitly that the present agricultural policy must be changed, particularly as regards structural surpluses. Surplus production is unacceptable, as I believe I have said here several times before. Nor can I be accused of trying to defend the surpluses produced under the present agricultural policy by a roundabout route. I oppose the modulation because, as Mr Notenboom has also said, it is tantamount to our saying, unwittingly, that the common agricultural policy should remain as it is.

There is an urgent need for an increase in our own resources. An increase in the overproduction of agricultural products is unacceptable. This view is also clearly stated in the report, and I want to emphasize its validity. But, I repeat, the acceptance, even temporarily, of a modulation in revenue without a change in policy will not get the Community any further. It will further undermine financial solidarity in the Community and that, as I have said before, is why I oppose it.

Secondly, I see from the report that we do not really need to discuss an increase in VAT above the 1.4% mark at the moment. I do not understand this argument. The rapporteur says that it would not be opportune at the moment, that it would in fact be unrealistic and that we must not therefore discuss it. He says that we must first see if we can obtain this 1.4% and if the Member States' parliaments would agree. I feel it is for the national parliaments to say whether or not they will agree to a further increase in our resources, but that we of the European Parliament, especially if we are given greater powers with regard to the further increase in these resources, can find enough arguments in the Commission's document to ensure that this point is retained. I am therefore in favour of an amendment to delete this point from the amendments to the motion for a resolution or to the Commission's proposal for a Council decision and of our not discussing it further for the time being. We must certainly not make the mistake of rejecting so important a matter for Parliament, because that would in fact result in a further restriction of our powers.

Mr President, those were the points I wanted to make. I have made it clear which aspects of the report I agree with and which I disagree with. I have tabled amendments to the points I disagree with, and I hope that Parliament will approve them. I have also said that, in certain respects, these amendments do not comply with the views of my group. I have made it clear what my objections are, and I hope that Parliament takes a satisfactory decision tomorrow.

**Mr Arndt (S), rapporteur.** — (DE) I should just like to say a few words. Mr Simonnet claims that the Committee on Budgets and Parliament have changed their position. I would ask Mr Simonnet to take another careful look at the Spinelli resolution, on

which this resolution is in fact based. It says that Parliament will not approve an increase in 'own resources' unless surplus production in the agricultural sector is first brought under control. And this has been the position Parliament has adopted in every decision it has taken on budgets since 1980. Mr Simonnet is therefore mistaken in this respect. The Committee on Budgets has always been consistent in the position it has adopted since 1979. Parliament has departed from this position from time to time, when the agricultural price decisions were taken, for example, but the Committee on Budgets has maintained this position at all times.

**Mr Lalumière (S).** — (FR) Mr President, after the two interim reports which Mr Arndt presented, the Committee on Budgets adopted the final report on 11 October 1983.

This report contains, first of all proposals to raise VAT from 1% to 1.4% Second, it rejects all proposals to introduce a new decision-making procedure for raising VAT. Third, it considers that any increase in own resources is linked to a reform of the CAP. Fourth, it says that extra funds should be earmarked for new policies and last, it makes technical proposals on the formula for correcting VAT in respect of agricultural spending. In this particular case, three indicators are provided — each Member State's share of agricultural production, its share of the Community's net surplus and *per capita* GDP. This fifth element goes a long way to explaining why it is the agricultural countries, essentially, that will be profoundly affected by VAT, since, with this machinery, the tax will be greater than the normal VAT. Those are the main things in the Arndt report.

Obviously, there are certain number of things that still have to be made more explicit. The Arndt report, which has in fact set out all the own resources that could be found in the Community, does put the greatest emphasis on VAT, on the famous 1% ceiling, and the future financing of the Community is looked at from the point of view of VAT. Only we must be clear about this. It has to be realized that our European VAT has not yet been harmonized in all the countries.

There is a huge difference, for example, between VAT in England and VAT in Germany and there is a very important sector that has not been covered, agricultural production, which, in most of the countries, is subject to systems that are indeed VAT systems but not real VAT.

So, here we have a problem that has not been investigated for a number of years, practically speaking since the sixth directive. and we have, as a result, a VAT that is not identical in all the countries of Europe.

I should add that each Member States takes special care with its VAT, because it is an element of the economic policy, and so VAT differs considerably

**Lalumière**

from one country of Europe to another. It will obviously be very difficult gradually to achieve similar rates of VAT in all the countries and it has to be clear that the process will take some time.

What we need, to a very large extent, is to take up this VAT problem — and a previous speaker said so just now — for it is obvious that VAT yielded more before 1970 than it has done since. And many States have found themselves with deficits, in many cases because VAT no longer covered the requirements of the official state budget. So, there is a very delicate question here and it has to be admitted that, in the Arndt report, the matter of a VAT increase as an additional resource will crop up later. The section of the report that says that there will be no special procedure for any later increases in own resources is rather like slamming a door, as each country is going to want the increase in own resources to be a gradual business. The Member States will agree to an increase from 1% to 1.4% and they will perhaps agree then to granting new own resources. But they will move gradually. It is perhaps a mistake to refuse the idea of a procedure for later on. It would perhaps have been a good idea to provide a system that would work and enable the Community to obtain new own resources. They could well be smaller than the 1% but they would enable it to cover the future financing that guarantees the future of our Community and, above all, the essential role it could play at European level in the economy and in all the new common policies to be implemented.

**Mr O'Mahony (S).** — Mr President, this motion for a resolution represents in general terms, a balanced approach to solving the present financial crisis in the Community. It represents a further, important evolution of Parliament's consistent attempts to make the Community's institutions face the need for adequate funding and for a more balanced distribution of resources between economic sectors and regions.

May I say, too, in my opening remarks, that the Council of Ministers must be condemned in the strongest possible terms for its continuing failure to devise solutions to the Community's financial problems. It has been clear for more than a year now that Community expenditure would reach the limit of its own resources in late 1983 or in early 1984, yet there is still no sign of a Council agreement on the way forward. In this connection, I must add that I have met no Member of this Parliament who believes that a solution will be found in Athens either, despite the clear urgency of the matter.

I would like to make a number of general comments on Mr Arndt's motion for a resolution. It must be clear to all of us that the European Community will only survive in the long term if it confronts the real problems which affect the daily lives of its peoples.

The realities facing the people of the Community today are falling living standards, rising unemployment and general economic crisis. If the Community is not seen to be able to act on these problems coherently, then it will be seen by our peoples to have failed and it will no longer have their confidence. The result will inevitably be a growth in isolationism, with all the disastrous consequences that will entail in both economic and political terms.

Two sets of actions are required to correct the present drift. In the first instance, it is imperative that the Member governments should agree on a common strategy for economic recovery outside the Community budget. This Parliament must therefore again demand some agreement by the Member States on their fiscal, monetary and investment programmes for the medium term as a means of restimulating growth and production.

With regard to the Community's own budget, I believe strongly in the need to increase the Community's revenue. We urgently need to fund new policies for industry, employment, transport, energy and in the social sector, all of which have been repeatedly argued for by this Parliament. Even if agricultural expenditure had not risen so rapidly this year, we should still, in my view, have needed to increase the 1% VAT ceiling to finance new policies in the areas I have mentioned on the scale which is now required.

I also share the view contained in the motion that greater priority must be given in future to the poorer regions of the Community. Let us face the reality that the Community's regional policy has failed up to now and that the gap in prosperity between the richer and poorer regions has significantly increased since the Treaty of Rome came into force. That is a travesty of the intentions of this Parliament, and it is a situation which must be redressed by radically restructuring Community expenditure in favour of the poorer Member States and regions as a matter of priority.

Let us face the fact that a free market in goods and services benefits the stronger economies of the Community and exploits the weaker Member States unless it is accompanied by appreciable measures of regional distribution, and this is clearly not the case at present.

Throughout the motion for a resolution, the problems of increasing agricultural expenditure and the Community's financial crisis are linked. We must proceed with some caution here, and I am pleased that Mr Arndt has accepted some of the amendments which I suggested in the Committee on Budgets in this regard, particularly in paragraph 40.

It is understandable that Parliament's attention should focus at a time of financial crisis on the problems of undisposable agricultural surpluses. Nevertheless, we must not look at the problem of surpluses in a global

way. We must first ask why these massive surpluses are being created, and where. In answering these questions, we can conclude that measures to eliminate positive MCAs, to stop cereal substitute imports, to tax overproduction in industrialized farms and to operate Community preference in surplus products offer the best solutions in financial terms and in terms of Community solidarity.

Above all, we must not attempt to treat poor Member States, like my own, which have low agricultural production levels and which depend heavily on agriculture for economic survival, as we would treat Member States in which agriculture constitutes an insignificant proportion of the GNP.

It is imperative, therefore, that measures to deal with agricultural surpluses, necessary though these are, must discriminate in favour of agriculture-based economies like my own. The implementation of a global measure, such as the supplementary (Super) levy proposed by the Commission, would constitute the destruction of Community solidarity so far as Ireland is concerned.

Having said that, I believe that the Arndt motion goes quite a long way towards understanding the need to distinguish between economies which are heavily dependent on agriculture and those which are not, and, in general I believe that what the motion suggests are things which must be done.

**President.** — The debate is closed. The vote will be taken at the next voting-time.

*(The sitting was suspended at 1.05 p.m. and resumed at 3 p.m.)*

##### 5. EAGGF

**President.** — The next item is the oral question with debate (Doc. 1-934/83) by Mr Marck and Mr Clinton, on behalf of the Group of the European People's Party (Christian-Democratic Group), and Mr Bangemann, on behalf of the Liberal and Democratic Group, to the Commission :

Subject: Decision by the Commission to extend suspension of advance payments and other restrictive measures under the guarantee fund until the end of 1983

For what reason has the Commission considered it necessary to continue suspending advance payments under the EAGGF (Guarantee Section), probably until 31 December 1983?

I inform you that the Commission will reply at the end of the debate and not immediately following the question, because, owing to fog at Strasbourg airport, the President of the Commission, Mr Thorn, has not yet arrived. He is expected at any moment.

**Mr Hord (ED).** — Mr President, I find your proposal rather strange, since there seems little point in

colleagues' putting forward questions or observations on this subject if the respondent is not going to be here. I recognize that it is sometimes difficult for people to be at a particular place at a given time, and that Mr Thorn has been held up by the fog, but surely the Agriculture Commissioner should be present: he could perhaps sit in and at least deal with those questions which are being put to him whilst Mr Thorn is absent.

**President.** — Mr Hord, the Commissioner Mr Tugendhat is present, and I will ask him to reply to you directly.

**Mr Tugendhat, Vice-President of the Commission.**

— Mr President, in response to Mr Hord's point, both President Thorn and Mr Dalsager are in fact at this moment on their way here. They are, I am informed, somewhere between the airport and Parliament. They would have been here earlier but for the fact that there has been fog both in Brussels and in Strasbourg. Therefore, their departure was delayed for unavoidable reasons. The Commission therefore felt that the best thing to do — which is indeed what we did — was to inform the parliamentary authorities of what had happened in order that Parliament could determine its own procedures.

I quite understand the point that Mr Hord has made. I am, of course, able to listen to the debate and to pass on what is said to my colleagues. Alternatively of course, Parliament can wait until my colleagues arrive. But there is no disrespect to the House. It is entirely the result of weather conditions both here and in Brussels.

**President.** — Mr Hord, I think this explanation has satisfied you. Moreover, the Bureau has just been informed that the plane has already landed and that Mr Thorn is on his way here. Please let us drop these points of order, because they add nothing at this juncture.

**Mr Marck (PPE).** — *(NL)* Mr President, if it is true that the President of the Commission and Commissioner Dalsager are still on their way, I would prefer to wait and go on with the rest of the agenda until they arrive.

**President.** — I am afraid that is not possible. We only have one hour. Would you therefore please take the floor?

**Mr Marck (PPE).** — *(NL)* Mr President, if there is no alternative, then I will begin, although I find it very regrettable that the Commissioner responsible is not present for so important a matter. This is the second time this has happened: we had the same experience last time.

I listened carefully to the answers to the questions put to the President of the Commission on 13 October,



**Marck**

and I have made a special point of reading them through again. And I must say I admire the way in which the President of the Commission covered up for the blunders that had been made by the Members of the Commission and also the fair attitude he adopted at that time. I do not therefore want to revert to these questions, although I regret the Commission's unfortunate approach and the improvisation, not to say desperation, of the Commission's statements, which aroused a great deal of distrust at a time when Parliament sorely needed a strong, united and resolute Commission.

All I intend to do today, therefore, is ask a few factual questions with a view to obtaining answers which will give us a better purchase and more confidence and help to avoid further confusion.

My first question concerns the figures quoted by the Commission. The Commission's press release of 19 October states that expenditure under the Guarantee Section of the EAGGF amounted to 1 340 m ECU per month from January to September and that 2 396m ECU was available for November and December. This lines up with the figures we obtained in the Committee on Budgetary Control as long ago as September — I repeat: as long ago as September. In the meantime, supplementary budget No 2 has been approved, which has prevented possible bankruptcy. The same Commission press release stated that 1 300m ECU had been set aside for November, although previous statements, including one to the Council, had said that 1 600m ECU would be needed for November, leaving only 750m ECU for December. I should like to know which are the correct figures, with account taken of the fact that less EAGGF expenditure is usually required in December.

My second question is this: if the situation was already tense when the request for advances was made, why this tremendous panic? Were there no other resources with which to overcome this tense situation? If the deficit to be made up amounts to 300m to 500m ECU, were there no alternatives? For example, could the Member States not have been requested to pay the amounts due in December until the EAGGF funds made available in the form of monthly advances were exhausted? At the very worst, this would have meant stopping payments for fourteen days — and that at the end of the year — and would have caused less disturbance in the markets. Or are we to believe the wicked tongues that claim this spectacle was merely designed to bring pressure to bear on the Council of Ministers in anticipation of the summit meeting in Athens?

Thirdly, what happens if EAGGF expenditure stays below the financial resources of the EAGGF at the end of the 1983 financial year? Will this not impose an annoying burden on the 1984 budget?

Fourthly, why has the Commission not informed either the Council or Parliament that, come what may,

the temporary 10-day suspension must be extended until the end of 1983 if it is to have any financial effect?

Fifthly and lastly, although the farmers themselves have not been directly affected by the measures that have been taken, the export-oriented processing industry certainly has. The competitiveness of our export trade and of the processing industry has come under heavy pressure, and there is a feeling of uncertainty about the agricultural policy, that is being pursued. Has the Commission made a proper calculation of the risks inherent in this policy?

I hope, Mr Commissioner, to receive an objective and unequivocal answer which will restore the confidence that has been shaken. When times are hard, the Commission and Parliament must form a united front in a spirit of confidence and convinced that the most reasonable solution has been chosen.

**Mr Gautier (S).** — *(DE)* On behalf of my group I should like to say that, in our view, the Commission of the European Community bears full responsibility for the implementation of the European Community's budget. It is therefore responsible for the decision it has taken, and it should retain this responsibility. Two weeks ago, we approved a supplementary budget which provided an additional 1 700m ECU for expenditure in the agricultural sector. If the Commission feels that, despite the additional funds approved by Parliament, it cannot meet this year's financial obligations, it has a duty to implement the budget in such a way that the Community is not completely devoid of funds at the end of the year. I should like to say quite clearly that, whatever our views on the Commission's decision, the Commission is an organ that has its own political responsibility.

Secondly, many people are now criticizing the Commission for its decision to suspend advance payments. The same people would probably criticize the Commission in December if it said: 'The coffers are now empty.' Parliament should stop being so hypocritical and say: 'The Commission has a duty to abide by the budgetary powers specified by Parliament and the Council.'

The third point I should like to raise is more in the nature of a question to the Commission. We are concerned that, by suspending advance payments, the Commission will in effect be carrying about 400m ECU in payments forward to the 1984 financial year. I should therefore like to ask the Commission whether or not it has made provision in its draft 1984 budget for the additional payments that it is carrying forward from 1983 to 1984. In other words, if Parliament approves the 1984 budget at the first reading tomorrow and, in so doing, comes very close to the 1% VAT limit, can it be sure that expenditure will not exceed this 1% VAT limit as a result of the payment commitments being transferred to 1984?

**Gautier**

Fourthly, the suspension of advance payments has undoubtedly given rise to various problems, and I should like to hear the Commission's views on the fact that countries or exporters in countries with a high rate of inflation will be particularly hard hit if they have to wait two or three months for payment. Does the Commission intend to take any compensatory measures in this connection?

Fifthly, we agree with the Commission's decision temporarily to suspend certain advance payments — the 80% down-payment for exports. This may impede the Community's export policy somewhat, but it will not bring it to a complete halt, and I therefore consider this emergency measure by and large to be the right course of action.

Sixthly, I should like to ask the Commission how it went about this measure. Although it had announced the suspension of advance payments, it obviously did not take the actual decision until later, with the result that, in the meantime, many people who know something about the agricultural policy, far from dragging their heels, cashed in by stocking up their warehouses and exporting goods. Can the Commission say what happened between the announcement and the actual introduction of the suspension of advance payments?

Finally, I turn to the authors of the question, the Liberals and Christian Democrats. I find the way they have acted very hypocritical. For three or four years, the Liberals and Christian Democrats have been standing up and saying: 'There are no problems with the agricultural policy. We have enough money. We need not worry about approving an increase in prices by 14% or 8% or whatever it may be.' For years we Socialists have been saying that things cannot go on as they are. At some stage we shall not have any more money. And now we have reached the stage where we have no more money, and the Commission is doing the right thing and saying: 'We do not have enough money, and we must now see how we can get by with these limited financial resources.' Now the same Christian Democrats, the ones who have been blocking every proposal for reforms for three years, are standing there and lamenting the fact that the Commission is doing its duty as an independent body. I call that hypocrisy. They should have thought about this in the last few years. Even in April of this year, when Parliament debated agricultural prices, you still had time to change your minds. What did you do? You rejected everything, and now you are surprised that we are facing this financial disaster. I am very much looking forward to hearing how you intend to explain this inconsistency to the European public and the electors.

**President.** — Thank you, Mr Gautier. I note that you have a particular liking for the word *scheinbeilig*. But that you are perfectly entitled to.

**Mr Barbi (PPE).** — (IT) I entirely agree with your remark, Mr President.

**Mr Gautier (S).** — (DE) I hope it can be translated into the other languages. My apologies to the interpreters.

**Mr Clinton (PPE).** — Mr President, I too regret the absence of President Thorn, but I am glad to see that Commissioner Dalsager has arrived.

On behalf of my group, I wish to make it perfectly clear at the outset that we do not underestimate the problems facing every institution of this Community at the present time. I want to assure the Commissioners present that we are not here to create additional difficulties. We have put down this oral question for debate because we are concerned. Indeed, a large number of the people who sent us here to represent them are now seriously concerned. All sorts of rumours and speculations are circulating and we — the directly-elected Members of this Parliament — must be able to supply answers, reliable answers. We — unlike the Members of the Commission — have to meet these people face to face. In recent weeks their confidence has been totally eroded, and we are expected to be able to reassure them. How can we reassure them when statements and counterstatements are issuing from the Commission in rapid succession and at the highest level? As a result, nobody seems to know from week to week where we are going.

Less than two weeks ago, we had an assurance from no less a person than President Thorn himself — and this was emphasized in the course of the same discussion by Commissioner Dalsager — that the suspension of advances on EAGGF (Guarantee) payments was a two-week operation and that there was no cause for alarm. Last week, that is to say, just a week later, another statement issued from the Commission to the effect that this suspension would be continued indefinitely but not longer than the end of the present year. The first assurance has not proved correct, and I hope the second one will. If this goes beyond the present year, certainly it is going to do serious damage.

When I returned home late in the evening, having listened to President Thorn's first assurance, I drove about sixty miles down the country from Dublin to meet about 300 farmers and traders who quite genuinely felt that the end had come and that the Community was no longer able to meet its commitments. I immediately put them at ease when I said that I had come straight from this Parliament, where I had been given a categorical undertaking from the President of the Commission that this was a two-week suspension and that after that everything would return to normal. I did this because I accepted what was said then and because I felt we had an experienced Commissioner in charge of the budget who had also

## Clinton

quite recently given us assurances that his sums were working out right. I certainly do not feel that I could face these people again and say, with any confidence, that I had heard anything from the Commission that I would be prepared to take a stand on.

This indecision is doing immense damage to the Community. The Commission should be in no doubt about that. When President Thorn replies to this discussion — if indeed he is here, and I thought when I saw Commissioner Dalsager that he should be here — could he tell us, if it is not too much to expect to know, with only two months left of this year, where exactly we stand; what exactly our commitments are; whether we have sufficient money left in the budget to meet these commitments; how much we have left in reserve chapters; what appropriations are left over in other sectors, and whether these appropriations can be transferred to enable us to carry on our business in accordance with normal procedures?

We cannot all be budget experts. That must be acknowledged. However, we fully appreciate the fact that next year's budget has been prepared under the shadow of exhaustion of our own resources. Nevertheless, I think the Commission should bear in mind that we have large stocks in intervention stores. Should these stocks not be moving faster? Are we deliberately slowing down exports in order to have money left over at the end of the year? Will this not cost the Community much more in the long run? The Commission should never forget that one of its very important responsibilities is efficient marketing management. A stop-go policy does not work in marketing. When we have gained a footing in a market we must hold it, and we can only do this if we are totally reliable in the delivery of our customers' needs.

I wish also to say to the Commissioner that a lot of the sheep in the Community are produced by small farmers in the poorer areas. Can we not find sufficient money to pay at least the smaller farmers, or have they to wait until next year to be paid? If this is so, in my view it is the essence of bad management, especially when we are dealing with a product that is in deficit. I have had several complaints about this and I feel the complaints are justified. If I appear to be over-critical I apologize, but it will perhaps help the President of the Commission to understand if I remind him that I represent a country that this year exported 45 % of its beef and 60 % of its live cattle to other countries. What might be a fairly small problem for large cartels and export businesses, for Ireland could mean the loss of valuable market outlets.

*(Applause)*

**Mr Curry (ED).** — Mr President, Mr Provan will speak for my group. I wish to make one or two personal comments. You mentioned the fog, Mr President, and it seems to me that in this whole affair there has been a great deal more fog inside the building than there has been outside.

The original proposal made by the Commissioner for Agriculture was for the suspension of certain payments until the end of the year. The Commission then revised that to a suspension for ten days. The implication of that revision was to say, 'look, the crisis is not as grave as you thought; there is a matter of house-keeping, there is a question of cash-flow, but do not be panicked into thinking that it is the end of the world'. Yet, at the very time that decision was being taken to limit the suspension to ten days, it was quite clear that everybody in the Commission realized that it would have to be continued to the end of the year. That is either malicious or it is naïve; in any case, it is extremely bad management and bad politics, because it creates a sensation of drift — of not taking decisions. The executive rôle of the Commission is one we all appreciate, but the executive rôle is to take decisions and to take decisions quickly, decisively and in good time, and that is what we have not had. The Commission has been put in the position of the young lady who proclaims that she is not pregnant, she is only partially pregnant. And it is extremely difficult to sustain a condition of partial pregnancy for more than a very short period of time.

So the method of work is unsatisfactory. How much money has been deferred to next year? When will that money be spent? What happens if we were to find ourselves working on twelfths next year as a result of problems with the budget? Can we have, as soon as possible in November when the advances for November are known, a statement updating us as to the payment and financial situation? What are the contingency plans for next year if we should find ourselves in a similar position next year?

Finally, the choice of measures that have been taken: are we likely to see those come round and round again, or will there be an attempt to spread the load, as it were, so that the people involved in trade, upon whom, after all, the producer depends for long-term markets, are not necessarily going to find these markets jeopardized by what we are told permanently is a series of improvised and temporary measures?

So, Mr President, we do not doubt the rôle of the Commission or its ability to take that rôle, but we are very, very concerned about its methods: the maximum of uncertainty, the minimum of decision.

*(Applause)*

**Mr Vitale (COM).** — *(IT)* Mr President, whatever the budgetary considerations, understandable though they may be, which have led to the decision on the suspension of the EAGGF payments, one thing is certain: its suddenness has caused an upheaval in the market. Mr Curry has already referred to it. The news that is reaching me from Italy is rather alarming. For instance, wine-growers are holding back on bringing their crops for distillation; oil merchants have

**Vitale**

stopped purchases, because they are not sure if they will be getting consumption aids — this is happening just as a bumper crop is about to be gathered. The tobacco industry has formally announced its intention of suspending purchases from the farmers. These are facts, and I could quote many more.

My impression is that, whether by accident or design, a picture has been presented of a Community on the brink of bankruptcy, with incertitude piled upon doubt. Is the Commission aware of the financial cost of the present market stagnation? Does it realize that, whatever the budgetary considerations which — I say again — may justify it, it has undermined confidence far beyond the period of two or three months envisaged and the sectors directly concerned? There are only two ways about it: either the Commission had failed to foresee the consequences, and that would be very serious; or it *has* foreseen them and what we are witnessing is pressure being exerted on Parliament and on the Member States — and that is more serious still.

It is my opinion, Mr President, that notwithstanding the budgetary problems, which we should all bear in mind, it is now the Commission's duty to act swiftly to remedy the situation, to dispel this anxiety among the public and reassure it as quickly as possible that it means to honour its commitments. I think, Mr Dalsager — and I am addressing myself to you, because it is your unconsidered statements that have provoked this anxiety — that this is the least that the Commission can do to recover its own and the Community's credibility. For it has undoubtedly been shaken, causing serious damage in our markets.

**Mr Delatte (L).** — (FR) Mr President, Honorable Members, this discussion reveals the need for permanent consultation between the Commission, the Council and Parliament. The subject is an important one. I, for one, regret that Mr Thorn has been unable to attend, although I see that one plane has already landed, as Mr Dalsager is with us. Perhaps Mr Thorn will be here in a minute, in which case I should like him to reply himself, as it was he who replied at our last part session to questions on this subject. In my speech of 13 October, I said that the Commission statements had upset people. This decision was later aggravated by the successive positions adopted by the Commission.

What happened? There were discussions about the budget. Everyone is saying that the problems are such that the Community will soon be unable to finance anything. The decision to suspend refunds for a fortnight was taken. Questions were asked. And my colleague Mr Maher put this question to the Commission and its President, Gaston Thorn: 'Will other decisions be taken after the prescribed 10 days?' We got a guarantee that no other decisions would be taken — but today we are faced with a *fait accompli* and a deci-

sion has been taken to suspend refunds until the end of the year. I think that shows a complete lack of respect for this House and I object to it.

It is a matter of simple advances on refunds, it is true, but when the Commission tells us that this has no effect on the operators' activity or on the producers' income, I maintain it is wrong because the additional costs that occur because the refunds are not paid are a heavy burden on all these producers and the perturbation of the markets that is going to occur will make the situation worse.

There will be speculation, let us have no illusion about that, and I think it is a good idea for the Commission to be careful about this and, at all events, to avoid sudden decisions being taken without consultation.

That, Mr President, is the heart of the matter. The agricultural policy has to be altered. The question is an urgent one, but any changes must be made serenely. They must not involve attacking the common agricultural policy every time we have a sitting — as we did this morning with the Arndt report. I think it is important to see the problem as it really is and I thank Mr Thorn for coming to join us because I should like him to answer this difficult question, as he did last time.

I should like to add that the producing countries with agricultural surpluses are in a very small minority on this earth. Everyone helps their agriculture and everyone is worried about their farmers' incomes. So this is not a budget problem. It is a political problem which it is important to study as a whole so that everyone can benefit. Lastly, I should like to tell Mr Gautier that he has no lessons to teach us here on the right. He said that the right had squandered and led us to squander Community funds. The Community has not so far squandered any funds on agriculture and, in any case, it has no debts. Unfortunately, in my country, where we have a socialist government, it has taken the socialists only two years to empty the coffers. And not only that. They have contracted the sort of debts for France that the country has never known. So Mr Gautier has nothing to say.

Mr President, I should like the Commission to be convinced of the need to develop agriculture and maintain the CAP. This is something that is in the interests of all Europeans. I strongly hope that the CAP will be examined in a careful and positive manner and, above all, that there can be consultation so as to avoid the sort of misunderstanding we have already experienced.

*(Applause from the right).*

**Mr Gautier (DEP).** — (FR) Mr President, Honorable Members, we might well think that this was a playhouse if we did not know that we were in an extremely serious situation. There is a play, in several acts, going on at the moment.

**Gautier**

Act one: At the end of September, Mr Tugendhat honours the European Parliament's Committee on Agriculture with his presence and announces, unequivocally, that there are no budget problems attached to covering agricultural spending for the rest of 1983. He even says that if the European Parliament fails to adopt the supplementary budget for 1983 during the first October part-session, it would have to do so during the following part-session at the latest, as the Commission cannot ensure payments after that without the supplementary budget. So the farmers are calm and reassured.

Act two: Ten days later, Mr Dalsager tells the press in Athens that there is no more money, only insolvency and bankruptcy. The President of the Commission categorically denies the statements and publicly denounces the commissioner. Things get clearer. The following day, Mr Thorn announces that his colleague in charge of agriculture is right.

There is no point in saying then that the farmers no longer know which way — I nearly said to which commissioner — to turn, as they are more than worried.

The day after, the Commission is harmonious once more. Here, in Strasbourg, we witness the embarrassed but harmonious finalization of things by the Commission.

Act three: The Official Journal of 12 October contains the regulation suspending payments of advances on export refunds for all products and various aids and subsidies for 10 days. The curtain comes down and there is no applause.

Act four: A week later, the European Commission again examines the financial situation of the Guarantee Section of the EAGGF and, on the basis of the available figures — try and understand this if you can — extends the economic measures already announced until the end of the year and introduces three new measures. The Commission tells us that there has been an unusually high number of application for advances on refunds over the past week and this has forced it to change its position for the nth time. If the Commission, that great European agricultural broker, is unable to realize that the panic it has created has led exporters to rush to the Community's coffers, then it clearly fails to understand anything about business at all.

So has not the time come at last for us to seriously envisage setting up the European export agency our group has been calling for for years, one that would be associated to all the parties involved (which would understand the world of business) for, visibly, bureaucracy and trade do not go well together?

What would the Commission's real aim be in an enterprise of this kind? A calculated deliberate move on the part of the Commission to put pressure on the Council of Ministers? Or simply a settling of

accounts? If it were, it would be totally unacceptable to our group. Although the Commission claims the opposite, we are tempted to believe it.

*(Applause from the right)*

**Mr Provan (ED).** — Mr President, it is easy to identify the ends that we want to achieve, but it is not always easy to identify the means by which to achieve them. Very often in this Parliament we finish up in total disagreement.

For a number of years now we have condoned the increase in prices granted every year by the Council, very often in advance of what the Commission had suggested, for the benefit of the agricultural industry. We in the European Parliament have been well warned of the likely consequences of demands for too high an increase in prices. Some time the bubble had to burst. The industry, however, has been thrown into confusion by the recent decisions of the Commission. This year milk production is expected to increase yet again by 3.5% whilst in a Scottish market this week, because of the confusion that there is at the present time, in-calf beef heifers dropped by £ 80 a head, a very substantial figure for those farmers selling animals. Oil-seed rape is £ 12 a tonne down and wheat is £ 8 a tonne down, all coming nearer the intervention price and so threatening to cause further expenditure to the Community.

What has the Commission in fact achieved by its cuts in advance payments? They will, I gather, be saving £ 5m in interest on intervention stocks. Yet it is the poor pig and poultry industry that has really been sided out and told that it cannot get any skimmed-milk powder for its feed supplies. At present, this must be one of the agricultural sectors suffering the greatest hardship.

Mr President, these are matters affecting some individual sectors of the industry. Looking at the situation as a whole, we find we are now half-way between Stuttgart and Athens and we have achieved very little. What we require is confidence. Look at the younger people up in the gallery today. Should they be sitting there watching the confusion in Europe being brought about by the Commission? No, we must send them home with confidence that we in the European Parliament and the Commission will manage the industry better and make certain that the common agricultural policy comes out of this trouble stronger than it was before. We can only do that if we actually establish budgetary control over agricultural policy.

**Mr M. Martin (COM).** — *(FR)* Mr President, I should like to start by telling Mr Delatte, who seems to have forgotten, that in 1982, with the left in power, France's agricultural revenue went up for the first time since 1974. Farmers' incomes dropped constantly when the right was in power.

*(Applause from the left)*

**Martin**

Having said that, I should like to point out that on Tuesday of the last part-session we reacted at the announcement that some advance payments would be suspended. After several hours of wavering, when confirmation followed denial and denial confirmation, the Commission officially decided to suspend advances for 10 days on 12 October. My first remark is that this hesitation was to the considerable benefit of the speculators. It would be interesting if the Commission could tell us just how much went into speculation. There is talk of more than 50 000 000 ECU on 11 October alone. 'Who is talking about speculation?' Mr Thorn asked us a couple of weeks ago. Would you, Mr President of the Commission, dare to ask the same question again today? A few days after Mr Thorn spoke to the House, there was a further contribution when the Commission announced that payments would be suspended until further notice and issued a series of restrictive management measures alongside. Many sectors of production are concerned with this — milk, wine, tobacco, olive oil, colza, sunflower and so on. The Commission claims to be short of funds to meet commitments to the end of the year.

My second remark is this. Is not this in contradiction with its own commitments and the assurances it gave us recently? The adoption of supplementary budget No 2 for 1983 was intended to give the Commission enough money within the time it had mentioned. I should like here to quote Mr Thorn himself who, at the last part-session, said we had shut up shop for 10 days to give us the time to investigate the problems. It was 10 days yesterday and it is until further notice today. Beware, gentlemen of the Commission, of trying to investigate problems in this way. You could well come unstuck. What cacophony and — on this I shall end — what incoherence! So has the economic or the agricultural situation changed? No. Were the calculations wrong? If they were, then the fact has to be admitted. But isn't it really a case of the Commission pursuing political pressure — not to say blackmail — to get its proposals on reforming the common agricultural policy rubber-stamped?

*(Applause from the left)*

**Mr Kirk (ED).** — *(DA)* Mr President, I must say that the Commission is behaving like a board administering a bankrupt estate, and I will repeat it, so that Commissioner Dalsager is in no doubt on the matter: I do not consider the Community to be a bankrupt estate. But I find the Commission is administering the Community in the same way as a bankrupt estate would be administered, and with the same effect among the populations of the Community. The people who are dependent on the common agricultural policy and the payments made under it have lost confidence in the Communities. They should not lack confidence in the Communities, it is only in the

Commission's management of the Communities that they should have no confidence. I should like to say the following: Parliament should really draw the consequences from the loss of confidence which is taking root. We should draw the consequences and hold the vote of no confidence in the Commission, which we are entitled to do on behalf of the 270 million citizens we represent in the Community.

**Mr Thorn, President of the Commission.** — *(FR)* Mr President, I shall leave it to my colleague, Mr Dalsager, to give a detailed answer to your various arguments. I myself would like to look at the problem as a whole.

It is incredibly easy in a minute, or even thirty seconds, to throw mud without offering any proof. It only takes a couple of seconds to charge us with bankruptcy and mismanagement and more. There is no need for any thought, no need for any justification even. But it might be a good idea for this House too not just to hear what it wants to hear, but to see things as they really are.

So I shall try, out of deference to this House and, above all, to those who did not have the opportunity to listen to me last time, to outline what happened last month.

I do not see where the Commission went wrong. I think that any MP who is *au fait* with the problems of agriculture knows that there has been a cost explosion this year for reasons that have nothing to do with the way the Commission is managed. We were faced with a cost explosion that the Commission had been predicting for two years. If our proposals had been followed and not other people's, we would not be in this situation now. What did I tell Parliament last month? At the last part-session, I told this House that I regretted that we had to suspend the advances in a somewhat untimely manner — that was a little mistake if we are talking about mistakes — as it is our duty to get to the end of the year with the means at our disposal. I am afraid that — as your reaction in fact showed today — by intervening as we did, we gave the impression that we were being Machiavellian and trying to put pressure on the Council that was meeting at that stage or even on Parliament which, at the same time, was discussing our budget. I regret that. I would have rather not have had to take that decision at that time.

You know how the Commission works, if you will let me add this. The Commission is a corporate body and I wanted as much of that body as possible to shoulder a responsibility of this sort. But some people were in Strasbourg at the time, others were in Athens and others were at home. And some were in Brussels. I felt that a decision of this order should not be taken on trust and by written procedure. Which is why I regret that the decision was taken inopportunistically and left

### Thorn

itself open to criticism — which you did not hesitate to give. When we wanted to postpone the decision and take it calmly a week later, we realized that, because it had been announced — as you, Mr Martin, said — there was speculation. So we closed for 10 days so we would be able to take the decisions in full knowledge of the facts.

So we, on the Commission, met to decide what measures we ought to take and we thought that, objectively, these measures — which had perhaps been taken on the wrong day and in the wrong circumstances — ought to be continued. We take responsibility for this.

I said that I regretted that they were introduced the day you were discussing the budget here and we were in Athens. That is why we thought we might postpone them. But that was out of the question because speculation had already started — so we extended the decision. So there was no real speculation to the Community's detriment as the tills were closed and the measures maintained. And that is why we shall maintain the measures as long as is necessary.

You asked me about the confidence of the farmers, but we are honouring all our commitments.

Let us look things in the face. I think the idea here, in this House, is to reassure the farmers rather than upset them. So what is wrong? Are we meeting our obligations? Certainly we are, because these are advances on operations which will practically all take place next year. That basically, ladies and gentlemen, is a system of prefinancing and not just at 80% either. At 100%. Doesn't the House feel that the most important thing in the present budgetary conditions is to honour our commitments and not grant prefinancing to people who are expecting a change in the rates at the end of the year and are trying to take cover and make a profit? Do you think that it is right, really, to condemn our behaviour? Did we not act properly when we saw the danger and closed the tills? The one thing I regret is that this all happened at the time of your part-session and the Athens Council. Since then, the Commission has taken the relevant steps, in the interests of the Community, and no-one in this House, Mr President, should regret them. All our commitments to the producers will be honoured.

Why did the other operators — the economic operators and the businessmen and the transporters — suddenly ask for more advances than were usual for the season and more than they normally applied for in other years? Because some of them thought it would be better to get the money now and have the benefit of the operation several months before actually carrying it out. I do not feel this should be Parliament's prime concern and it is certainly not the Commission's.

Now, Mr President, for the details. My colleague Mr Dalsager will, I feel, provide them more skilfully by far than I could, but I thank you for being so good as to give me your attention.

*(Applause)*

**Mr Dalsager, Member of the Commission.** — *(DA)* Mr President, I would repeat that the short-term financial situation continues to be tight, despite the adoption of supplementary budget No 2 for 1983, under which a further 1761 million ECU are made available to the EAGGF (Guarantee Section). The amount remaining for November and December is 2396 million ECU. The Member States asked the Commission for 1731 million ECU for November, i. e. a much larger amount than the monthly disbursements at the start of the year, which averaged 1337 million ECU over the first 9 months of the year. Faced with applications for advances of such a volume, the Commission considers it necessary to extend the temporary suspension of advances, so that disbursements can be kept within the limit of available resources. The Commission has, moreover, decided to pay an advance of 1308 million ECU for November 1983, which broadly corresponds to the average amount of monthly disbursements since the start of the year. As applications from the Member States have obviously increased as a result of the present budgetary situation, the amount of advances for November should be sufficient to cover the actual payment requirements of the Member States.

This leaves 1088 million ECU for December. The Commission will therefore follow the development in the financial situation for the EAGGF (Guarantee Section) very closely and has already made supplementary arrangements to avoid exceeding the appropriations. In addition to the arrangements already mentioned, that is, the suspension of advances under the market regulation system and the limitation of advances to Member States for November to 1308 million ECU, the Commission has taken the following decisions: amendment of Commission Regulation 380/78 in order to avoid difficulties with regard to the end-of-year estimate of public intervention expenditure, reduction of the rate of interest for the financing of stocks from 9% to 8%, reduction in the sale of skimmed-milk powder for animal feed in November 1983 and, finally, the abolition of restitutions for the export of mackerel.

I would stress again that there is no legal obligation to pay advances which the Commission has temporarily suspended. The advance payments are a facility which we make use of before the transaction to which they relate has been concluded and all the formalities to obtain a restitution or an amount of aid are duly completed. This suspension thus does not in any way prejudice the entitlements of the recipients to support from the EAGGF (Guarantee Section), provided the customary proof is furnished that the transaction qualifying for reimbursement has been finally concluded.

**Dalsager**

I would further point out that the suspension is temporary: it is scheduled to last until the end of 1983 at the latest. If the Commission ascertains in the immediate future that disbursements are below the present estimate and that it is financially possible to lift the suspension before the end of the year we shall lift the suspension.

Some Members of Parliament have asked why we chose this procedure in particular and wish to know what the financial consequences will be. Let me say that the Commission has chosen this arrangement because it is not prejudicial either to the market support mechanisms or to the entitlements embodied in the Community rules. This measure consists in the temporary suspension of a means of easing cash-flow problems for certain recipients of EAGGF aid. The payments will thus be delayed for a few weeks. The Commission estimates the total of advances to recipients whose payments will be delayed at between 200 million and 250 million ECU, which represents approximately 1.5% of the total of appropriations for 1983 of 15 848 million ECU.

## IN THE CHAIR: LADY ELLES

*Vice-President*

**President.** — The debate is closed.

I have received a motion for a resolution tabled by Mr Pranchère and others (Doc. 1-941/83) to wind up the debate on this oral question. The vote on whether to proceed to an early vote will be held at the next voting-time.

**Mr Gautier (S).** — Madam President, I think the Commissioner's reply is very disappointing. I think a lot of people here posed some very concrete questions to the Commission. For example, what happens to the payment in 1984 if the Commission transfers the payments to the next budgetary year? Can the Commission stay within the 1% ceiling or not? I should like to have an answer from the Commission on that, otherwise the debate is completely useless.

**President.** — I am sorry to disappoint you, Mr Gautier, but I understand that yesterday Parliament decided that this debate should take precisely one hour and that hour has now elapsed. So, regretfully, I must follow the wishes of this House and carry on with the next item. Perhaps you could put some questions to the Commissioner at some other time, but I must act in accordance with the wishes of this House which were voted on yesterday.

**Mr Gautier (S).** — Just a formal point, Madam President. The Parliament decided to have a one-hour debate, so the Parliament confined itself to three-quarters of an hour and the Commission had a quarter-of-an-hour's time to answer. It should be fairly simple

for the Commission to answer the concrete questions within a quarter of an hour.

**President.** — I am sorry, Mr Gautier, I understand that the decision was that the whole debate, including all participants, would take one hour, and I really cannot depart from the decision of this House. If at some later stage you wish to put questions to the Commissioner, I am sure that this can be arranged, but I cannot, at this stage today, allow this to happen. As it is, we have now a very heavy item, which is, of course, the presentation of the budget.

## 6. Budget for 1984

**President.** — The next item comprises the following reports tabled on behalf of the Committee on Budgets:

- by Mrs Scrivener, on Section III: Commission (Doc. 1-900/83);
- by Mr Pfennig, on Section I: Parliament (Doc. 1-895/83);
- by Mr Pfennig, on Section II; Council (Doc. 1-896/83);
- by Mr Pfennig, on Annex I to Section II; Economic and Social Committee (Doc. 1-897/83);
- by Mr Pfennig, on Section IV: Court of Justice (Doc. 1-898/83); and
- by Mr Pfennig, on Section V: Court of Auditors (Doc. 1-899/83)

of the draft general budget of the European Communities for the financial year 1984 (Doc. 1-800/83).

**Mrs Scrivener (L), rapporteur.** — (FR) Madam President, Mr President of the Council, ladies and gentlemen, Article 203 of the Treaty invests in the Parliament responsibility for amending and modifying the draft budget presented by the Council for its first reading.

As rapporteur on the budget of the Communities for 1984 I have the task of presenting to you the decisions that the Committee on Budgets is proposing to the House, to form the basis of a constructive contribution by the Parliament to the budgetary dialogue.

Before discussing these decisions in detail, I should like to outline the analyses and political intentions underlying our proposals.

As you will remember, Parliament, responding to an initiative from the Committee on Budgets, adopted a set of budgetary policy guidelines for 1984 in March this year. The Committee on Budgets was concerned at the time to set the Community's budgetary policy in the context of the economic and social environment. Economic crisis remains the predominant feature. Despite the real signs of recovery that are being seen in the United States and to a lesser degree in some Community countries, the economic forecasts



### Scrivener

that we are seeing from the Commission or the OECD indicate that the growth rate in prospect will not be sufficient to bring down the level of unemployment during 1984.

The budget of the Communities, we know, is not large enough to have a decisive impact on the situation. Nevertheless, the Committee on Budgets found that it would be possible, by judicious use of the modest means available to Parliament, to make some significant contributions to the task of dealing with what has to be called the economic decline of the Community.

Parliament's task is all the more difficult in that the Community is currently suffering an identity crisis as well as a financial crisis.

Europe is going through a deep identity crisis, the main contributory factor being the lack of political will on the part of Member States to carry on with the process of building the Community. Europe has lost all momentum. Having established its agricultural policy during the 1960s, and then its own resources and a parliamentary form of institutional system during the 1970s, it is now marking time.

Many problems have been clearly identified, for instance in the context of the mandate of 30 May 1980. The institutions of the Community are finding it totally impossible to find solutions which would be lasting and would not lead to destruction of the Community. The diagnosis is clear: the Community's decision-making process is conducive to deadlocks; the Commission's role — particularly as an executive and administrative body — has declined, while that of the Council and the bodies attached to it has grown.

As for the Council, its behaviour is becoming more like that of an intergovernmental organization, in which everything has to be negotiated, rather than that of an arm of the Community. Consequently, conflicts between vested interests often override solidarity. Europe's identity crisis has brought on a financial crisis. The budget obliges us to face up to the facts.

The figures reflect the harsh reality. The draft budget presented by the Council for 1984 is smaller, in terms of payment appropriations, than the 1983 budget. We should not therefore blind ourselves to the truth with talk of stagnation: the Community is taking a step back. With the exhaustion of available resources and the Member States' reluctance to make the effort needed to create new resources, we have been put in a position in which not only is it extremely difficult to draw up a responsible budget for 1984 but we run a real risk of insolvency.

Member States see this as further justification for holding back on a more extensive transfer of financing from the national to the Community level, even where this would bring improved efficiency. The rise in expenditure on agriculture has simply exacerbated the situation: with EAGGF expenditure

accounting for an increasing proportion of the whole, the development of all other policies is compromised, so that some of them are disappearing and others are at risk of being renationalized.

This imbalance has led to the development of situations which are unacceptable in the eyes of certain Member States, which believe that they are not deriving sufficient benefit from Community expenditure. This is not an imaginary problem. The situation is therefore very grave. All the institutions of the Community are now aware of this. The positions taken up by the European Council in Stuttgart, the Parliament's budget guidelines for 1984, and the preliminary draft budget presented by the Commission all evince a determined will to put an end to the process of dissolution.

In Stuttgart, the Community Heads of State or Government clearly demonstrated their intention of organizing a general review of the Community's financial problems. They set a time limit, laid down a procedure, and decided that the method to be followed was to make a 'global' examination of all aspects of the budget dossier. The aim was not merely to arrest the process of dissolution but to create the conditions for a Community revival. No aspect of the dossier would be given precedence over the others: creation of new own resources, implementation of new policies, improvement of budgetary discipline, and control of agricultural spending are so many objectives to be pursued in parallel with one another.

This general review by the Heads of Government has meant that it has been possible to use a broader canvas for the 1984 budget, so that it can become a decisive stage in the Community's efforts to put its finances on a sound footing and express its policies through its budget. This is how the guidelines voted by Parliament in March 1983 should be understood. In confirming the priorities of combating unemployment and combating hunger in the world, Parliament has shown that it wants the budget to be used as the means whereby the Community makes its contribution in support of the Member States' efforts to deal with the economic crisis.

In broad terms, the preliminary draft budget presented by the Commission expressed the same aims.

It gave prominence to action against unemployment and hunger, but the Commission also sought to improve the structure and balance of Community finances, notably through the allocation of increased resources for new policies. The main emphasis was on strengthening the productive apparatus and promoting new projects in selected sectors: energy, new technology, innovation, research, transport. The Commission also proposed action to improve the quality of life, for instance through protection of the environment. The contribution that it envisaged to efforts to combat youth unemployment was focused on training.

### Scrivener

The Commission was also concerned to promote a better balance in Community finances by trying to keep the rate of growth in agricultural spending below that of growth in own resources. All these aims met with Parliament's support, and the delegation which went to the conciliation procedure with the Council on 23 July 1983 made plain that it was in favour of the proportions proposed by the Commission. The amendments that the Committee on Budgets is commending to you today will therefore come as no surprise to the Council. These amendments are in fact exactly consistent with our guidelines and the conclusions that we have drawn from the decisions taken in Stuttgart.

You will therefore imagine our reaction, Mr President of the Council, when we saw the draft budget prepared by your institution. We are aware of the pressures on the Member States and on the Community in this time of economic crisis, and we too are in favour of stricter budgetary control. Moreover, our Parliament has, I believe, set an example in its tighter management of staffing. It attaches great importance to good management and budgetary efficiency, and it was to this end that it set up its Committee on Budgetary Control, which has done excellent work in conjunction with the Court of Auditors, as is generally acknowledged. However, budgetary control should not be destructive, it should not be an obstacle to progress in development of the Community.

We accept the Council's concern not to prejudice the decisions to be taken by the European Council in Athens. Nevertheless, the opposite extreme — behaving as though no follow-up to Stuttgart were called for — does not appear to be the right approach. Instead, the Committee on Budgets is proposing that we get on with preparing the ground for the decisions to be taken on 6 December.

Following a detailed discussion, the Committee on Budgets decided to opt for the revenue forecasts drawn up by the Council in preference to those proposed by the Commission.

It felt that these relatively pessimistic forecasts offered an adequate guarantee that the necessary balance between revenue and expenditure could be maintained. Hence its commendation to Parliament of adherence to the 1% VAT ceiling, which it sees as the application of a necessary constraint in these times of economic restriction and a demonstration of Parliament's willingness to play its part in the exercise of strict budgetary control. It of course made its own task harder by accepting this self-discipline.

A few words now on implementation of the guidelines. Parliament finds itself in a particularly difficult position. It has chosen to give priority during 1984, as in 1983, to action against unemployment and against hunger in the world. The financial circumstances of the Community, which is faced with exhaustion of

available resources, allow scope for only very limited development of expenditure. The Committee on Budgets therefore had to be very disciplined in exercising its freedom of initiative. It apportioned the available funds among the various policies according to the contribution that each could make to attainment of the targets set.

Four main areas of activity were singled out, and funds allocated to them according to the following distribution. For social policy, the committee voted 149 million ECU, with a very substantial proportion earmarked for youth employment. For action in the economic sector, it voted 122 million ECU, two-thirds of this amount being allocated to energy policy; I draw your attention to the emphasis here on the industry and internal market sectors. For regional policy, it voted 120 million ECU, priority being given in this case to those regions which are less prosperous than the average for the Community. Finally, for cooperation and development, it voted 127.5 million ECU, with 46 million ECU allocated to the programme to combat hunger in the world and 52.9 million ECU to food aid.

Difficult choices had to be made within each of these areas. The Committee on Budgets received invaluable assistance from the specialized committees, which kept their demands within reasonable bounds and showed an awareness of the need for compromise which I take this opportunity to acknowledge. We were therefore able to overcome many of the difficulties and, given the framework of the priorities that had been adopted, to accommodate many of the proposals submitted to us by Parliament's committees.

This brings me to the restructuring of expenditure. A better balance in the apportionment of expenditure to the various sectors is in fact a prerequisite for any lasting solutions to the problems confronting the Community, whether of a financial or a political order. As Parliament has affirmed on countless occasions, the proper approach to solving these problems is to adopt a dual course combining the control of agricultural spending with the development of those policies which have become known as the new policies (energy, research, industrial policy, transport). This is the only way to eliminate the unacceptable situations which are currently eroding the cohesion of the Community. This approach was reaffirmed in the guidelines voted on 9 March 1983, and the Committee on Budgets has adhered to it in adopting an initiative which constitutes a coherent, indissociable whole, although consisting of three parts: first, placement in reserve of a significant proportion of the appropriations for agriculture; secondly, similar treatment of the appropriations specifically intended for the United Kingdom and the Federal Republic of Germany; finally, resolute action to launch new policies in the Community.

### Scrivener

On the agricultural reserve: the Council had itself placed in reserve 250 million ECU of the 16.5 billion ECU total appropriation proposed by the Commission; in doing so, moreover, it was following the lead given by the Parliament in connection with the budget for 1983.

The Committee on Budgets decided that this reserve should be more substantial and accordingly raised it to 825 million ECU, or 5% of the total appropriation. This reserve is designed to ensure that the figure of 16.5 billion ECU stemming from the decisions on farm prices for 1984/1985 can be incorporated in the total budget and to encourage the Commission to administer these funds even more tightly. However, the essential point that I should particularly like to emphasize is that this reserve should be seen as a clear signal to the European Council in Athens that we expect the long overdue decision on the measures needed to adapt the common agricultural policy. That is the essential purpose.

*(Applause)*

On the reserve set aside for the United Kingdom and the Federal Republic of Germany: the European Council in Stuttgart granted a net refund of 750 million ECU to the United Kingdom in the context of its adoption of the declaration on the future financing of the Community. The Council accordingly entered an appropriation of 1202 million ECU for policies to be pursued in both the United Kingdom and the Federal Republic of Germany. The European Parliament has no intention of challenging the volume of such appropriations. However, it does mean to exercise its rights as joint repository, with the Council, of budgetary authority.

Consequently, the Committee on Budgets decided in favour of the following arrangements, which correspond broadly with those adopted for 1982 and 1983. The first stage is to classify all these appropriations as non-compulsory expenditure. The items classed by the Council as compulsory expenditure are in fact concerned with new developments: special measures to promote employment, specific transport infrastructure projects, whose classification will have to be defined in consultations between the Council and the Parliament when the legal basis becomes known, in accordance with the terms of the inter-institutional agreement of 30 June 1982. The next stage will be reallocation of this expenditure on lines corresponding to Community policies, already established or yet to be defined, which fit in with Parliament's priorities. Finally, these appropriations are to be transferred to Chapter 100 pending the results expected of the Athens summit, in the same way as the agricultural reserve. It was appreciated that it was quite essential for Parliament's decisions to command the widest possible majority in the House. Clearly, therefore, the agricultural reserve and the United Kingdom reserve are to be taken together, and the decisions in Athens

are expected to take account of this connection between them.

On development of new policies: the European Parliament cannot, assuredly, resign itself to the prospect of a stagnating Community. If the Community loses the dynamism from which it has derived its success and ability to attract new members, it will wither and die. Hence the special need for it to develop new lines of action. We considered it particularly important that there should be a major effort on the industrial side, where progress will have a decisive influence in creating jobs for the future. The Committee on Budgets accordingly approved a number of provisions for the promotion of a European industrial policy. A commitment appropriation of 1210 million ECU has been entered on the corresponding lines of the budget, and should provide the means for development of various forms of practical action on a significant scale.

These lines of action received unanimous support from the representatives of the political groups, and tomorrow afternoon's meeting of the Committee on Budgets will see the final adoption of the wording for the compromise remarks. At all events, there is no doubt that Parliament will expect clear positions on all the matters raised in Stuttgart to emerge from the European Council in Athens. In addition, Parliament will be responding to the overall results of the European Council in Athens in a manner which does not discriminate against any Member State. These are matters on which there is already agreement among the coordinators of the political groups.

In conclusion, Madam President, Mr President of the Council, ladies and gentlemen, I appeal most earnestly to the House in reiterating the absolute necessity of adhering to the 1% ceiling. In doing so, I am asking for a responsible attitude, but we also expect the Council to be equally mindful of its responsibilities when examining the draft budget that we will be submitting to it.

We have achieved a consensus in Parliament which for the first time, it seems to me, strikes a proper balance between the various dossiers on Europe's agenda: agriculture, certain Member States' contributions, budgetary balance. These dossiers are manifestly interrelated. If we can maintain this interrelationship, we shall perhaps, as I sincerely hope, create the conditions for further progress in the construction of Europe.

*(Applause)*

**Mr Pfennig (PPE), rapporteur.** — *(DE)* Madam President, ladies and gentlemen, may I add a general remark to what my co-rapporteur, Mrs Scrivener, has just said, and then comment specifically on the reports on the budgets of Parliament, the Council, the Economic and Social Committee, the Court of Justice and the Court of Auditors for which I am responsible.

## Pfennig

With expenditure totalling 25.4 thousand million ECU in 1984, the Community's entire revenue is being appropriated in a draft budget for the first time. If Parliament adopts the proposals of the Committee on Budgets it will be going right up to the limit of our financial resources — but no further. In 1984, the European Community's expenditure still won't exceed its revenue, unlike our Member States, whose national budgets always contain higher spending than revenue estimates. Taken as a whole, Member States' annual excess expenditure alone far exceeds the total spending of the European Community. This ought to be borne in mind in reviewing the Community budget in order to put things into proportion.

If Parliament decides to appropriate the total 1984 revenue for expenditure, this is for two reasons :

Firstly, agricultural spending has gone up again from 60% of the budget in 1982 to nearly 70%, because the national ministers have been unable to agree on agricultural reforms. This only leaves financial scope for the Community's other policies — e.g. reducing unemployment, social, regional, energy and research policies, and food aid — provided the remaining 30% is utilized to the full. That is what the Committee on Budgets has done and hopes you will accept.

The second reason why we have exhausted this 30% is that it is high time new Community policies — such as the transport and communications policy envisaged in the Rome Treaties, a comprehensive Community research policy, a long-term structural policy for industrial innovation and Community markets, and a Mediterranean programme with special reference to the accession of Spain and Portugal — were introduced.

The increases proposed by Parliament for this spending are very modest, but the declarations of commitment for the following years express our intentions.

Like my colleague Mr Arndt this morning, I would like to point out that since my 1980 report on the future of the budget and the Community's financial system, Parliament's approach has been that :

- a) it is time tasks were divided up between the Community and Member States, the Community only being responsible for tasks which it can perform more effectively and/or cheaply than all the Member States together ;
- b) the Community budget should provide funds for these tasks, lessening the demands on Member States' national budgets ; and
- c) Member States and the Community should make efforts to economize in all sectors of the Community budget. This principle is reflected in the 1984 draft budget, even though we are going to the limit of our financial resources.

May I cite three points by way of illustration. Mrs Scrivener has proposed on behalf of the Committee on Budgets to allocate 1200 million ECU for repayments to the UK and the Federal Republic of Germany to the reserve. She has also proposed appropriating a total of some 750 million ECU for agricultural spending to the reserve. These proposals represent an admonition to the Council to spend Community funds more carefully and more wisely in future and to introduce the long-overdue reforms for expenditure and revenue. Thirdly, the administrative budgets I have processed for Parliament, the Council, the Court of Justice, the Court of Auditors and the Economic and Social Committee include some very substantial savings.

These five institutions will recruit virtually no new staff. Altogether five new positions are proposed, three for the Court of Justice and two for the Economic and Social Committee. These positions relate to productive functions and not purely administrative ones. The cost of these appointments will be met by a reduction in expense on other items in 1984. Might I also remind this House that excluding information material for the 1984 elections this draft budget is actually 0.2% less than the 1983 draft budget.

The Council and Parliament jointly propose an average increase in the expenditure of these five institutions of just under 5%, i. e., from 404814778 ECU to 425585075 ECU. This is the lowest growth-rate for years. If Parliament adopts the recommendations of the Committee on Budgets, it will be saving even more than the Council, our 1984 spending estimate for Parliament being 22800 ECU less than that for the Council. While not a large sum it is nevertheless valid proof of Parliament's determination to cut its administrative costs even further than those of the Council of Ministers. I trust these three examples have convinced you that we have been anything but reckless in earmarking every penny of revenue for expenditure in 1984.

I would like to comment on the budgets of Parliament, the Council, the Economic and Social Committee and the Courts of Justice and Auditors as follows. All five institutions are to adopt a modified expenditure scheme which has been included in the amendments and which provides for a more detailed breakdown of budgetary items and remarks. The object of this is to make budgets more transparent and easier to compare while preventing funds from being misspent, which all the institutions — even the Council — have been guilty of at some time or other.

No changes are envisaged in Parliament's budget as against the preliminary draft. The chairmen of the political groups requested some new positions, but these were rejected by the Committee on Budgets. The Committee on Budgets asks for your permission

**Pfennig**

to elaborate some proposals regarding the reorganization of our administration, in addition to those of the Presidency, by the second reading of the budget. You will recall that the House decided when the preliminary draft was being debated that for our parliamentary administration to function efficiently Members ought to have the use of over 20% of its staff's services.

With regard to the Council's budget, may I merely refer you to the explanatory statement to the relevant resolution. The Committee on Budgets thinks that if the Council were to apply its own principles it, too, could cut down a little more on costs. The Committee on Budgets proposes the same expenditure estimate for the Economic and Social Committee as the Council does. We do, however, want to increase revenue by 13000 ECU. For changes in establishment plans may I refer you to the amendments. The additional costs will be balanced by cuts in other items, so that there will be no change in overall outlay.

The same goes by implication for the budget of the Court of Justice. No changes are proposed for the Court of Auditors establishment plan in 1984, the Court having voluntarily foregone any changes in the interests of economy. As I mentioned just now, by restructuring some expenses we have even been able to cut the total by 22800 ECU as against the Council's estimate.

I would therefore like to ask you to vote in favour of the amendments recommended by the Committee on Budgets and myself. Only these can guarantee that the policy of stringency advocated by the Committee on Budgets is actually applied to administrative expenditure.

*(Applause. Mr Alavanos asks for the floor)*

**President.** — I understand, Mr Alavanos, that you have a point of order. However, if your point of order is not in accordance with the Rules of Procedure, I shall have to ask you to cease immediately, or would you like to withdraw your point of order now?

**Mr Alavanos (COM).** — *(GR)* Madam President, I realize that I am interrupting the debate, and I appreciate that this matter has nothing to do with the budget. However, it is extremely serious. I refer to the American invasion of Grenada. We cannot stay silent about this affair, particularly when there is a question involved for the Commission of the European Communities. Namely that ...

**President.** — I am sorry, Mr Alavanos, I warned you that if you were not in accordance with the Rules of Procedure of this House, I could not give you the floor.

**Mr Georgiadis, President-in-Office of the Council.** — *(GR)* Madam President, ladies and gentlemen, I am particularly happy to be representing the Council here

today in the debate on the 1984 budget. The role of the European Parliament in the budgetary ratification process is laid down in the Treaties. This role is an important one and is respected by the other arm of the budgetary authority.

In this spirit, the Council has studied the report drafted on behalf of the Committee on Budgets by your rapporteur, Mrs Scrivener, and will also take careful account of the final decisions Parliament arrives at on completing the debate. The representative of the Council is present at this debate for a twin purpose. Firstly, to elucidate the motives which influenced the Council when drawing up the draft which you are scrutinizing and, secondly, to glean from the debate your own conclusions and positions so that the Council can look into them thoroughly when it embarks on the second reading.

The Council is, of course, aware of the European Parliament's enduring views concerning the priorities which it thinks ought to be incorporated in the budget. If the Council has been unable to adhere to all these priorities, this is because over and beyond the legitimate yardsticks it has had to face harsh reality. The draft budget established by the Council thus bears the mark of realism.

This realism obliged the Council to have regard to three constraints in drawing up the draft. For one thing, the process of negotiation aimed at the reform of the common policies, at finding new resources for the Community and at giving it a new direction has not yet been completed. Because of this, the Council has had to make its decisions exclusively on the basis of existing regulations and arrangements. The second constraint consists in the fact — which you yourselves have asserted — that the Community's resources are exhausted, and this imposes a need for prudence and restraint in financial policy. The third constraint is linked with the international economic recession, which is a limiting factor on the revenue side of the Community budget.

Of course, in a debate such as this one cannot neglect to stress the limitations of the budget in relation to the needs it has to cover, as well as the fact that it does not take account of all of the repercussions arising from Community integration. As is known, it leaves out all the consequences of the trade policy, and it is precisely this which places a value on the redistributive role it ought to have. Nonetheless, it is certain that some policies will be more effectively unified by the budget, though it is doubtful whether the sought-after balance of expenditure is achieved in this budget.

Everyone in the Community speaks about a restructuring of the budget to make it more effective and to give it a better balance. However, the dilemma confronting all of us is: restructuring, to the detriment of which sector and in favour of which sector?

### Georgiadis

Personally I believe that this dilemma would disappear if the Community were soon to arrive at a decision to increase the resources of the budget, something which would not put the existing and tried policies at risk, and which would also serve to make resources available for the new policies which the Community stands in need of in order to promote its competitiveness at the international level. With such an end in sight it ought also to be our object to cut back on the growth of certain items of expenditure. However, the present rigidity of the revenue side and of the greater part of the expenditure side has prevented the Council from drafting a more balanced budget.

Ladies and gentlemen, now that I have made these introductory remarks, allow me to touch on certain central features of the budget under your scrutiny. I shall not cite figures, because you already know these from the presentation and from the documents which have been made available to you. I shall just draw attention to certain of the Council's motives and to certain assumptions which are pertinent to your debate today.

Firstly, we recognize that this is a difficult budget, with the quantitative magnitudes almost unchanged. Secondly, we note with satisfaction that you accept the Council's prudent and cautious assessment of revenue. Thirdly, we note your assertion concerning the need to stay within the confines of the existing ceiling on our own resources.

As regards the appropriations for agriculture in particular, we consider that the Commission's assessments constitute a sober forecast of the expenditure levels which will be necessary for the common agricultural policy in 1984, and so the Council has left these credits unchanged. The Council has put 250 million ECU into Chapter 100 with a view to encouraging the Commission to exercise greater stringency in the management of these credits. The proposal in the Scrivener report to place 850 million ECU in Chapter 100 is made in anticipation of the outcome of the Athens summit, but it is not reconcilable with the motives which led the Council to put 250 million ECU in Chapter 100.

Concerning the amounts which have been set aside to cover refunds to the United Kingdom and Germany, the Council has acted on the basis of the political decision taken at Strasbourg. This arrangement does not, of course, prejudge the lasting and long-term settlement of the problem, which is being discussed currently in the framework of the wider negotiations. In classifying these appropriations the Council opted for the classification which has been used in the past, and this will be considered during the consultations between the institutions. On this point, I would like to call it to your attention that placing these amounts in Chapter 100, as proposed, would complicate

matters in respect of a decision which has already been taken and would not improve the climate of the current negotiations. On the contrary, it would perhaps sour things. The argument based on the absence of regulations does not validate this proposal; in view of that the Council intends to institute the necessary regulations as soon as possible.

As regards other appropriations for combating unemployment, reducing regional disparities, developing new policies, aid to the developing countries, and likewise food aid, I must stress the genuine inability of the Council to make available the funds which would in all likelihood be necessary for these policies.

I turn now to your proposal for a substantial increase in the appropriations for covering obligations which have been undertaken in the sectors I have just mentioned. To the extent that it would not be covered by existing and guaranteed financial resources, such an increase would be hazardous and would create problems in financial planning.

Madam President, ladies and gentlemen, with these general remarks I believe I have dealt with the main motives of the Council and the more important issues open for discussion. The Council awaits your final decisions and will study them with interest. It will do everything possible, within the existing provisions and the balance between the institutions, to see that the budgetary procedure is completed with a minimum of friction and in such a way as to permit the Community to function smoothly at this difficult time.

We believe that if the budget moves along in this way the Athens summit will be freed from distraction when it examines the major options which must be embraced if the Community's problems are to be overcome and its future course made easier.

*(Applause)*

**Mr Tugendhat, Vice-President of the Commission.** — Madam President, I listened with great care both to Mrs Scrivener's speech and to the President-in-Office of the Council. I shall just say a word on the President's speech. I hope very much that the final few phrases that he uttered will indeed represent the spirit with which the Council conducts its activities during the latter part of the year. What he said about compromise and taking into account the views of the other arm of the budgetary authority, seemed, if I may say so, to be exactly the right tone, and I hope that the Council, in general, will operate on that basis during the final months of the year. If it does so, I think our chances of bringing this budgetary process to a satisfactory conclusion before the end of the Greek Presidency will be very much enhanced.

When I presented the Commission's preliminary draft budget for 1984 to this House in May of this year, I drew attention to the extent to which the Commission had taken account of Parliament's guidelines. By

### Tugendhat

contrast, the Council, when establishing its draft budget in July, imposed severe cuts for many items of non-compulsory expenditure, not only in relation to payment appropriations, where the pressure of resource availability in the short term is particularly acute, as the President-in-Office of the Council pointed out, but also, of course, in relation to commitment appropriations. At the end of their Budget Council meeting, I specifically protested against the arbitrary fashion in which some of these cuts in commitment appropriations had been imposed. I want to draw attention to that. It was not only the scale to which I objected. It was the very arbitrary way in which some of the cuts had been made that I found unacceptable.

I am therefore particularly pleased that Parliament's Committee on Budgets, in its work and in the recommendations it is putting to this House, has shared that concern. Mrs Scrivener's proposals constitute a balanced and well-thought-out package. The Committee on Budgets, which has an extremely difficult task in confronting the demands, requirements, hopes and aspirations of all the various committees that go to make up this House, has, I believe, exercised a serious choice of priorities, both as regards payment appropriations, where the remaining margin of the Community's own resources imposes a particular limitation, and also as regards commitment appropriations, where it is reasonable to take a longer-term view. If the Commission itself had been asked to do a similar exercise of adjusting its aspirations to the constraints of the Community budgetary situation, we would, I think — I always hesitate, of course, to speak on behalf of my colleagues in these matters — probably have come up with very similar results.

For payments, the Committee on Budgets proposes the full use of the 556 million ECU of remaining resources for 1984 within the 1% ceiling, in accordance with the priorities set out in Parliament's own guidelines resolution. For commitments, the Committee on Budgets proposes more substantial increases. This is in line with the political declarations of all three major institutions — Parliament, Council and the Commission itself — to give a new impetus to the development of Community policies, in particular in the fields of energy, research and innovation. Just as the Commission protested against the arbitrary cuts imposed by the Council, so too we welcome the proposed restoration by Mrs Scrivener and the Committee on Budgets. Without significant commitment appropriations for non-agricultural policies, the objective of restructuring the Community budget would recede more and more into a distant future. Moreover, without these increases, the aim that additional Community resources should be used for the development of non-agricultural policies and not merely for coping with the growing costs of agricultural surplus production would be in danger of losing its credibility.

I think I should also comment upon the risks which surround the 1984 budget. The European Parliament is being called upon to vote on a budget which, if adopted, would use up all the Community's own available resources. In the Green Paper on future financing, as well as in our specific formal proposals in this field, the Commission has drawn attention to the inconveniences and risks which flow from having to manage the Community's policies in the shadow of the exhaustion of its own resources. Now, of course, we are living in this shadow. I think nobody can deny that this is a serious situation and one which has to be of great concern to us all.

During the nearly seven years of my time as Budget Commissioner, there has been on average at least one supplementary budget per year. The reasons for this are well known.

For revenues, as well as agricultural expenditure, the budget is based on working hypotheses which are outside the Community's control. In particular I refer to exchange-rate fluctuations, world market conditions for agricultural products and, of course, the evolution of the general economic situation. In 1984 however — it is perhaps appropriate that it should be in that particular year — there will be no scope for a supplementary budget if our own resources are exhausted. Any adjustments to the budget will have to consist of rectifications within the existing total.

For revenues, the Council's draft was about 750 million ECU lower than the Commission's estimate in the preliminary draft budget. In view of the considerable uncertainties about the economic outlook for 1984, it is impossible to assert that one figure or the other is the correct one. The difference of about 3% of total revenues is in any case within the range of forecasting uncertainty. But given the proximity of the 1% ceiling and the consequent need to err, if at all, on the side of prudence, the Commission recommends acceptance of the lower figure.

The need for prudence is underlined by the fact that even for 1983, after nearly ten months of budgetary implementation, the situation as regards the end-of-year balance to be carried over into 1984 is still open. It remains to be seen whether the possible shortfall in customs duties and agricultural levies will be offset by unused budgetary appropriations and exchange-rate gains. The uncertainties are such that a small negative balance at the end of the year cannot, therefore, be excluded. In these circumstances I am afraid the Commission cannot confirm the assurance to which reference is made in paragraph 3 of Mrs Scrivener's motion for a resolution.

Finally, there is the question of the proposed credits for EAGGF (Guarantee Section). The Council has left the total amount of credits proposed by the Commis-

## Tugendhat

sion unchanged, but has put 250 m ECU into Chapter 100. The recommendation of the Committee on Budgets goes in the same direction: no change in the global figure but an additional amount in Chapter 100. The global figure of 16500 m ECU implies an increase over the 1983 figure, including the second supplementary budget, of 4%, as against an average annual increase in EAGGF expenditure of 16% over the last ten years and an increase of 28% from 1982 to 1983. It is clear therefore that, in order to assure the continued operation of the common agricultural policy within the available budgetary credits, both tight financial management and changes in some of the CAP legislation will be necessary. I hope that those points are clearly taken on board by Members of this House when they refer to what I have said on this occasion. I have had the impression, listening to one or two of the speeches in the brief debate on the agricultural advances, that some of the qualifications which I made during my appearance before the Committee on Agriculture and the Committee on Budgets were rather overlooked by people who wished only to look on the bright side and not to take account of the rather darker aspects of our budgetary situation.

The Commission, in its document COM(83)500 and in its subsequent specific proposals for the reform of the common agricultural policy, has put the Community in a position to take the necessary decisions. It is vital that these decisions should be urgently taken.

That brings me to the end of the brief introductory remarks which I wished to make. I would like to conclude, as I began, by congratulating the Committee on Budgets on the extremely difficult task that it has carried through and on the result that it has achieved, and to say how much I hope that the House will follow Mrs Scrivener and the committee in its work. I would also like to say that in the circumstances in which we find ourselves — circumstances which I have attempted to sketch out, where we are right up against the limit of our financial resources, where there are clearly a number of uncertainties and imponderables which it is quite impossible to put into concrete certitudes or concrete forecasts — it is going to be necessary for all of us, Parliament and the Council and the Commission, to keep cool and to keep calm and not to flap with every change that takes place in the outlook or in the underlying circumstances and, above all, to be prepared to compromise in the way that the President-in-Office of the Council indicated in his remarks.

Madam President, my colleague, Mr Pisani, as you will observe, is with me, and I hope it will be for the convenience of the House if he also makes some comments about some specific problems in the sector for which he is responsible.

## IN THE CHAIR: MR FRIEDRICH

### *Vice-President*

**Mr Pisani, Member of the Commission. — (FR)** Following the speech by my colleague responsible for the budget, a contribution from me would be untimely were it not necessary and were I unable to assure you that it will be brief.

I should first of all like to say to the rapporteur and the Committee on Budgets how grateful I am, on behalf of the department for which I am responsible, for the measured response of the parliamentary institution following the excessive rigour shown by the Council in regard to development policy.

That, however, is not my main theme. I have to deal with two technical points. The first is concerned with food aid. Food aid appears on two lines, one for 1984 and the other for earlier years. For reasons which are explained in the rules, we have had to use these two lines for a number of years now in a way which the Court of Auditors and the Committee on Budgetary Control consider somewhat excessive.

In the amendments that he has tabled, Mr Irmer suggests that these practices should be discontinued. Although we agree with the substance of what he is asking for, we hope that no such decision will be taken in respect of the coming year since this would result in a cut in the funds available for food aid in 1984, so that we would be unable to honour the commitments that we have given or to meet the demands of the unfortunately very grave situations prevailing in many parts of the world.

We therefore ask either that Mr Irmer withdraw his amendments with the agreement of the committee of which he is rapporteur or that the House vote against them, since they would leave us powerless to act.

My second point is concerned with implementation of the financial protocols concluded with the Maghreb and the Mashreq in connection with the old agreements which expired in 1981. We had thought that we had cleared the payments in respect of all the years for which we had commitments with our 'MMI' partners and that it would be enough to show two dashes in the budget so that the line could be kept in being although not operational. We now hope that these dashes can be changed into a token entry, since, despite what we expected at the beginning of 1983, we find at this stage of the year there will still be some payments to be made during 1984.

These, then, are two purely technical items which do not affect the financial and budgetary balances proposed by the Commission in any way, but are necessary to proper management in our area of responsibility.

*(Applause)*



**Mr Blaney (CDI), draftsman of the opinion of the Committee on Agriculture.** — Mr President, primarily I want to draw the attention of the House to the amendments tabled on behalf of the Committee on Agriculture proposing additions to the text of the Scrivener motion for a resolution. As colleagues well know, Parliament cannot effectively change the level of spending on farm support by votes on the budget, because that is obligatory spending. However, what we can do is to suggest how the pattern of spending could be changed by changes in the machinery. That is what our debates have to be about from now on, Mr President, not just how much the CAP costs but who the money goes to. On that point of costs, might I say to Mr Pfennig and to many others that the cost of the CAP in the proposed 1984 budget is not 70%, but on a true accounting basis has been reduced to 43% of the total resources of the Community.

I appeal to colleagues, whatever their views of the CAP, to read the Committee on Agriculture's amendments, because I think they offer us a basis for a new approach. Today I hope there is an awareness that (1) we can no longer waste precious public money by paying it to farmers who do not need it, and (2) we must do all we can to maintain precious jobs in farming and in agricultural areas.

For some time now, it has begun to be accepted that we have to put a stop to the open-ended guarantee to buy up whatever is produced irrespective of what can be done with it. But the formulae tried out or proposed so far have one fault, as I see it, in common. They apply across the board to all producers. At first sight that may seem a fair solution, but the fact is that all these measures hit hardest at the small farms and, above all, at the ones that are doing their best to improve their methods and techniques. At the other end of the scale — and I am talking here mainly about the dairy sector, for that is where the problem is greatest — you have what we call 'factory farms'. These produce milk with the most productive cows, the most modern machinery, imported feed and with almost no land in certain cases. Their existence was made possible by the open-ended guarantee. Their expansion has been encouraged by low-cost imports benefiting from gaps in the protection round the Community. First it was soya replacing Community-produced forage; now it is a growing flood of cereal substitutes such as brans, glutens, citrus wastes, manioc and so on, imports of which rose from 6.2 m to 14.4 m tonnes in the six years up to 1980, and the trend continues. The result of these imports is not just costly milk surpluses; because they replace Community-produced feed grains, the result is additional grain exports to the world market which have to be subsidized.

The second Community policy, alongside the CAP, is supposed to be commercial policy. It should match

and support the CAP, not undermine it. It is for these reasons that the Committee on Agriculture calls in Amendment No 2 for rapid and vigorous action in this field, a tax on fats and oils other than olive oil and a renegotiation of international commitments to restore an adequate level of protection. Another vital demand from our committee is for the rapid abolition of monetary compensatory amounts. They are a wasteful burden on the budget. They also favour the expansion of factory-farms, because they steer the flow of cereal substitutes towards the hard-currency countries.

Mr President, there is a natural increase in agricultural productivity, especially in the dairy sector. It is right that there should be, as farmers strive to improve their standard of living. Surely we do not want to discourage that process. Yet that is what across-the-board measures, in fact, do. What we need instead is something that will ensure that small farmers can stay on the land and at the same time put a brake on the rise in output by the biggest farms. In the same Amendment No 2 the Committee on Agriculture calls on the Commission to look seriously again into what one could call simply a multi-tier-price system. It may well be — and I am personally convinced of this — that part of the solution to our surplus problem is along those lines. The Committee on Agriculture hopes for your support for that amendment.

There is one part of the budget, Mr President, where the Committee on Agriculture takes the same attitude as other committees of this House in that we want more money in order to preserve and create jobs. That is in agricultural structures. If farmers are forced to leave the land, it will worsen the unemployment problems in the cities and towns. If they are enabled, on the other hand, to stay and to improve their farms, it means more jobs in the farming and peripheral areas. That was always the point of the Guidance Section of the Agricultural Fund. Yet Guidance has shrunk over the years to a miserly percentage of the total farm spending, and what have we seen this year in the 1984 budget? It is the only sector directly related to economic activity and job-creation where there is actually a cut proposed. That is why the Committee on Agriculture has tabled a series of amendments seeking modest increases in spending on farm structures.

Finally, Mr President, I would draw your attention to two other sectors. The first is fisheries, where the common policy finally adopted last January after years of delay will not mean much unless adequate staff can be recruited and adequate funds made available. The second is forestry. It is a depressing fact, Mr President, that while an active forestry policy could help reduce the Community's trade deficit, create employment, contribute to energy supply and provide extra income for small farmers, not a penny is set aside in the 1984 budget to bring about such a policy.

### Blaney

In conclusion, Mr President, let me summarize this way the message from the Committee on Agriculture. There are measures that could be taken now which would reduce the burden on the budget and do so without penalizing the farmers we need to support and to keep on the land. These are: (1) a tax on fats and oils and an adequate level of protection against imports of cereals and cereal substitutes; (2) the rapid abolition of monetary compensation amounts; and (3) a serious examination of a multi-tier system of price guarantees. These would point the way to a fairer CAP, the money going to those who really need it. It is in that spirit that I appeal to the House to support the amendments tabled by the Committee on Agriculture.

**Mr Herman (PPE)**, *deputy draftsman of an opinion for the Committee on Economic and Monetary Affairs*. — (FR) Mr President, ladies and gentlemen, the various Member States' national budgets are running at a substantial collective deficit, and this represents a serious if not insurmountable obstacle to economic recovery. Not only are our Governments having massive recourse to the financial markets, thereby pushing up interest rates (which we should like to see brought down to boost investment and expansion), but the average fiscal 'take', if social security contributions are included, is about 50 % of gross national product in the Community. Comparing this figure with 33% in the United States and 34 % in Japan, we see that we are at a structural disadvantage *vis-à-vis* those two economies, and for a long time to come. Other things being equal, this 'take' can be regarded as a kind of overhead to be borne by our economy which can prosper only if it is able to hold its own on a fiercely competitive world market. It would appear that our States and our Governments are experiencing the greatest difficulty in making up this leeway and that, insofar as they are succeeding in political terms, they are creating deflationary conditions which in turn militate against the policy of promoting expansion and securing jobs that they would wish to pursue.

It would certainly seem that the most rational solution, the one which would be least costly to the taxpayer, would be to integrate this public spending under a coordinated European policy, since it would then be more efficient and less of a burden. It cannot be denied that there is enormous waste, duplication and certainly poor value for money in public spending at national level. It is natural, therefore, that consideration of the Community budget should prompt us to look for this spending to be transferred to the European level, since this would make for more efficient use of resources than at national level. This, then, is my first general observation, an expression of regret that the budget which we are about to approve falls far short of reflecting concern for such improvements and at best makes minimal progress along

these lines. Hence the need for the Heads of State of Government, when they meet in Athens, to agree among themselves that it is in their common interest to allocate more of their available resources to European policies, which are more cost-effective and place less of a burden on their own budgets.

That said, I should like to say a few words in support of the priorities recommended by our committee. First of all, we are anxious that the policy that is being carried out to restructure the steel industry, especially the social aspect of this policy, should be backed by the necessary financial resources. It is for this reason that the committee has restored the funding cut by the Council to its original level.

We attribute top priority, however, to the *Esprit* programme. This programme provides us with a framework for a serious effort to give fresh impetus to the development of new technology in the information field, where we have fallen a long way behind. The committee is therefore insistent that this article of the budget in particular deserves to be upheld.

Finally, we have reinstated a number of minor amendments — the amounts of the budgets that our committee deals with are of course very very small — concerned with small and medium-sized businesses. It is our hope that these businesses, which create most jobs, which have the greatest flexibility and adaptability in the current economic conditions, should be those to which we devote our main concern and that they should therefore be given priority in the budget.

**Mr Adam (S)**, *draftsman of the opinion of the Committee on Energy, Research and Technology*. — I want to begin by thanking Mrs Scrivener for the work she has done as rapporteur this year. The regular meetings that she has held with the committee draftsmen for exchanges of information and views have certainly given our budgetary activities direction and impetus.

Mr President, it is clear that the Council paid no attention to the case which had been made for particular budget lines. Indiscriminate panic cuts were the order of the day, as Commissioner Tugendhat has already indicated. The Committee on Energy, Research and Technology cannot accept this sort of budget. Community policies are not a dispensable luxury, to be jettisoned when times get hard; they are a solution to the problem of hard times. If the Community had had a genuine energy policy, the recent recession would not have bitten so hard, and we should have been in a better competitive position. That is why the budgetary repayment to the United Kingdom cannot take the form of an unconditional transfer of cash. Certainly, the financial obligation must be honoured, but the compensation must not be effected in a way that makes a mockery of Community principles, as happened with the supplementary budget No 1 for 1983.

### Adam

The course now recommended by the Committee on Budgets is to divide the sum of 456 m ECU in Article 707 among four other lines. These all concern coal. Three of the items, 7023, 7024 and 7025, reflect the important new solid-fuels policy. Since the United Kingdom and Germany are by far the biggest coal-producers in the Community, the funds in question can be disbursed in a way that meets the intention of the Stuttgart agreement. The fourth of the coal items concerns the modernization of coal-fired power-stations. This is intended to help solve the worsening problem of acid rain and, by improving efficiency, to help secure this important coal market in the future.

In my committee, this strategy towards Article 707 was not supported by a majority of the members. The preferred approach was to insert new 'remarks' designed to guarantee the specifically Community character of the measures to be financed. However, I must admit that the proposals of the Committee on Budgets do meet some of our objectives.

I turn now to Chapter 73, on research. Here we must bear in mind three new developments of exceptional importance: the framework programme, Esprit and the new four-year programme for the Joint Research Centre which widen the scope of Community research policy. All of these begin to take effect in 1984. The framework programme, which Parliament has approved, represents the overall structure.

We have at last got full recognition of the need for all Community research action to be integrated into a coherent set of aims and priorities. We have also got recognition that Community activity goes much wider than the development of nuclear technology and takes in important areas of non-nuclear research. For this reason especially I hope that Parliament will support the amendments which aim to restore the Commission's plans for new indirect-action research programmes.

As far as Esprit is concerned, there is a wide consensus on the importance of this programme for the Community's ability to compete in the new markets in information technology. My committee and the Committee on Budgets both believe that the whole of the Commission's original request, in terms of money and staff, should be accorded, and I call on the Parliament to back up the approval which it gave only two weeks ago to the Veronesi report by ensuring that Esprit gets these budgetary resources.

Two weeks ago, Parliament also adopted the Linkohr report on the Joint Research Programme. In doing so, it approved the staffing level proposed by the Commission, which implies 38 new posts. The Committee on Budgets has not supported this. The Committee on Energy, Research and Technology wants a determined effort to renew and rejuvenate the staff of the Joint Research Centre both by bringing in new blood and by allowing older members to retire early. The early

retirement scheme is blocked by Council at the present time, but we cannot afford to wait for the Council to make up its mind before bringing in new blood. If the programme is to be executed successfully, experts are needed in fields not covered by present staff. Without the new experts, we cannot have the new projects. By refusing recruitment, we place all our ambitions for the successful renewal of the Joint Research Centre at risk and thereby undermine the entire research strategy. I therefore particularly urge support for the committee's request for these new posts.

**Mr Patterson (ED)**, *draftsman of the opinion of the Committee on Social Affairs and Employment*. — Mr President, in my remarks on behalf of the Committee on Social Affairs and Employment, I begin with the Social Fund, which takes up far and away the largest sum of money for which my committee is responsible. We have had two preoccupations this year which I might describe under the headings of form and content. On the matter of form, the problem has been that right up until the last moment, we have not been certain what the basic Social Fund regulation was to be.

In the past, the Social Fund has been divided up into a very complicated system of separate lines for different types of target groups. This has had the disadvantage from the point of view of the Commission of making it extremely difficult for the Commission to administer properly. However, it has had the advantage from Parliament's point of view that we have been able to lay down and indicate our priorities as between different groups. For example, we have been able to indicate the priority we wish to give to the disabled and handicapped.

The new regulation, which has now come into effect, is very much simpler. It merely states that up to 75% of the Social Fund should be directed to young people under the age of 25, that up to 5% should be reserved for specific pilot projects and that 40% of the total after the pilot projects should be directed towards the absolute priority regions. Parliament accepted this great simplification, but we also noted that it took away our ability to determine these priorities, and therefore, following the passage of the Barbagli resolution on the Social Fund, we instituted conciliation proceedings with the Council with a view to restoring our ability to influence the details of the Fund. What we were seeking was an assurance from the Council that Parliament would be consulted on the guidelines. I have to say that the conciliation procedure, from our point of view, has now proved a complete success. Parliament looks forward to being consulted on the guidelines for the 1984 Social Fund and, therefore, it is possible for Parliament now to accept the form of the new Social Fund as laid down in the new regulation.

### Patterson

I now come to the content. Last year there were considerable increases in the Social Fund. This was not surprising inasmuch as it is one of the main instruments which the Community has to fight unemployment.

Mr President, could I pause for a moment. There is an extremely loud conversation going on behind me.

As I was saying, last year the Social Fund was increased, not surprisingly since it was one of the main instruments we have to fight unemployment. This year unemployment has not ceased to be a problem. Indeed, unemployment has increased again. Therefore, it would be logical, would it not, that this Parliament should vote for equal or commensurate increases in the Social Fund. We have already voted earlier on this year that the Social Fund should become 10% of the total budget as opposed to something like 6% now, and that target remains something which, having voted for it in principle, we should now vote for in practice.

It remains the case that the Social Fund is oversubscribed by something like 80% : 80% of the demands cannot be met when the applications come in. It is for that reason that our committee entirely supports the Commission's belief that further substantial increases should be made in the Fund this year although, regrettably, in view of the financial situation, only to the extent of 45% of the doubling of the Fund which we should like.

I will now mention briefly the amendment which is down in the name of Mrs Scrivener, because there are some technical matters. We are aware of the fact that, at least on payment appropriations, we are unlikely to get the entire increase of 300 million ECU which we should like. Mrs Scrivener herself points out that because of possible carryovers from this current year, there is likely to be, in any case, an increase of up to 60% in the payment appropriations if those carryovers take place. But she also points out that in her amendment an increase of only 12% in commitment appropriations is asked for. I would like to ask Commissioner Tugendhat, if he is listening, whether he thinks it will be possible, with an increase of only 12% in commitment appropriations, actually to spend not only the payment appropriations but the carryovers in the next year. My indications from other Commission officials is that it will be necessary to increase the commitment appropriations above the 12% if we are to be certain of spending the payments next year. I hope Mrs Scrivener can correct that matter when she comes to it.

I now turn briefly from the Social Fund to the other lines for which we are responsible and mention just two. The first concerns Amendment No 262 to Item 6441 in the budget, 'Measures for the social integration of the handicapped'. Here we wish to restore

completely the appropriation asked for by the Commission, for the reason that this money will be spent on a series of imaginative projects which will help to produce data — the so-called Handinet scheme, among others — for the exchange of information on projects to help the handicapped. If any of this money is cut, that project will not go ahead. The whole project would be aborted. So I ask Parliament, contrary to what it sometimes does, not to cut off little bits *pari passu*, if it comes to saving money, but to vote for the whole sum of money on the handicap project.

Finally, a word about the amendment on the poverty programme, because the impression was given when we voted in the Committee on Budgets that the second poverty programme planned by the Commission is merely to be another series of research projects. This is not the case. The second poverty programme, a decision on which should be taken next year, will not be more pilot studies. It will be action, for example, on the independence of poor elderly people, support measures for single-parent families, aid to second-generation migrants, and the improvement of local social services. It is for that reason that I hope that those in the Committee on Budgets who voted against the second poverty programme because they may have been misled that it was just another series of pilot projects will be reassured that this is something which Parliament has a great interest in promoting. It will be real action, and I hope that that project too will receive unanimous support from this Parliament.

**Mr Chanterie (PPE)**, *draftsman of the opinion of the Committee on Regional Policy and Regional Planning.* — (NL) Mr President, ladies and gentlemen, until 1973 growth was constant, though uneven, in the European Community: uneven because, despite tremendous economic expansion, the weaker areas of the European Community were unable to catch up with the stronger ones. Nor has the European regional policy, which has been in operation since 1975, been able to bridge the gap. On the contrary, the situation is now even worse, as the recent social and economic statistics show.

We must remember, however, that there will be no real progress towards economic integration without a strong regional and structural policy. The Committee on Regional Policy considered the draft 1984 budget in terms of this goal and on the basis of the guidelines adopted by Parliament on a proposal from the general rapporteur, Mrs Scrivener.

I must begin by pointing out that the whole debate on the 1984 budget is characterized by the following two elements: (1) the exhaustion of the Community's own resources and, consequently, a trend in expenditure that is uncontrolled rather than controlled; (2) uncertainty about the future financing of major Euro-

### Chanteric

pean policies if the European Council fails at its meeting in Athens to do what it set itself to do in Stuttgart. Where the regional policy is concerned, there is a further uncertainty, in that the regulation governing the Regional Fund has yet to be revised.

Without this decision, which is now likely to be taken as part of the reform of the Community's structural funds, the Council lays itself open to the accusation of using public financial resources irresponsibly. It is therefore absolutely essential for Parliament to be informed during the debate by the Council and/or the Commission, Mr Tugendhat, of the stage reached in the deliberations on this aspect. The regional policy's share of the total budget increased from 3.2 % to 9 % between 1975 and 1981. In 1982 and 1983, its share remained constant, but the draft 1984 budget provides for a significant reduction.

With inflation estimated at 7 %, the Council's proposals would result in the Regional Fund being reduced in real terms by 7.5% appropriations and by 3.8% in payment appropriations. In other words, the Council is in the process of restructuring the 1984 budget in a way that is diametrically opposed to what Parliament wants. Policies that can create jobs will be not expanded but curtailed. The political aim the Council set itself of using the ERDF to 'correct the most serious regional disparities in the Community' is pie in the sky. If the Community continues to follow this line and fails to implement an active regional policy, it will eventually come to a political standstill.

Hence the initial decision by the Committee on Regional Policy and Regional Planning to reinstate the appropriations entered in the Commission's preliminary draft. Subsequently, we had to agree to a number of cuts in payment appropriations or we should have exceeded the limits on our own resources. In this connection, I should like to congratulate the general rapporteur, Mrs Scrivener, on the way in which she has so far performed her difficult task.

We also made a clear choice for the concentration of appropriations in the quota section of the Fund on the Community's weaker regions, in compliance with the Commission's proposals, which have since been approved by Parliament. This geographical concentration of resources, which will ensure that they are used far more effectively, is possible because the relevant provision of the Fund regulation is no longer in force. Parliament expects the Commission to have the political courage to implement its own proposals in the absence of new decisions.

The Committee on Regional Policy and Regional Planning also notes that the 70 % ceiling on investment subsidies in the infrastructure sector has been exceeded in the last three years. In view of the priority Parliament gives to investment in economically viable undertakings in the industrial, craft and service

sectors, we appeal to those in positions of responsibility at national and regional level to submit more projects involving this kind of investment. This appeal is specifically aimed at small and medium-sized firms, whose investment costs per job are lower than those of large undertakings. In the longer term, this may lead to the creation of twice as many jobs a year with the same resources.

We also call for a 7m ECU increase in aid to the Mediterranean countries so that the programme the Commission has established for these countries can be implemented along the lines Parliament itself has indicated in the past.

To conclude, Mr President, the draft 1984 budget in its present form leaves Parliament with few options. This is only acceptable as a transitional arrangement. The European Council should take careful note of this. Savings in the agricultural sector, an increase in our own resources and more efficient structural funds must make it possible for Parliament to achieve its two objectives of increasing the resources available for crucial sectors of European policy, such as the social and regional policies, and making new resources available for new policies in the areas of energy, scientific research and investment in the new technologies. Only if these prospects exist, can Parliament approve the 1984 budget.

**Mr Albers (S)**, *draftsman of the opinion of the Committee on Transport*. — (NL) Mr President, the Committee on Transport has reason to feel some satisfaction and even, for the first time, muted joy, because the budget at last offers some scope for the hopes we have had for so many years. We no longer need to express the transport policy's share of the budget in figures consisting almost entirely of noughts, before and after the decimal point, as has so long been the case.

We see that in Chapter 100 the Council has set aside 60m ECU in commitment appropriations and 31m ECU in payment appropriations for activities or projects in the area of transport infrastructure. We are not satisfied with the allocation of these resources to Chapter 100. We of the Committee on Transport want the basis to be the Commission's experimental transport infrastructure programme, on which Mr Martin has drawn up a report that has been approved by this Parliament. We consider this particularly important because it will make it possible for bottlenecks in the European Community to be eliminated, bottlenecks in major rail-links permitting transport, and especially combined transport operations, over long distances, and bottlenecks at frontiers, and also because it will enable improvements to be made in peripheral areas and in the interlinking of different means of transport within the European Community.

**Albers**

Mr President, we very much appreciate the fact that the rapporteur, Mrs Scrivener, has also seen fit to endorse these infrastructural activities, as is apparent from paragraph 18 of the motion for a resolution, which specifically concerns such activities. We feel that the money set aside for this purpose must be entered under Article 781 of the budget and that the amounts must be 105m, in commitment appropriations and 32m in payment appropriations, because that will tie in with the programme the Commission has established, which must be a five-year programme so that *ad hoc* decisions no longer need to be taken.

We also believe a distinction must be made, that we should not be talking only about activities to be undertaken within the European Community, but that scope should also be provided for the negotiations that have been going on for years with such third countries as Austria. We therefore call for the inclusion in the budget of a new article, Article 784, entitled 'Infrastructural activities outside the Community', to enable the years of negotiations to be concluded with a financial agreement, a financial agreement with Austria.

In addition, we still consider it essential for sufficient money to be set aside in the budget for the observation of the goods transport market that is so necessary. We know there are problems, difficulties with the control of capacities, and we should therefore very much like to see the money the Commission has requested entered under Article 786, which concerns the operation of the transport markets, the financing of specific activities.

If this is done, progress can be made towards the establishment of a common transport policy. The need for this is all the greater now that Parliament has decided to initiate proceedings in the Court of Justice against the Council of Ministers to force it to adopt a common transport policy without further delay. Although the budget in its present form will not permit this to be done, we are prompted to say that, if we carry on like this, if we continue to plan along these lines, some aspects of this common transport policy may come into being, and we shall be able to reap the benefits for the European Community in the future, because these are productive investments that are extremely important for the creation of jobs and above all for the future development of the transport of goods and people in the European Community.

**Mrs Squarcialupi (COM)**, *draftsman of the opinion of the Committee on the Environment, Public Health and Consumer Protection.* — (IT) Mr President, the reaction of the Committee on Budgets to the amendments proposed by the Committee on the Environment, Public Health and Consumer Protection shows that these policies are now an integral part of the standards, aspirations and outlook of the peoples of

Europe and of their representatives. The Council should therefore take account of these aspirations.

We were concerned in our committee with defending three sectors, which we considered as of equal importance. The Council had cut by almost one-half the appropriations for 1983 and had reduced the commitments by nearly one-third. This was tantamount to killing them — they would barely survive, hardly keep afloat. The peoples of our countries would certainly not understand this backtracking on the new policies. This is why in this first reading the figures of the Commission's preliminary draft have been restored. As it is, they were barely sufficient to do anything useful.

Environmental policy is now ten years old. It would have been a tragedy to interrupt the process of raising public awareness and initiating action on matters of inestimable importance, such as natural resources — which are, incidentally, non-renewable.

On these matters, particularly on the major environmental subjects, Parliament's position has been almost unanimously consistent. I need only refer to the improvements that were made to the directive on environmental impact or to the substantial improvements made to the directive on the transportation of dangerous wastes — a subject that was debated in the highly-charged atmosphere following the journey across Europe of 41 drums of dioxin, which raised a public outcry.

Much, certainly, remains to be done and many more initiatives need to be taken before we can speak of an environmental policy. We need, first of all, to implement the third environmental action programme; we need to complete the second action programme for the protection of consumers and the first action programme on health and safety at work; the second is now in preparation.

As I said, our amendments have been accepted, because — though unwillingly — we conformed to the constraints imposed on us. But we soon realized that, despite the incredible limitations put on our budgets, we could not abandon the most important and urgent environmental issues. We were concerned about wastes — their production, transport, recycling and disposal — and have introduced three new budget lines. Each year the European Community produces two thousand million tonnes of urban, agricultural and industrial waste. The annual increase is three per cent. Ninety per cent of this waste is not recycled, and we lose enormous quantities of materials that could be recovered. There are 350 thousand enterprises, employing nearly two million persons, active in this sector.

But the latest study by the Commission indicates that, if progress can be made on this policy, within ten to fifteen years at least 1 200 000 more jobs could be created. However, the Commission does not have even

### Squarcialupi

a token administrative unit to deal with these problems. Yet now that a committee of inquiry has been set up in Parliament to consider the directive on harmful wastes, an additional effort will be required from the Commission to provide services and information which we have not been able to have until now.

We are therefore asking Parliament to approve the three new budget lines, amounting together to 300 thousand units of account for a start, for launching the fight against pollution by wastes and the recycling of the latter to recover raw materials, as well as for the implementation of the directives on wastes — on all those wastes that we are so anxious about, but about which we cannot do much on the ground unless we have a proper administrative backing.

For the rest, the amendments proposed by our committee, which have been adopted, aim to restore all the credit lines appearing in the preliminary draft budget in respect of the environment, public health and consumer protection — and they were really the absolute minimum.

To conclude, then, we have asked in our amendments for the very minimum necessary for the pursuance of the policies we have already introduced; these are the most popular policies, because they concern most closely the public at large. But much still remains to be done as regards, first of all, the development and adoption of 'clean', non-polluting technologies; ensuring observance of the 'polluter pays' principle; creating new jobs in environmental protection, just the sort of jobs that young people particularly desire. We also appeal for a stop to pollution: at least its reduction, but, if possible, its total elimination. This will require a huge effort in terms of research, which cannot be undertaken unless adequate appropriations are available. Time presses: in some areas, as in the effort to stop acid rain, which is destroying some of Europe's most beautiful forests, we are literally racing against the clock.

**Mr Papapietro (COM)**, *draftsman of the opinion of the Committee on Youth, Culture, Education, Information and Sport.* — (IT) Mr President, ladies and gentlemen, the Committee on Youth is satisfied, though only partially, with the Budget Committee's reaction to its amendments and its priorities. I say 'only partially', because the Youth Committee's budget is the smallest among this Parliament's committees. In the past, it has always been the least important committee, its work marginal, not to say extraneous, to the concerns of the European Economic Community. Now, in an elected Parliament with ambitions of becoming the institutional forum of political decision-making, in a Parliament which has adopted the recommendations of the Spinelli committee calling not only for increased parliamentary powers but for wider structural and political scope for

the Community in a European context that is no longer merely commercial or economic, the Committee on Youth, Culture, Education, Information and Sport is increasingly becoming its integral part and meeting essential needs.

This is why our committee has proposed that the budget for cultural purposes should be increased from 0.0475 to 1 per cent of the Community budget. Someone has said that this was wishful thinking and that there was no point in putting forward an idea that had no chance of realization in present conditions. But figures also have their symbolic power, and for us this one per cent was symbolic of the new importance of cultural policy in this Parliament. It is for us not only a symbol, but also a target to be achieved.

Our committee has submitted a set of priorities which we consider important; I shall not list them all, but shall only refer to some of those which have been adopted. As regards youth: support for the Youth Forum and youth-exchange programmes, for vocational training, for the preparation of young people for the world of work in these crisis times, but above all for the application of new technologies in the vocational training of young people — in line with Parliament's increasing concern with new technologies. In education, I shall only mention the problem of the European Schools, where the Committee on Budgets has inexplicably inverted our committee's order of priorities, leaving untouched the line for ordinary expenditure, which we should even have been prepared to give up, while cutting down the expenditure for the establishment of three new European Schools. The result is increased overall expenditure for the European Schools, but expenditure that is badly distributed, in our opinion. In the cultural sector, our priorities have been accepted in respect of the preservation of the architectural heritage, and hence of the restoration of the Acropolis, of the European Music Year, of intensifying general Community action in the cultural area, of protection and enhancement of minority languages. From this summary we obtain a picture of great richness which in itself represents this Parliament's cultural heritage. Through Parliament's efforts it will contribute to the cultural heritage of Europe.

To sum up, we feel that despite the rejection of some of our proposals — I am thinking in particular of those relating to Parliament's own information — the work of the Committee on Youth, Culture, Education, Information and Sport has met with a much better reception this year than last, and particularly compared with 1981, when our budget proposals were simply massacred. For this we owe acknowledgment to Mrs Scrivener, whom we thank, and to our colleagues in the Committee on Budgets. We can only hope that we can have as much success with the Council, which, by its absence from the House while the spokesman for youth took the floor, seems to be manifesting a less progressive attitude to these matters.

**Mr de Courcy Ling (ED)**, *draftsman of the opinion of the Committee on Development and Cooperation*. — Mr President, I find speaking in this Parliament exciting in rather the same way as I find speaking on a radio station in the middle of England. One produces what one hopes are interesting and imaginative ideas, and one has not the slightest idea who is listening to them. One hopes that they will have some effect in persuading people. On this occasion I have no idea whether Mr Pisani can hear me or whether Mr Tugendhat can hear me. I am very grateful for the presence of Mr Andriessen: it is evident that he can hear me.

I would first of all like to say to the Commission that I have taken careful note of Mr Pisani's remarks about the difficulty of accounting for food aid and also of the amendments proposed by Mr Irmer. If Mr Irmer, on behalf of the Committee on Budgetary Control, is prepared to withdraw those amendments — he is not here either, but perhaps he can hear me in the distance — his action will meet with the gratitude and approval of Mrs Scrivener and myself.

The second point mentioned by Mr Pisani is the question of financing the protocols with Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon and Syria. I would like under Rule 74 of the Rules of Procedure to present a consolidated amendment in place of my existing Amendments Nos 301, 302, 303, 304 and 305, of which I think you already have a copy. The effect of my consolidated modification will be to turn a number of amendments which propose increased expenditure into a single amendment which will not increase expenditure but which will provide for token entry lines under commitments for all the seven financial protocols that I that mentioned. These are all very important for the Community's relations with these seven countries. If I were not so polite, I would ask the Council what the hell they thought they were doing by making the amendment to the preliminary draft budget which they have done. It seems to me to be irresponsible and unrealistic, and at no point have the Council succeeded in explaining satisfactorily to the Committee on Budgets what they had in mind. Those are my preliminary remarks.

I should now like to go on to the main body of my commentary on Title 9, and in so doing to say how satisfactory it has been for our committee to work with the Committee on Budgets in general and with the rapporteur in particular. Some of us remember Mrs Scrivener as an outstanding Minister in the last French Government. It has been a pleasure again to witness her facility of analysis and her oratorical fluency both in the Committee on Budgets and in this House today.

What have we in the Committee on Development and Cooperation had to face since the Budget Council in July? We have had to face a total reduction of 313 million units of account in payments. Because of our sense of budgetary rigour, we shall be seeking in the

course of the amendments on which we vote to restore 128 million units of account, to be divided roughly equally between food aid, on which we have suggested a rather modest total addition of just over 40 million units of account, and 42 million units of account of restoration in line 958 to finance the campaign to combat hunger in the world — a matter on which Parliament has expressed very strong opinions in the past and on which the Development Committee still feels very strongly. The other third of the additions applies to what are relatively minor matters in terms of finance but crucial lines in terms of the administration of DG VIII of the Commission, particularly line 942, concerning the Advisory Committee, in which the Development Committee will be taking a close interest during the coming year, for we shall want to see how this committee is getting on; line 944, which deals with evaluation of development aid; line 949, the negotiation of the Lomé Convention; and line 982, the finance for Commission delegations in the ACP and OCT countries. These relatively small lines are extremely important to the good functioning of the Community — the Commission in particular — in the organization and supervision of our aid policy. I must say that we in the Development Committee thought it was an act of gross irresponsibility on the part of the Council either savagely to reduce those lines or to remove them altogether in the Budget Council meeting in July.

In general, I would say to the Commission that we shall be satisfied in the Development Committee if we succeed by the end of this week in restoring these 128 million units of account as proposed in my amendments, each one of which has the support of the general rapporteur. We shall be looking for cost-effectiveness during the coming year. We shall be looking very carefully at the way in which the Commission makes use of the lines which we shall have voted for.

To the Council, I would say that as a committee we are extremely worried, because we deduce from the Council's reduction of Title 9 a tendency to underrate the value of multilateral aid on the part of the Community, a tendency to revert to bilateral aid, which we as a committee are quite sure is less effective economically and politically than multilateral aid. Secondly, we are concerned because in this period of negotiation of the successor convention to the Lomé Convention, which is to be in force between 1985 and 1989, the reduction in Title 9 will give a poor impression to the Third World in general and to our ACP partners in particular, and it will certainly have to be explained by the diplomatic representatives abroad of the Council and Commission.

Finally, I should like to make a very serious political point which faces all of us in this directly-elected Parliament. Our electorate is increasingly aware that there is, on the one hand, a gross surplus of agricultural produce in the Community and, on the other



**de Courcy Ling**

hand, an increasing problem of poverty, hunger, famine in ever-increasing areas of the Third World — particularly the Sahel, West Africa, the Horn of Africa and Asia. It is not enough for us to say in a bureaucratic way that these problems are unconnected. In the minds of the public, in the minds of those who observe the workings of the European Community from outside, the problem of a food surplus inside the Community is certainly to be related to the problem of hunger and famine outside it, and unless we acknowledge the danger of death from starvation facing thousands of people in the southern hemisphere we risk the moral death of many of us in the northern hemisphere.

**President.** — Mr de Courcy Ling, with regard to your extensive preliminary remarks, which I was generous enough not to count as part of your speaking-time, I can, perhaps, reassure you by saying that the Chair's chances of presiding in an almost empty Chamber are no better than those of a speaker who takes the floor in the same circumstances.

*(Laughter)*

**Mr Prout (ED), draftsman of the opinion of the Legal Affairs Committee.** — The Legal Affairs Committee recognizes, Mr President, the importance of strict budgetary discipline in the European Community. At the same time, we do not believe that discipline should be such as to affect adversely the ability of the institutions to perform the tasks assigned to them under the Treaty. Accordingly, we invite Parliament to support two amendments which we have tabled affecting the Court of Justice's budget.

Draft Amendment No 72 invites Parliament to increase the number of staff posts recommended by 6, and in particular to provide for 4 additional linguistic staff — an increase of 4 % to keep pace with a 20 % increase in work — a qualified person to improve the effectiveness of the Court's computer and a temporary building advisor instead of the outside consultants presently instructed to advise on the annex to the Court building whose construction is envisaged.

Amendment No 73 seeks to create a new Article 207 with the heading 'New buildings' and to make a token entry accordingly. This is necessary to provide for new annexes to the Court of Justice buildings.

I hope that Parliament will support these proposals. At a modest cost, the European Community receives a Rolls Royce service from the Court of Justice, the most sturdily *communautaire* of our four institutions.

**President.** — This brings us to the end of the committee reports and opinions. We can now continue with the debate.

**Mrs Hoff (S).** — *(DE)* Mr President, permit me the ironic remark that debating the European Community's budget with its disproportionate spending on

agriculture has always been a special pleasure, but now that our coffers are empty and expenditure is overtaking revenue — if it has not already done so — it has become a doubtful one. I found the speeches made by the President of the Commission, Mr Thorn, and the Commissioner for Budgets, Mr Tugendhat, interesting and enlightening in this connection. According to Mr Thorn, it looks as though not even the funds allocated in the second supplementary budget for 1983 will be sufficient to finance 1983 farm spending, and hence the 1984 budget will have to make good the difference. That is how I understood him, and Mr Tugendhat has warned us in the past not to go right up to the 1 % ceiling on account of the unpredictable agricultural costs.

How is this to be interpreted? Are the Commission's estimates perhaps wrong after all? Or does it lack the courage of its convictions? Is the crisis perhaps worsening faster than anticipated? Has the 1 % ceiling already been exceeded? Parliament will in any case have to base its decisions on the available estimates, and I hope they will stand up to scrutiny. The misguided CAP, with its negative financial consequences, which place an intolerable burden on the Community's limited own resources, is to blame for the present situation. A large share of the blame goes to the Council and the Commission for having failed to avert a financial crisis by presenting rational, balanced proposals and adopting suitable decisions.

The deliberations on the 1984 budget have shown that our unresolved agricultural problems are increasingly restricting the European Parliament's scope of action. We had assumed we were approximately 550 million ECU below the 1 % ceiling. As Mr Dankert pointed out at the voting on the second supplementary budget for 1983, Parliament must not exceed this figure. The Committee on Budgets received expenditure requests totalling well over a thousand million German marks, yet we were compelled to remain below the 550 million ECU mark. At least last year we had 700 million ECU in hand. The sum of 550 million ECU represents less than 2 % of the total budget. It is not enough to pay for the policies which the Commission and Parliament and some previous speakers have described as being vital to the Community's development, namely, reducing unemployment in Europe, overcoming the economic crisis, providing food aid for the Third World, implementing joint industrial and research policies and a sensible structural policy, and including Spain and Portugal in the Community. Policies of this kind cannot be financed with peanuts. A comparison with budgetary deliberations in previous years shows that Parliament's scope is going to become more and more limited unless some reforms are forthcoming. The Council must work out a clear plan, otherwise the Community's whole future development is at risk, including the 1984 budget.

**Hoff**

On behalf of my political group, I therefore expressly welcome the agreement we achieved in the Committee on Budgets. We are proposing that Parliament freeze 2000 million ECU. This would involve cutting or freezing 5 % of all agricultural spending across the board, funds for energy programmes, and the rebates for the UK and the Federal Republic of Germany. We call on Parliament to make the release of these funds contingent on the Council's reaching positive decisions in Athens. I would like to state explicitly and extremely clearly that the purpose of this freeze is not to discriminate against any Member State; Parliament is merely attempting to make full use of the funds at its disposal and to force the Council to emerge from its stalemate.

It is not just the revenue side that needs reforming, the expenditure side does as well. If the recommendation of the Committee on Budgets is adopted, i.e., if this House votes to freeze approximately 2000 million ECU, this will give Parliament a chance of influencing not only the future financial system but also of helping to create a more balanced budgetary policy. If Parliament does not vote in favour of this freeze, I do not see how we can develop a meaningful budgetary policy for the future. I consequently hope that the amendments of the Committee on Budgets relating to this freeze will be supported by a large majority, unlike the second supplementary budget for 1983.

I only want to comment briefly on our deliberations on individual political sectors, since other members of my political group will be speaking on this in the course of the debate. I would merely like to emphasize that we Socialists still regard our main aims as reducing unemployment, especially among young people, and combating hunger in the world. We are therefore pleased that the Committee on Budgets has allocated around 150 m ECU for social policies and around 128 m ECU for aid to developing countries.

We all realize that the funds set aside for social policies are inadequate in view of the economic crisis, and that is why I am appealing to the Commission again most strongly to spend the appropriation of 64.5 m ECU in the second 1983 supplementary budget on employment policies. If that cannot be done in the current fiscal year because the Council has failed to make the necessary decisions, these funds must be tied and transferred to Chapter 34 of the 1984 budget for this purpose.

I would also like to mention a proposal tabled by my political group to freeze appropriations for the Third Financial Protocol for Turkey and special aid to Turkey totalling 10 m ECU. Parliament has already frozen the Fourth Financial Protocol and made the restoration of economic aid dependent on the re-establishment of democracy in Turkey. This has not so far happened, and will not happen, despite the

free elections next month. There is no reason whatsoever to treat the Third Financial Protocol and special aid any differently from the Fourth Financial Protocol, and I cannot help wondering what has caused my Christian-Democrat colleagues in particular to change their minds on this.

Finally, I should like to thank the rapporteur of the Committee on Budgets sincerely for her work and repeat that even for her it was no easy task getting the Committee on Budgets to agree on freezing the 2 000 million ECU. I think we owe her our especial appreciation.

**Mr Adonnino (EPP).** — *(IT)* Mr President, ladies and gentlemen, the 1984 budget which has been laid before this House presents, like its predecessors in years past, specific features that, in a kind of *crescendo*, speak of the Community's current growing difficulties — particularly evident in the economic and financial fields.

The EPP Group, whose view I have the honour to present, has always maintained that it is Parliament's duty to take every possible action to overcome the difficulties and to promote the strengthening and development of the Community in a modern European dimension. I have no doubt that budgetary policy is one of its most effective tools to this end.

Once again this year, taking as our point of departure the difficulties and specificities I have mentioned, we wish to set down clearly the guidelines for action which we have helped to elaborate in the Committee on Budgets. The first problem we must face is the exhaustion of the Community's own resources, given the one per cent ceiling on available VAT resources. We are in favour of adopting the utilization of all the residual resources in the first reading, leaving to the second reading the solution of problems relating to Parliament's 'margin', both as regards the appropriate calculation of its amount and its utilization.

We therefore support the Committee on Budgets in fixing at 552 308 295 units of account, as against an available total of 556 071 670, the increases in proposed payments compared with the Council's draft. We note that due account has been taken of the priorities we have established in consultation with other groups as regards the distribution among titles. We are particularly pleased with the increase of 120 million units of account for regional policy, the 122 million for the Social Fund, the 85 million for energy, the 30 million for research and the 128 million for development cooperation. Nor must I forget the less substantial, but no less significant, amounts for industry and transport, for information and innovation, for combating pollution and for the protection of consumers, and for culture. It is significant that even the draftsmen of opinions of the various committees have expressed their approval.

## Adonnino

Separate mention should be made of commitment appropriations. The problem of the exhaustion of resources does not arise here directly, but they do depend on forecasts of future revenues and they should be proportionate to the payment appropriations, as Parliament has always maintained.

But the present is a particularly critical moment: we are waging a hard battle to increase the Community's own resources and to readjust its policies — only this way can the Community progress. This means that in its political pronouncements and in its practical decisions Parliament must not, in our view, confine itself to considering the 'natural' increases in these resources in future financial years, but should act decisively, though with deliberation, on commitment appropriations, thus demonstrating that it is determined to get over the present *impasse* and show once again the direction of progress for the Community in terms of new policies and strengthened existing policies.

So we have a commitment appropriation of 350 million units of account for regional policy; 253 million for social policy; 225 million for development cooperation; and, most important of all, 1590 million for research, energy, industry and transport, of which a significant 1216 million units of account for the European industrial area that we want to see created and for the improvement of the internal market. Only these two measures can restore to European industry and trade that competitiveness which the Council has also called for more than once, but has never acted to stimulate.

Let me also mention the proposed appropriations for interest rebates to be charged to the Community's budget to encourage the financing of productive investments. In times of crisis, these prove much more effective than the small non-repayable aids.

This time I listened with pleasure to the Vice-president of the Commission, Mr Tugendhat, who rallied to the view of Parliament and stressed the general aim, which is set out in the motion for a resolution, of using major new 'own resources' for new policies. I was, on the other hand, once more profoundly disappointed by the stodgy contribution from the President of the Council. He confined himself to an arid and fruitless recital of the difficulties and the constraints, without the slightest imaginative effort or a glimmer of the political will to overcome these difficulties.

Mr President, without imagination and without political will the Community will perish. It seems very strange, therefore, that at this moment, when we find our resources exhausted, the only reaction should be the suspension of policies and renunciation of any attempt at remedying the situation. Would the Ministers, please, try to be consistent! If you are able, from time to time, to announce your good intentions, then

you must find the means of putting them into effect. And you need not count on Parliament's indulgence: we shall prod you with every means at our disposal — including the budgetary procedure!

After the first budgetary procedures following Parliament's election by direct universal suffrage in 1979, in which, as well as a large area of consensus, substantial differences arose among the parliamentary groups, last year Parliament succeeded in voting most of the sections of the budget by a considerable majority. It was a very favourable development.

This year, in the Committee on Budgets we made an effort to increase the consensus, and my group has been, and remains, very ready to promote it. Our aim is for all the groups to vote unanimously on the budget. To achieve it, we must obtain agreement on the ways and means of exerting pressure on the Athens Council to take further action on the plans first sketched out in Stuttgart within the framework of the proposals resulting from the 'mandate' of 30 May 1981. This is the celebrated 'package' embracing the future operation of the Community, rational regulation of CAP expenditure, the strengthening of existing policies and the launching of new ones, as well as measures to eliminate the financial imbalances affecting some Member States.

Our whole work on the budget has been oriented to this end. Parliament's aims can be seen once again in the appropriations under individual budget-lines and in the limitations placed on the utilization of other sums entered as reserves under Chapter 100 of the budget.

We support the proposal to justify these measures unequivocally, so that we make clear not only the specific destination of individual items, but also our overall political purpose, which is concerned with what happens in Athens. We also support the statement in the motion for a resolution that Parliament will take further decisions in December, after assessing the outcome of the Athens meeting.

A point which in the past has proved particularly contentious was that concerning special measures to readjust the financial position of the United Kingdom, to which were added similar measures, though involving smaller amounts, concerning the Federal Republic of Germany.

We have always been of the opinion that the measures proposed were not a solution to the problem — which undoubtedly exists — because they do not resolve it in proper Community terms. We have opposed them, let me make clear, solely because we want a solution consistent with the Community rationale, not because — and I have stated this many times in this House and repeat it once again today — we wish to harm or discriminate against the countries concerned.

### Adonnino

To begin with, therefore, we restricted the availability of the funds in question, putting them in reserve, and, in the past, we have voted to change their destination so that instead of being simple rebates, they became Community aids and measures. First the Commission and finally the Council agreed with us, at least in part.

Then we also said that we were looking to a definitive and permanent solution as part of the 'package' to be debated by the Council. We gave warning, moreover, that in the meantime we would not agree to further utilization of these funds. Now we have to wait for agreement in the Council. We have therefore proposed that they should be placed in reserve and we have indicated the purposes for which they should be used, in logical relation to corresponding measures in other parts of the budget.

We must also obtain the agreement of our United Kingdom colleagues to what we are doing. This, in fact, is one of the main purposes of the present debate, because we feel that only in this way can we put full pressure on the Council. We are appreciative of the attitude of the European Democratic Group. This is why we have agreed that in Mrs Scrivener's motion for a resolution — I should like to take this opportunity to thank the rapporteur sincerely for her hard and excellent work — Parliament should link the decision on the transfer from Chapter 100 of the amount mentioned in proposed Modification No 541 and draft Amendment No 563 to the outcome of the Athens meeting. If it is positive, there will be no problems with this transfer, nor with any other decisions Parliament may choose to make; if it is negative, Parliament will have to act accordingly, in full awareness of its duties and powers. There must be no discrimination in respect of any member country and, in my view, non-discrimination means, among other things, abandoning the practice of holding funds under Chapter 100 for purposes concerning only one Member State.

Mr President, ladies and gentlemen, all that remains to me is to express the wish, on behalf of us all, that the current budgetary procedure may achieve the aims I have spoken of, for the benefit of all Europe.

### IN THE CHAIR: MR MØLLER

#### *Vice-President*

**Mr Balfour (ED).** — Mr President, this Parliament is quite rightly determined to retain a say in what happens in the Community regarding the reform of agricultural spending, the establishment of a more equitable basis for raising the Community's own resources and the balancing of the Community's expenditure policies.

As a parliamentary tactic in the 1984 budgetary procedure, our effort to use Chapter 100 is quite proper

whilst it is directed at the Council as a whole. The Council has failed us. Our wish now to bring pressure on the Council is a proper one and a timely one. So I hope that my group will play its full part, now and in the future, in establishing this Parliament's control over the spending of the Community's money and in moving the Community towards greater fiscal equity, a better balanced budget and, lastly, greater control over agricultural surpluses, so as to make possible, against these essential conditions, an increase in the Community's financial resources. We shall, I hope, vote alongside our colleagues in this House to maintain a meaningful dialogue with the Council, both now and after Athens. We shall, I hope, support the Parliament's compromise Amendment No 563, Modification No 541 and resolution, all of which insist that a clear conception emerge from Athens.

Naturally, our use of an amendment and modification in this way does not in any way absolve the Council from the commitments which it entered into in respect of the 1983 rebates. We shall, for our part, support Parliament's position, Parliament's first-reading tactics, in the knowledge that Chapter 100 will not be used by this Parliament against the United Kingdom or German rebates as its main weapon in December against the Council if the Athens meeting should be seen as unsatisfactory.

Our main weapon, the ultimate weapon of this institution, is the adoption or rejection of the budget. This is of absolute importance to my group, and the other coordinators have confirmed that Amendment No 563 will not be used as the main tactic for a complaint against an unsatisfactory decision at Athens. The main weapon is rejection, and we in this group believe that ultimately this is our only really effective weapon against any Council failure to act. We would have preferred to issue an explicit warning in these terms, but not all our friends in this House are ready, quite yet, to stand up firmly to the Council in this way. Not all our friends are ready to be so radical or so *communautaire*. Not all our friends are ready yet to get tough with our budgetary partner. Even though from time to time we hear fine words and massive threats, the will of this House to threaten the worst is not yet in place.

I rely on the rapporteur's commitment, and if my group decides to follow me in the vote on Thursday, my group will also rely on the rapporteur's commitment that this Parliament does not question the principle that the 1983 Stuttgart rebates should be paid in the 1984 budget and, secondly, that this Parliament does not intend to discriminate against any Member State.

I was interested to note from the President-in-Office that the Council considers the decision taken at Stuttgart to be binding at least on him. It was not intended to be linked to the success of the Council in Athens.

## Balfour

This is no doubt quite right and proper for the Council, but the Parliament needs to retain its full budgetary rights at this stage. Therefore, we shall, I hope, throw our full weight as a group behind the Parliament's effort, firstly, to restore up to the limit of the Community's own resources the payment appropriations so dramatically reduced by Council at its first reading and, secondly, to retain our full powers as joint budgetary authority throughout the long and exhausting budgetary procedure.

Thus, our strategy at first reading is to join with our colleagues in this House to push for a maximum effort at the Athens Council meeting to find the right solutions, to do this by reserving our budgetary powers to the maximum and to do this on the basis that at the second reading we shall have all our options open — all our options, that is, except for a disproportionate reliance on the use of the one amendment which could discriminate against any single Member State. Those in this House who wish the Community nothing but harm and who bear its institutions nothing but ill will — those, in other words, like some of our bickering, back-biting and demoralized British Labour colleagues — may prefer to deny this House the exercise of its full rights. We shall hear much criticism from our opponents, but let no-one forget that our purpose and our resolve on this side of the Chamber is to ensure that our duties as MEPs are properly discharged whilst ensuring that Parliament's actions are fair, firm and effective.

I am determined that our votes on Thursday shall end the isolation that has recently blunted our participation as active Members of this Parliament in budgetary terms. And I am determined that we should end the misunderstandings and the mistrust across the borders of the various groups. Let the message go out, then, that we support the rapporteur in her overall strategy, not in spite of her compromise Amendment No 563, but because of it. We place absolute reliance on her commitment that in our second reading we shall not play about with Amendment No 563 and Chapter 100, but rather that we shall judge the Council's efforts in Athens against the background of the budgetary powers of this House in the wider sense of the phrase and without discrimination of any kind.

*(Applause from the centre and from the right)*

**Mrs Barbarella (COM).** — *(IT)* Mr President, I think the first thing to be said is that never has the gap between important Community policy needs and a budgetary provision that has now become insufficient even for day-to-day operation been so enormous as in the 1984 budget.

We feel that this is the result of a most disquieting contrast between the need to provide solutions to real problems affecting European society and the totally

inadequate response of Community institutions, especially the Council — a contrast that has been particularly aggravated in recent years.

At a period when there is need for maximum governing capacity, not least at Community level, to deal with the economic crisis and an increasingly complex and worrying international situation, we are faced instead, Mr President, with a decision-making standstill that is as harrowing as it is debilitating. This decisional stalemate, the vacuum that it creates, leads inevitably to nationalistic tendencies, to the promotion of individual interests. Our vision of European issues is narrowed, and unilateral solutions that often prove completely inappropriate, if not directly counterproductive, are sought.

Well, Mr President, we believe — and other speakers have made the same point — that it is precisely in these difficult circumstances, and in connection with this most difficult 1984 budget, that Parliament should take a firm stand against this disquieting sectionalist trend and against the collapse of Community integration, indeed of solidarity among Member States.

Parliament must not allow itself to be drawn into a position where it must wait upon the decisions of others, or where it is prevented from asserting its views with integrity. We believe Parliament must perform to the full its essential function of providing stimulation and exerting pressure so that new prospects for the progress of Community integration can at last open.

We consider, Mr President, that Parliament can perform this essential function — as regards the budget, of course — only along two lines. First of all, obviously, by trying to improve, both quantitatively and qualitatively, the budget that has been put before us by the Council; but also — and I stress that this is most important — by taking practical steps to readjust the overall balance of the budget.

We know that scope for improvement is very limited. With 550 million units of account not utilized by the Council we cannot change the fundamental decisions implicit in this budget. We must bear in mind the restrictions imposed by the fact that the VAT limit has been reached, we must be aware of the 'hard realities' of which the Council's representative spoke.

We therefore accept — as do the other groups represented in this House — that the limit must be respected. However, we believe that, though the improvements may be very modest quantitatively, they can nevertheless be very significant qualitatively, by stressing the direction in which we want to move. Like the other groups, therefore, we have worked in the Committee on Budgets to strengthen those budget-lines to which Parliament has repeatedly accorded priority.

**Barbarella**

Naturally, I must emphasize that the process of 'improvement' involved compromises, not all of which we found satisfactory. In fact, we made a number of substantial concessions. But on the whole — and this I also want to stress — we accept the priorities set out by the Committee on Budgets and we also approve in essence, as do the other groups, the steps that it was possible to take to support these priorities.

Nevertheless, in our view the acceptance of such a limited area of manoeuvre must not mean the closing of avenues for further development of Community policies in the near future. This is why we have supported the linking of acceptance of the necessary budgetary discipline to the undertaking of more comprehensive action to readjust the budget as a whole.

There are three key aspects to this readjustment: a definitive solution to the problem of the British contribution, reform of the common agricultural policy and, thirdly, expansion of Community action in new directions, most notably to measures for the revival of Europe's industrial sector which will create new jobs and restore competitiveness to the European economy.

These three aspects are, in our opinion, intimately linked, and solutions for any one of the problems must necessarily depend on those for the others. It is essential, in our view, that the Athens summit should finally produce a clear statement of political intentions in these areas: this is why, in the Committee on Budgets, we have actively worked to ensure that Parliament can exert pressure, by means of specific amendments, to obtain that comprehensive decision on finance which can no longer be put off.

In this context, Mr President, we are agreeable that, pending the decisions of the European Council in Athens, the appropriations earmarked for the rebates to the United Kingdom and Germany should be transferred to Chapter 100 with clearly defined purposes. The intention of this operation is to underline once again Parliament's unwavering conviction that the question of the British rebate can only be solved in a Community dimension and must therefore be linked to the increase in the Community's own resources and the extension of common policies. In the same spirit we have also agreed to the transfer of part of agricultural expenditure to Chapter 100 — again as a practical means of bringing pressure to bear on the Council to deal with the reform of the common agricultural policy: not only in the sense of controlling expenditure, necessary as that is, but also of an overall improvement of Community intervention mechanisms.

Finally, we attach a fundamental importance to the Budget Committee's amendment calling for substantial commitment appropriations to give practical effect to new Community measures in the industrial sector.

I did not hear Mr Balfour express any view on this point. I should like to remind him that the solution of the British problem is tied to the issue of new Community policies — hence this amendment, too, is part of the crucial global 'package'.

May I say in conclusion, Mr President, that we believe that with these three aspects, or, if you prefer, with the set of amendments relating to them, the Committee on Budgets has prepared a balanced and, above all, a viable package. We look to the European Council to act on it with manifest political will and, by resolving these three problems, enable the Community to use its full capacities in the service of an active policy of revival and development of European integration.

*(Applause from the Communist Group)*

**Mr Louwes (L).** — *(NL)* Mr President, I wish to make the following comments on behalf of the Liberal and Democratic Group.

What was the object of this budget? In the first place, we had, initially, a reduction in the figure for the Community's own resources estimated by the Commission, and this — but not only this — resulted in the almost total exhaustion of these resources, which, thirdly, forced this ambitious Parliament to operate within an extremely narrow margin for manoeuvre and thus to make very careful calculations. This was no small task for a Parliament such as ours, most by far of its Members being convinced that the present problems can best be tackled at Community level. I need only refer to the report drawn up by Mr Albert and Mr Ball. It is therefore frustrating to have only 550 m units of account, a mere drop in the vast European ocean, to give further encouragement for a Community approach.

After this cry from the heart, I will describe my group's position on the proposals which the Committee on Budgets has made. I must begin, however, by paying my respects to the rapporteur and indeed expressing my admiration for her efforts. Her position has been clear, lucid and inspired by the Community spirit from the outset. From the time she submitted the resolution containing the guidelines in spring until today, her approach has been consistent and her proposals have been very coherent. The fact that her reward for this was almost unanimous approval of her resolution in the Committee on Budgets is worth more than any compliment. This is a great achievement in a Parliament that is sometimes extremely divided and in the rather hectic atmosphere that always accompanies the budget debates. I have nothing but praise for this effort.

And now to the substance of the matter. Firstly, we endorse the proposal from the rapporteur and the Committee on Budgets that we should agree to the figure for revenue, the Community's own resources, that has been adjusted downwards by the Council. We still hope that the Commission's higher estimates will

## Louwes

eventually turn out to be correct. We shall deal with that when the time comes, although after Mr Tugendhat's statement our hopes of higher revenues have not grown. But the Council should see our agreement to its estimates as evidence that Parliament accepts reasonable arguments and is not intent on opposing the Council come what may.

Secondly, my group agrees with the view that expenditure should remain below the 1% limit, however frustrating this may be for us ambitious Europeans, as I have already said. But I would add that our decision to stay below the 1% limit for the time being will not affect our desire for an increase in our own resources. Our position on the future financing of the Community is clear and complies with the Commission's proposals. But until these proposals become law, we should respect the 1% limit.

How are we now to prevent the adoption of amendments which would conflict with the advice of the Committee on Budgets and result in this limit being exceeded? My group is opposed to the President declaring them inadmissible, as he did two weeks ago. We propose a different method of avoiding such — intentional or unintentional — accidents, if I may call them that. It is based on the political responsibility of the Members of this Parliament, most of whom belong to political groups. They must exercise the self-control that is needed if the agreement to respect the 1% limit is to be heeded. This has resulted in the Committee on Budgets again having to keep to a very narrow margin for manoeuvre below this ceiling, and we have done so with the aid of proposals from a rapporteur who has weighed matters very carefully and in continual consultation with the groups and among the members of the committee, which has produced very good results. It is to be hoped that the House follows this example, and I call on everyone to take the rapporteur's warning to heart.

Thirdly, we agree that the 550 m ECU still available should be shared among the four major areas to which Parliament and my group in particular attach so much importance: the regional policy, the social policy, energy and research and, lastly, the problem of hunger in the world. We welcome the broad consensus that has been reached here thanks to the close cooperation between the rapporteur and her counterparts in the other parliamentary committees. We see this as evidence of a sense of responsibility in this Parliament — not bad, a mere four years after direct elections, and I personally see it as an encouraging sign for the further consideration of this and, I hope, many future budgets. Here again, we have, of course, taken careful note of Commissioner Tugendhat's warning, and we realize that we now have nothing more to lose.

Finally, Mr President, I come to our position on the 'grand compromise' regarding the entry of 5% of the EAGGF in the reserve, on the allocation of as much as possible of the 1983 surplus to the social sector, on

the impulse given for the creation of a genuine European industrial policy, to which Mrs Barbarella has just referred, and on the setting aside of special funds for the United Kingdom and the Federal Republic, again in Chapter 100. My group welcomes this compromise and intends to adopt a positive attitude towards it. Once again, my compliments to the rapporteur for the part she played in the drafting and formulation of this compromise.

We now await the precise wording of the clauses relating to the increase in the reserves in Chapter 100 and the unfreezing of these reserves. We fully endorse the linking of this to the outcome of the European Council's meeting in Athens. We similarly agree that we, the European Parliament, should make full use of our budgetary powers as a function of the outcome of the Athens meeting and not, I hope, in anticipation of an Athens meeting that produces no results, and that we should do so in a way that encourages the further integration of the Community. In other words, there should, of course, be better control over agricultural expenditure — not a reduction come hell or high water, but control over this expenditure in line with the political will in our Community and the commitments the Community has entered into. This is one signal to the Council. The other is that this Parliament is prepared to reach compromises over present differences of opinion, at Community level, in the Community spirit and without distinction irrespective of the Member State concerned. We approach a historic decision to give the Council these signs. Let us do so. We shall then stop being the paper tiger we were a fortnight ago, and the fact that we are no longer a paper tiger will benefit on-going integration. My hopes in this respect grew as I listened to Mr Balfour.

Mr President, to conclude, I should like to say that so far this budget has been discussed in a very harmonious manner. I hope that this atmosphere will continue and produce a harmonious budget to the benefit of our Community and its inhabitants.

**Mrs Nebout (DEP).** — (FR) Mr President, ladies and gentlemen, every budget has its specific characteristics and the budgetary problems with which the European Parliament has to deal each year are never simple. On this occasion, however, it is no exaggeration to say that the general budget for 1984 presents the House with a difficult task.

The fundamental problem involved in formulation of this budget is to establish how it is possible to make progress when we have all but reached the material limits beyond which no attempt at progress can be entertained.

The exhaustion of Community own resources, the downward trend in revenues, the problem of agricultural payments, the pressing nature of which was

## Nebout

brought home in the last debate, and above all the very great political uncertainty surrounding the forthcoming European Council meeting in Athens are among the very severe objective constraints which cannot fail to add to the difficulties of the budget for 1984, a budget which, let us be in no doubt about this, comes at a decisive stage in the Community's development.

I do not propose to go back over the figures already quoted by the rapporteur and other earlier speakers but, in my view, it is worth repeating that the draft budget that we are called upon to amend (within narrow margins, since the amount of resources available is limited to only 556 million ECU) is smaller in terms of payment appropriations than the previous budget, when one includes supplementary budget No 2 for 1983, which has now been adopted.

How is it possible to move forward under these conditions? How can this budget of stagnation be prevented from being a budget of resignation? This is precisely what the rapporteur, Mrs Scrivener, and the Commission on Budgets have tried to do in giving the budget political significance on two planes: first as the expression of the budget policy guidelines decided upon by Parliament for 1984, and secondly as a political message to the Council and ultimately to the European Council that the Athens meeting must not end in yet another dismaying demonstration of the Member States' inability to reach the decisions that have to be taken on the future financing of the Community.

With regard to the application of the rapporteur's guidelines, on the whole we approve the proposals that the Committee on Budgets has presented on completion of its deliberations. It is to the credit of these proposals that, while remaining within the own resources limit, they embody the priorities of combating unemployment and combating hunger in the world in the corresponding lines of the budget for the main policy areas: economic and industrial, energy and research, social and regional, and development aid. We believe that progress can be achieved through action in these areas if the appropriations proposed are approved by this House and the Council.

We do, however, have some reservations about the overall compromise agreed upon by the Committee on Budgets. We certainly appreciate the need for the European Parliament to use all its energies in bringing pressure to bear on the Member States before the Athens summit in an effort to ensure that a clear and forward-looking conception of all the issues defined in Stuttgart emerges, which will be in the best interests of the Community as a whole, but we cannot go all of the way with the Committee on Budgets in its choice of means towards this end.

We are in agreement, precisely because of the need to find a lasting basis for the future financing of the Community, with the proposal to freeze the appropria-

tions set aside for compensation to the United Kingdom and the Federal Republic of Germany in the reserve chapter.

We also approve of the objective of boosting the other policies and the broadening of political horizons reflected in the substantial commitment appropriations providing a framework for new courses of action in the future, although we have reservations regarding the commitment of one billion ECU for a European industrial area.

On the other hand, we disapprove of the freezing of some of the funds for agriculture by placing in reserve 825 million ECU of the appropriation for the Guarantee Section of the EAGGF, even though we see the political motivation behind this proposal, which is an appeal for urgent reform of the common agricultural policy. Even though we accept, given the way things are going, that adjustments are needed in the common agricultural policy, we do not believe, in the light of the 4.5% increase over 1983 in the EAGGF Guarantee appropriations, that it is necessary to withhold part of the EAGGF funding, since it is quite obvious that the common agricultural policy will need this money during the course of 1984.

Above all, we do not believe that the partial freezing of funds is an appropriate way to go about reforming an existing policy, or indeed bringing pressure to bear on the Council, since the Council is bound to reinstate the original amounts. Obstructing the operation of a policy and emphasizing the need for a formula for the future financing of the Community at the expense of a single policy are not, in our opinion, the best ways of pressing the case for reform of the common agricultural policy.

Under other circumstances, the rapporteur on the general budget and supplementary budget No 2 for 1983 adopted a similar approach and was unsuccessful on both occasions. Once again, we repeat that it is a mistake to attempt to use the budget as the medium for adjusting the common agricultural policy, which should be reformed in its own terms.

Finally, I would draw attention to the fact that the Committee on Budgets has been unwilling to entertain any amendment proposing additional expenditure in agriculture, which is consistent with the stance that it has adopted. It has also rejected amendments aimed at increasing agricultural revenues and in particular — this I must stress — that making the structure of the EAGGF more manageable by taking out all those items of expenditure — adding up to an appreciable amount — which are unconnected with agriculture. Here we find it lacking in consistency.

In short, we are unhappy that the problem of agricultural spending should have been linked in this way to the overall position of the rapporteur and the Committee on Budgets, and we are therefore unable



## Nebout

— although sharing Parliament's concern to secure a lasting solution to the problems which are currently preventing all development of the Community — to accept all aspects of the overall political compromise proposed by the Committee on Budgets.

**Mrs Bonino (CDI).** — *(IT)* Mr President, ladies and gentlemen, the only general comment that can be made about this 1984 budget is that it is a budget on which one cannot even hold a debate. It also seems to me that the way Parliament is going, what we are witnessing is Parliament's self-liquidation — some months before its term is due to expire. The solution adopted by the rapporteur seems to me unacceptable in its technicalities and politically ambiguous; it's like playing the three-cards game: not much luck this time, but we'll surely get it right the next time round!

Why do I say that this budget cannot even be debated? Because a debate implies the possibility of political choice. No such possibility exists here. There is no money: what choices can be made with that? There is no political will and there is no money — so what are we talking about? The mere fact that, after those grand compromises to which Mr Adonnino was referring, we should be greeting the inviolability of the one percent VAT ceiling as a great success is a measure of the depths to which we have sunk.

The only debate that is at all valid, therefore, is that concerning the increase of the budgetary resources. That debate was held this morning, for the fourth or fifth time ... We all spoke in it at some time or another; Parliament has made its position clear, and all that remains to us now is to wait patiently for the Council to take a decision. Who knows, it might happen in December in Athens after all ...

You see, ladies and gentlemen, when we were elected in 1979 we believed that we had certain powers; some of them were shared powers, but essentially we were supposed to have powers over the budget. It seems to me now that we have given up even these. Those broad compromises, that wide consensus of which Mr Adonnino spoke, going all the way from the Communists to the Liberals, has meant that, to my profound regret, I could not find even five Members to sign with me a motion for the rejection of this budget. In my opinion a move to reject, or at least the threat of rejection, was the only right, political and unambiguous choice for this Assembly. Unfortunately, I cannot do it alone. And because of this unanimous consensus on what is supposed to be leverage on the Council, but is in fact Parliament's voluntary winding up — and the Council in its exceptionally turgid report has made it abundantly clear — I cannot even table a motion of rejection. But let me say this: non-rejection of this budget means, this year more than ever before, that we decline action, that we are accessories to the Community's paralysis, that — worst of all — we renounce the last power remaining to us.

I have used up my time, Mr President and ladies and gentlemen, but there is one other thing I want to say. I have tabled few amendments: one is on world hunger, because, honestly, after all the talking I do feel that what is being done is quite unacceptable; and a second, which I consider very important: this Parliament has now become a corporate promoter of its own privilege — there is no other way to explain that contribution to the 1984 European elections which is simply a subsidy for the political movements represented in this Parliament.

In 1979, when we were not part of this Parliament, we fought against the financing of political parties, and we shall fight against it here and now, because we believe it is wrong. We accept the reimbursement of electoral expenses, but as for advances to be paid to the political parties here present, to enable them to carry on their electoral campaigns to the disadvantage of those who are not represented in this House, that is another matter. It means that all the contenders in the field would not have an equal start — and that we find frankly unacceptable.

**Mr Eisma (NI).** — *(NL)* Is this the treatment we shall be receiving shortly, in December? Here I agree with Mrs Bonino, although it is undoubtedly the only point on which we agree. What is the situation after all? In December, at the time of the second reading, we know that savings in the agricultural sector can create greater scope for another, much-needed European policy. There must also be better prospects for an increase in our own resources. If Athens does not even produce that, we as a Parliament can draw the logical conclusions and really make our presence felt. But today and tomorrow are different.

The Committee on Budgets is staying within the financial limits of 556 m ECU in payment appropriations. In the circumstances, that seems a realistic approach to us. We consider the Council's decision to remove so much from the Commission's proposal unsatisfactory and unfortunate. I am not alone in saying this. Everyone here says the same and thinks the same about the Council. After all, the Council is obstructing real European policy in this way and, in the longer term, cutting off its nose to spite its face. The same has been said by Mrs Barbarella. The Council's attitude will result in a reversion to national policies, and that, we believe, is doomed to failure.

We are on the whole very satisfied with Mrs Scrivener's report, and we also assume that the appropriations for compensating the United Kingdom and the Federal Republic of Germany will be entered under Article 100. But even at this stage we call on as many Members of this Parliament as possible to be present when the vote is taken to ensure that this proposal is approved. If it is not, if we cannot get enough people into the Chamber to vote this through, we shall not be worth a straw as a Parliament. Let that be a warning to us all.

**Eisma**

Given the possibilities and circumstances, which neither she nor we consider favourable, Mrs Scrivener has acted very responsibly. We mean this as a compliment. This is particularly true of the amendments to which we of the D'66 attach great political importance, the amendments tabled to the chapters that concern the environment and social policy, although we realize that the funds set aside to combat acid rain, for example, are completely inadequate for dealing with what is certainly a European problem.

Finally, Mr President, I would have expected Parliament to make greater cuts in its own budget. We parliamentarians could have made a gesture, with the reimbursement of our expenses, for example, and we shall therefore certainly be supporting the amendments to this effect.

Mr President, I can keep my statement brief for now, and I have stayed within the allotted four minutes, but you can count on the D'66 group being considerably less brief in December, when we come to the second reading.

**Mr Saby (S).** — (FR) Mr President, the 1984 budget is a painful exercise for the European Parliament, a painful exercise because we have reached the limit of our own resources, because the situation in the Community is far from satisfactory and we lack the means to cope with it. It nevertheless has to be acknowledged that Parliament has responded to this situation in a responsible manner since, although it has not backed down on its priorities, it has still kept within the 1% VAT ceiling and the increases that it has proposed do not go beyond what it is legally entitled to do. I would add that the 1984 budget is not a budget of resignation but a waiting budget and that Parliament will not be satisfied with the *status quo* after the Athens summit.

Similarly, the attitude adopted to the administrative budgets of the institutions, whether the Council, the Court of Justice, the Court of Auditors or the Economic and Social Council, is clearly a responsible one. Parliament has applied the decisions taken by its Committee on Budgets over several years, decisions which are entirely in keeping with sound management principles.

With regard to its own budget, I would say that Parliament has kept to the recommendations already made previously — in respect of 1983 — by the Committee on Budgets and the House, particularly as far as the strict management and rational use of data-processing and office-automation equipment that we called for is concerned, and I take this opportunity to pay tribute to the efforts made by all the Parliament's staff to put the House's wishes into practice.

But I should now like to come to the Commission's budget, which is the main topic of this debate. I find it interesting to note that the increases are to be found

in the policy areas which have been defined by the House as deserving priority and to which the Socialist Group also attaches high importance. This is a budget which I would describe as constructive in its 25.4% increase for the new fisheries policy, and in its provision for the regional policy, but my colleague Mrs Fullet will be discussing this later. It is entirely in line with our wishes for the policies on industry, research and energy, with an 18% increase over 1983 in the appropriations, which is fully in keeping with Parliament's wish to branch out into new policies.

Finally, whereas the Council cut the appropriations for development by 22%, we, the Parliament, have increased them by 16%. In general, we find that the distribution of available resources among the various parts of the budget is as satisfactory as could be expected under the present circumstances. Of the total budget expenditure, 66.4% has been allocated to the EAGGF, 4.3% to fisheries, 5.2% to the ERDF, 6.6% to research and energy and 3.2% to cooperation, while we have put 4.5% to a reserve fund. Compared with 1983, therefore, the budget for 1984 shows virtually no change in agricultural spending, since it is up only 4.4%, which corresponds roughly to the average rate of inflation in the Community.

We also note that Parliament has increased the funds for energy and research by 25%, which is evidence of its determination to mount a dynamic response to the crisis. The House has also stressed the importance that it attaches to social policy and the less prosperous regions. In discussing this budget, I must make the point that the Socialists have made many concessions in the interests of reaching an agreement, an attitude meeting the situation.

I said at the beginning that this was a waiting budget, not a budget of resignation. This of course highlights the importance that we attach to the Athens summit, and I would mention in this connection that France, for instance, shares Parliament's aspirations, as witness her memorandum on the European industrial area for research and energy. We have strong hopes that the current exhaustion of own resources will trigger the long overdue launching of these new policies, so that the European Economic Community will be in the best possible position to face the incipient third industrial revolution.

It is our hope, Mr President, that this responsible budget, this waiting budget — waiting, as I see it, in the manner of a thoroughbred champing at the bit — will enable the Community to set up policies and resources to meet the current situation and the challenges that it is throwing down. We hope that France, which will be taking over the Presidency of the Council from Greece on 1 January 1984, will be able to join with all the other Member States in giving effect to these various proposals which have been put forward in the interests of Europe.

**Saby**

Yes, Mr President, we shall be voting for this budget, in the conviction that we are not resigned, but waiting, and that, after Athens, either there will be positive results enabling us to discharge our responsibilities, which is the wish of the majority of European citizens, or it will be the end of our Community.

**Mr Langes (PPE).** — *(DE)* Mr President, the debate on the budget is a political debate. I shall consequently try to avoid quoting any figures; we have heard them *ad nauseam* in the budget deliberations, and our rapporteur has presented them — quite rightly — to Parliament.

I would like to make five political remarks. The first is addressed to the President-in-Office of the Council. The President-in-Office of the Council — our former colleague — has made it clear that budgetary consultations can only have favourable results provided Parliament and the Council are in agreement. That is why, Mr President-in-Office of the Council, I was extremely perturbed by a remark of yours that you described as a personal one. You said in effect that we could increase our own resources without reviewing our policies in certain areas. That may be understandable from the Greek point of view, but it is unquestionably wrong in general political terms. Everyone must realize that the increase in our own resources that we are all demanding and expecting is inconceivable unless we put our house in order at the same time. That is what we are asking of the Council, and what we are asking of you personally is to use your influence in the Council to support this aim. I assure you that the majority of the Members of this Parliament are determined that the system be put on a sound footing. Even as a Greek President-in-Office of the Council, you must accept for political reasons that we must pursue both ends together.

My second remark is addressed to my Conservative friends and neighbours. The debate on the second supplementary budget having proved such a big disappointment, I find the budgetary deliberations to date and the remarks made by your spokesman Mr Balfour indicate a distinct change of heart in that the Conservatives have realized that the United Kingdom's policy, based as it is exclusively on self-interest, is anti-European and is going to isolate the UK in the long run. I therefore consider Mr Balfour's speech on behalf of the Conservatives today extremely encouraging. I know the next few weeks will be hard for you in your country, even in your own party, if you vote on Thursday in line with what you said earlier on. I admire this courageous attitude and regard it as the only one that is forward-looking and capable of strengthening this Parliament.

The rejection of the 1984 budget, which Mr Balfour describes as Parliament's ultimate weapon, is undoubtedly a potential weapon, but in my opinion there are

other less drastic measures Parliament can take, such as the use of Chapter 100. I agree with Mr Balfour that we should watch what happens in Athens and at the joint deliberations with the Council in order to decide what options we have. I call on all those colleagues who were disappointed by the voting on the second supplementary budget to snap out of their depression. You cannot always win in politics, but we should look ahead again and I think that the compromise that has been reached is a good one. My third remark is addressed to the Commission. I have heard what you said, and can only repeat what I told your President last week. The Commission must decide how it can get back onto a reasonably even, rational course after all the muddled, contradictory and diverging statements it has made on the agricultural budget. You have forfeited some of our confidence, and you know it, but you can regain it by pursuing a policy that is acceptable to Parliament at the deliberations after the first reading. This is my request and appeal to the Commission.

The fourth remark is addressed to Mrs Bonino. Your group contributes virtually nothing to the work of this House; it is absent again now, it only put in an appearance earlier on for the benefit of TV viewers in Italy, and I must describe this behaviour as disgraceful. The very group that claims to save taxpayers money only turns up to use Parliament as a platform for cheap party propaganda. This is totally unacceptable.

*(Applause, cry of 'Viva Bonino!' from Mr Vandewiele)*

Mr Vandewiele, I am glad she's alive, but I do not approve of Parliament being treated as a mere platform.

The Committee on Budgets has tried to put the deliberations on course. Mr Vandewiele, we can argue about this, I'm pleased that we appear to have difficulties in our group.

*(Cry of 'We haven't any difficulties, dear friend!' from Mr Vandewiele)*

Fine, then I would just like to say in conclusion that the proposals presented by the Committee on Budgets reflect the various sections of the budget in accordance with their priority. I would like to ask all my colleagues to second these recommendations as presented by Mrs Scrivener, in order to avoid exceeding the 1% ceiling. By doing so we shall demonstrate our cohesiveness and can embark on the deliberations with the Council with confidence.

*(Applause)*

**Mr Kirk (ED).** — *(DA)* Mr President, the last Honorable Member who spoke, Mr Langes, said that the Conservative Group had in effect pursued a United Kingdom policy in recent years and that he was glad

**Kirk**

it now looked as though we were no longer going to pursue an anti-European policy. As a Dane in the Conservative Group, I must say to Mr Langes that this is not the case. Certainly, the Conservative Group, especially the British members, consider the budgetary problem to be a very serious one to which it rightly feels that a solution must be found. The European Democratic Group now feels certain that, with the work being done by the Committee on Budgets of the European Parliament, there is a possibility of achieving a final and definitive solution to such questions as the British and West German budgetary problem. We Danish Conservatives in the European Democratic Group hope therefore that we shall finally manage to bring the pressure to bear on the Council of Ministers which will induce it to take the final decision on a solution to the budgetary problems, so that we can get on with dealing with the real problems which beset us in the Community.

All the Member States are currently doing all in their power to keep down expenditure under the national budgets, and it is obvious that, in dealing with the Community budgets, we must show restraint in the matter of expenditure. We therefore have to look seriously at all the items in which there are indications of particularly high rises in expenditure. The expenditure must be evaluated in terms of whether there is any actual expansion in Community activity or it is simply a question of more resources for the existing arrangements. If it is a case of expansion in activities, the justification will depend to a large extent on whether the expansion is consonant with the considerations which the *ad hoc* Committee set up by Parliament to study the economic recovery will be putting forward in the coming weeks.

We might be tempted to say that the Community's finances should not be allowed to function merely as a social assistance bureau, dispensing aid to anyone who gets into economic or employment difficulties in the various Member States. We need to stimulate new investment and employment in all Member States. It is therefore important to us that the increased expenditure built into the 1984 budget should be used in a manner which will promote dynamic development.

Much has been said about expenditure on agriculture. We shall be debating that later in the November part-session, together with changes in the structural fund; I shall therefore only touch briefly on this subject here. But it must be clear to everybody that there is a pressing need for a removal from the common agricultural policy of the planned economy rules, which for so many years have confounded the aims of the common agricultural policy itself and in a very few years could lead to a total collapse of the agricultural policy. It is essential that we bring about a change in the mechanisms, so that agriculture as an industry may come to participate in what was the original aim of the Community: free competition between enterprises within a large common market. In my opinion, it is the consumers who should determine by their

demand what products should be produced and hence be sold, and not this or that budget here in the Community.

I should like to say finally that we have in fact not had an answer from the Commission today on how the deferred advances will affect the budget for 1984. By how many ECUs is the Community budget short? How many of the ECUs which were deferred will be used in 1984 for the appropriations for commitment and payment in question? It is a concrete question, to which I think the Commission must also give us a concrete answer here during the first budget debate.

Mr President, I should like to say that the important thing for us is to use our money dynamically and to ensure that the resources used by Parliament, the Commission and the Council in their various departments and services are used to optimum effect. We shall therefore vote in favour of all the amendments from the Committee on Budgets aimed at freezing the level of staff of the various institutions.

**Mr Baillet (COM).** — (FR) Mr President, the budget of the Community, like that of a State, is the translation into figures of economic and political options. It is also used by this Parliament as a means of strengthening its political powers and broadening the range of its competence, sometimes even beyond what is authorized in the Treaty. This budget shows a fall in real figures compared with 1983 and in this it reflects the continuing crisis in the Community. The rapporteur is right to stress that it would be, in her own words, 'illusory to imagine that the budget can have a decisive effect on the crisis.'

The crisis, as we know, is exacerbating the contradictions between Member States. In 1984, 65% of this budget will be used for agriculture and for implementation of 'structural' policies which generally amount to no more than organizing redistribution of resources between Member States or dressing the social wounds inflicted by the devastation caused by years of policies relying on austerity and structural reorganization.

Although aware of these limitations, the French Communists and Allies were actively involved in all stages of the budgetary procedure in the hope of securing improvements, as long as they did not clash with the policy that my country has been pursuing since May 1981. To this end, we put forward a number of proposals for measures which we hold to be essential. First of all, I have to repeat that it is necessary in our view to close the book on the question of rebates to the United Kingdom, which is causing such acrimony in our debates. On the basis of the commitments given by the Council, we proposed simply that the 1980 and 1981 overpayments be used to settle the matter in 1984. We were unsuccessful, but we shall not lose sight of these overpayments until Mrs Thatcher pays them back. Following the Stuttgart summit, the Chancellor of the Federal Republic of

**Baillot**

Germany came here to announce that these overpayments had been taken into account in the budget for 1984. We are not convinced. We therefore find it a useful step forward to have placed all appropriations connected with the British contribution in reserve, although without falling into the trap designed to set the House against the Council over the classification of expenditure.

We cannot approve of Mrs Scrivener's proposal to place 825 million ECU of the EAGGF appropriation in reserve. In our opinion, the political significance of this is quite different from that of the Council's decision to place 250 million ECU in reserve. But I shall say no more on this subject, since my friend Pierre Pranchère will be discussing it at greater length later in the debate.

We are in favour of the concentration of social policy appropriations on vocational training and jobs for women and young people, among whom the unemployment figures are particularly high. In this connection, I welcome the positive outcome, incorporating some of our proposals, of the conciliation between the Parliament and the Council on reform of the Social Fund, in which I took part on behalf of the Committee on Budgets.

The definition of a new criterion for the allocation and distribution of Community funds is beginning to make headway, since the Committee on Budgets adopted our amendment calling for the creation of a new line in the budget linked to the reduction of working-time. This approach seems more likely to make a positive contribution to economic recovery and job creation than a thinly spread allocation of appropriations which are often under-utilized or merely serve as a device for redistribution between Member States.

We for our part would have preferred to see a more substantial increase in the appropriations for food aid and development, which were unjustifiably and unjustly cut by the Council at a time when the situation is getting worse in the Third World.

We support the move to strengthen cooperation in the industrial and energy fields, but we are not exclusive in our attitude here. For instance, cooperation on the Community plane does not exclude bilateral or multilateral cooperation, which can be beneficial to all, as witness the examples of the Airbus or Ariane. We hope that adoption of the amendments tabled by the Committee on Transport will at last lead to the launching of a real common policy on transport taking advantage of the substantial technological progress that has been achieved, in rail transport in particular, and the development of infrastructures of Community interest.

In conclusion, Mr President, this is the spirit, not only critical but also very constructive, as you will have been able to judge, in which we are taking part in the

voting on the amendments, refusing to be drawn into budgetary irresponsibility, which we believe would be sidestepping the real problems of the Community.

**Mr Maher (L).** — Mr President, I too would like to compliment my colleague, Mrs Scrivener, not only on the technical work that she has done so competently in connection with the preparation of the budget but also on succeeding to an unparalleled extent in getting an extraordinary degree of consensus in the Committee on Budgets and also on being mainly responsible for the degree of consensus reached with the Council. That, of course, is important because, while I am not saying that we should not have our confrontations with the Council, we have to accept that, given the limitations under which we operate, it is important for the sake of the people of the Community that we achieve the maximum degree of cooperation. It is, however, clear that we are labouring under the great disability, the great defect, that we cannot achieve any more progress than we are achieving at the moment because of the financial limitations. I am not one who subscribes to the view that if, somehow, we could achieve the kind of reforms that have been talked about in relation, for instance, to the agricultural policy, and achieve the savings that have been mentioned, this would spark off a new development producing a new approach to new policies.

I cannot accept this, Mr President, and I think it is time that idea was laid once and for all because of what is preventing us from achieving the cooperation in other fields that would mean a saving to the Member States of the European Community. I mention as an example research, although it is not the most important field. There is a great deal of duplication, a great waste of resources between the Member States because of our failure to cooperate on research. There is very little cooperation. We all want to do our own thing. So, of course, we waste resources. So I do not think, frankly, that it is a question of savings. I do not think it is a question of money. The real problem is that of sovereignty. The old idea is that these countries must do their own thing; they do not want to concede any more sovereignty.

If we are talking about savings, look at the situation in relation to military expenditure, for instance. I do not think it is any harm to mention it as a background situation. The great powers of the world today, including the countries of the European Economic Community, are spending one-and-a-half million dollars per minute in military expenditure. What we are spending on agriculture is infinitesimal in comparison. I have not been able to discover how much of that expenditure has been undertaken by the EEC countries, but it is considerable. We have 50 000 nuclear warheads today, and we are building 5000 more every year. Even if there was a war, we could only use about 6000 of them, because you cannot keep on destroying the place over and over again.

**Maher**

So we have 50 000 nuclear warheads in surplus costing vast sums of money. Nobody talks about that. We talk about the surplus of food, but we have vast surpluses of armaments and military weapons. They are designed to kill people, to do away with them. We have some extra food and we have a very great problem about distributing it to the hungry of the world.

Mr President, how serious are we? How serious are we in the last analysis about resources? We have plenty of resources, but we do not have the political will-power to use them in the right way. We use them to kill people. Look at the UK — I want to say this in friendship, not just to be critical — : when it came to retaining an island in the South Atlantic, there was no problem about money. There was plenty of it. Just spend it! Hold onto the place at any costs! But when it comes to expenditure on food and keeping an agricultural policy, the UK is the most determined opponent of the existence of a common agricultural policy. They want to destroy it — something that is good and which has been successful.

One problem which is of concern to many of us — and this, I think, is tied up with the budget — is that there is no long-term strategy for the development of an agricultural policy in the European Community. Everything is *ad hoc*. I would say to the Commission and to Mr Tugendhat: you are always grappling with problems which are immediately in front of you. There is no grand design. None of us know where agriculture is going to be five years from now. There is no indication that there are any policies, for instance, which would regionalize agricultural production, giving those regions capable of producing certain products the possibility to produce them. We are going to go on in the same old way. The only solution offered is to cut the money and reduce agriculture. I would issue a warning here. If that is done to too great a degree, inevitably national aids will be applied again. If national aids are applied again, there is no way of having a common agricultural policy; we shall have national agricultural policies. If that happens, there is no chance of achieving industrial free trade and we shall all be back again to pre-1950.

**Mr Bonde (CDI).** — (DA) Mr President, the budget we are to debate today is a historic one: when the majority in Parliament on Thursday exceeds its margin of manoeuvre, the 1% ceiling will be attained. Denmark's taxpayers and consumers will have to pay 4 300 million DKR as their contribution to the Community budget in 1984. That is 800 DKR for every single Dane, from toddlers to pensioners, and 3 200 DKR for the typical family comprising father, mother and two children. This figure reflects a tenfold increase in Denmark's contribution to the Community budget in ten years. If we look at the Commis-

sion's three-year budget estimate, we see that Denmark's contribution in 1985 will be 4 900 million DKR; and in 1986 it will be 5 500 million DKR, which will cost our nice little family 4 400 DKR. What does the average Danish family get in return for this contribution? We get interference in pay negotiations, with demands for wage-cuts, interference in our decision-making on security, health and environmental matters — not better, but lower standards. We get binding economic guidelines calling for social cutbacks in everything that generations have worked to build up. We get higher prices for food and other essentials, which in real terms make the contribution to the Community budget the smallest of the costs the family incurs through being in the EEC.

It is not the typical Danish family which gets the big returns from the Community budget. It is the multinational corporations, such as Olivetti, Siemens and Honeywell Bull, which get their research budgets paid by the taxpayers of the Community countries. It is primarily private companies which get money from the Community's various funds. What do the workers get? Do we retain any right of property over the money we pay in? No. Do we retain any influence on the use of the money? No. Do we get a guarantee that the companies which receive the money use it for investing in new jobs? No. What do we get, then? We get the privilege of picking up the tab and, since the EEC is financed with the aid of levies on consumption, VAT, the amounts payable roll down to the bottom end of the scale. Those who can afford it least get to paying most to those who have most already. It seems to me that certain people have been reading Robin Hood backwards, since what the Community budget does is to take from the poor and give to the rich.

The budget which will be adopted on Thursday, in my opinion, is in conflict with the Danish Constitution and the rules which govern our membership of the European Community. It is in fact only by an illegal trick that we are keeping to the 1% ceiling. The reality is that the VAT ceiling is now being exceeded by the amounts which are being demanded under the co-responsibility levy and booked as a negative item of expenditure. As far as we are concerned, there is no such thing as a negative item of expenditure. On the other hand, we have a provision that requires that no taxes or levies can be assessed unless it is done through a legal measure. The President knows the clause in question better than anyone in this Chamber. The co-responsibility levy is in reality the imposition of a tax of 250 DKR per year on every Danish cow, and for a farmer with 100 cows that is a special tax of 25 000 DKR per year to the EEC. I have great difficulty in understanding why the Council of Agriculture Ministers brings actions in the Court of Justice over taxes legally adopted by the Folketing, while the quite illegal special EEC taxes on milk producers are passively accepted. If the co-responsibility levies were entered as they should

**Bonde**

be, as revenue and not as negative expenditure, the VAT ceiling would now be broken through the application of the clause in the Constitution on the transfer of new powers and not by illegal transfers from one account to another.

In the same way, the repayments of 10 000 million DKR to Great Britain and Western Germany are illegal in my opinion. The sharing out of the burden of expenditure among the Member States is clearly laid down in the Treaty of Accession, which was approved by a referendum of the Danish electorate, and it is not proper to change anything in that Treaty unless it is done through the same procedure. It is insolence to the Danish electorate when changing Danish governments accept the use of that flexible clause, Article 235, to alter a treaty instead of carrying out the treaty amendment in the manner required by law. But the fact that the Council is committing a criminal act does not entitle Parliament to take the law into its own hands by blocking money in the reserves. Parliament is using innocent farmers here as hostages in its demand for more influence on Community legislation.

We cannot support the repayments to Great Britain and Western Germany, but neither will we participate in Parliament's power-struggle with the Council. The power-struggle will also come to the fore this year when the rate of increase in non-compulsory expenditure is exceeded, and in that connection I would call on the Council to read carefully Article 203 (9) of the Treaty. This states that a new rate of increase can only be accepted by agreement between the institutions; Parliament has to act here under a special procedure requiring at least 218 votes and at least three-fifths of the votes cast. But that is not what is happening. It will not happen during the first debate or during the second debate, if Mr Lange has anything to do with it, and unfortunately he will have something to do with it.

Thus all amendment proposals are in my opinion illegal, and I call upon the Council to treat all proposed amendments as invalid and, once and for all, to show up this power-hungry supranational Parliament in law for what it is. The People's Movement against the EEC, together with Mrs Boserup, has tabled a motion for an amendment to Mrs Scrivener's report, which cuts this conception of law and order to pieces, and I urge your to adopt it.

*(The sitting was suspended at 7.55 p.m. and resumed at 9 p.m.)*

IN THE CHAIR : MR LALOR

*Vice-President*

**Mr Romualdi (NI).** — *(IT)* Mr President, ladies and gentlemen, I do not intend to discuss the technical aspects. I shall leave that to the experts, particularly to those who have taken part in the preparation of the

budget and of the reports laid before this House. But I cannot let the opportunity of this debate pass without voicing, once again, on behalf of the Italian right, our profound concern over the nature of this budget, which, far from evolving in a favourable direction, is even more rigid and less adequate to its purpose than before.

We have said many times in these past years that the budgetary policy of the Council, and indeed of the Commission, was shortsighted and lacking in breadth. It is often dictated, it is true, by considerations arising from the deep crisis which has been besetting Europe's economy for years now, but it is shortsighted nevertheless, has been shown to be so on this occasion once again, and has been so described by the rapporteur, Mrs Scrivener herself. It is a policy which fails to recognize that it is not by penny-pinching, not by denying to the Community the means of pursuing and expanding its common policies — for agriculture, industry, energy, the regions or research — that budgets can be saved from going into the red or our countries' floundering economies from going under. On the contrary, this is to reject the only possible salvation, which lies in extension of Community policies, in their closer coordination and in their orderly but continuous development — but certainly not in their strangulation !

The present budget reflects — and this is why we oppose it — this niggardly mentality, this narrow-minded view of the Community's economic life and of its development policy. Many speak of it, but few are prepared to work for it in practice, yet it should remain the grand object of our political efforts and the primary duty of this Parliament to which we have been elected to represent and defend the real interests and the very real hopes for unity of the European peoples. It is a duty which the present budget does not fully reflect. Hence our opposition to it, which will be widely shared in this House : not so much as regards the final vote but with the aim of taking a much-needed new look at the political crisis into which this Community has fallen, caught as it is between its own need to grow if it is not to die and the indifference of our respective governments. It is a crisis from which the Community must find a way out. And it is up to Parliament at this juncture to help it find that way.

**Mrs Nikolaou (S).** — *(GR)* Mr President, without a doubt we are at an historic turning-point in the development of the Community. The 1984 budget is the first one which, at the drafting stage, has been subject to the overriding consideration of not exceeding the 1 % ceiling. At a time when Europe is facing a challenge of survival and its peoples are confronted with the spectre of unemployment, the Community budget is unable to contribute effectively to overcoming the

### Nikolaou

crisis. The fact that the basic decisions on the increasing of resources and the development of new policies have been put back until the Athens Summit has created a climate of uncertainty in the discussions concerning the 1984 budget. Of course, if the decisions taken in Athens are positive, it will be possible for certain of the emergent needs to be catered for via a supplementary budget. But the prospects here are not very hopeful, either.

The procedure for ratifying the decisions of the Athens meeting on increasing of the Community's resources is so protracted that it is certain we shall be stuck with the same budgetary levels for a year or two. The attempts to achieve at least a degree of budgetary restructuring have foundered in the face of the substantial rise in agricultural spending forecast for 1984. While expenditure on the Guarantee Section as a percentage of total spending fell steadily until 1983, from 72 % in 1979 to 63 % in 1983, it is up again to 66.5 % for 1984 and this has left only 8 billion ECU for all the other policies, including agricultural restructuring. The distribution of this sum in the various lines mirrors the objectives set out for the 1984 budget, which are the combating of unemployment and world hunger. By the reverse token, the objective of reducing regional inequalities was not given parity with these. The development problems confronting the less developed Member States on the periphery do not have the same priority in a Community which is faced with enormous problems of unemployment and technological development when compared with the United States and Japan, while at the same time the massive indebtedness of the Third World is steadily contracting export outlets for the Community's manufactured goods. The 1984 budget is not, however, structured in such a way as to respond to the need to manage the crisis by developing new dynamic policies. It is not imbued with such a spirit. It is particularly characteristic that the appropriations for industrial research, on which to a great extent the future of the Community depends, are not only inadequate in relation to the sums made available in other sectors but have also been appreciably cut by the Council.

The need to develop new policies of a redistributive character to bridge the constantly widening regional inequalities should not be ignored no matter how pressing the problems facing the developed countries may be. Of course, the Community failed to use the opportunity it had during the period of high growth-rates to move ahead with a bold transfer of resources from the more affluent to the less affluent Member States in order to reduce the development gap in the Community. Now, during the recession, this problem is a particularly difficult one. Characteristic are the drastic cuts the Council has made in the Regional Fund, while Parliament for its part, has not restored the balance by making a substantial part of its resources available to this Fund.

Also unacceptably low are the appropriations for transport, a sector which could be of decisive importance in the development of countries on the periphery. Notable here also is the fact that it will not be possible in 1984 to start up the Mediterranean programmes, which could provide an efficient mechanism for the transfer of resources from the wealthy regions to the poor regions of the Mediterranean south.

Mr President, allow me, in winding up, to refer to a point which specifically concerns Greece. While both the Commission and the Council have recognized the need, with proposals for regulations, to give Greece special financial support in connection with the Memorandum, they have not made provision in the budget for the appropriations necessary for these regulations to be given effect. We have tabled appropriate amendments and hope for Parliament's support.

**Mr Notenboom (PPE).** — *(NL)* Mr President, I believe this budget is dominated by two factors: the virtual exhaustion of the Community's own resources and the Athens summit meeting. This will very largely determine our policy this week and in December, but in December we shall be gathering here after the Athens meeting. I expect it to produce not miracles but a clear impulse for a structural increase in expenditure and for new revenue. This urgent hope, this demand by the European Parliament is reflected in the compromise which has already been discussed on many occasions and which unites most of the groups. The important aspect of this compromise, I find, is that it avoids attacking the United Kingdom alone and addresses the Council as a whole in strong terms.

The need felt by Neil Balfour and his friends not to be driven into isolation has made a deep impression on me, and that is one reason, Mr President, why I supported this compromise in the Committee on Budgets and will do so in plenary sitting, although I must say that I do not now feel that it is wise in every respect. For example, it seems wrong to me to enter hundreds of millions in commitment appropriations in the budget as a sign of our desire for an increase in Community resources and a larger budget in the future. I do not think that specific budgetary figures — perhaps not payment appropriations, but specific budgetary figures with a sound legal basis nonetheless — should be used as a sign. I object to this. But, of course, southern countries see some things differently from northern countries, and we must understand each other, because we need a majority of 218 votes. I will therefore support the compromise despite my objections to a policy of using such extensive commitment appropriations as a symbol, as a sign. That goes against the grain with me but, as I have said, I was very impressed by the positive attitude taken by Mr Balfour, which also enabled our rapporteur to bring about this compromise.



## Notenboom

But if this sign given by Parliament, and I sincerely hope it will be approved on Thursday, falls on deaf ears in the Council, we shall not be able to avoid doing what is necessary in December. We must not confine ourselves to expressing disappointment. It will not be simply a disappointment, and we must say so now, not as a threat but as a genuine expression of the attitude taken by my group and by many groups. Something will have to be done, rejection being one of the weapons, let us not say the only one, but one of the possible weapons.

Although I and my group approve all the amendments proposed by the Committee on Budgets, I personally find — if I may dream for a moment, Mr President — that we are in fact spreading our priorities rather too wide. This is not a criticism of the rapporteur. She had no other choice. I personally know very well what her real priorities are, and I agree with her. She had no other choice, because we need 218 votes, and that has enabled a small minority to demand that certain priorities be set, otherwise they will not support the others, and we shall not then have the 218 votes we need. But if I may dream a while — and I hope my dreams will come true in a few years' time — Parliament will not become strong in budgetary matters until it sets one major priority and uses it to forge ahead towards a completely genuine European budget incorporating genuine instruments of which national budgets are not capable. Only then will the European Parliament, its priorities not spread too wide, be able to stand up to the Council. It will, I believe, also command the respect of the Council, which is after all an institution that should be working for Europe.

I have already paid my respects to the rapporteur, Mrs Scrivener, who, I find, has so far done an extremely good job in presenting so rounded a proposal on behalf of the Committee on Budgets. This is not an easy task; summer holidays, a great deal of free time and many working hours, of course, have to be sacrificed. I should like to express my appreciation once again.

I know that she attaches considerable importance to the 'innovation, research, energy, industrial policy' section, and I too consider this section very important for the real future of Europe, because this is where jobs may be created in the medium term, jobs which cannot be created on a purely national basis. I approve the proposals for the social sector. They may alleviate hardship, they must alleviate hardship, particularly among young people. That has my approval. But they cannot create any new jobs: that is the task of the first area I mentioned, and that is why I find this section so important, because these are things that can be done at European level but cannot all be done at purely national level. This does presuppose that the Member States are then prepared to reduce such expenditure in their national budgets. Let me quote what Mr von der Vring said this morning: redistribu-

tion of public expenditure. That is what we want, Mr President of the Council. We do not want public expenditure to rise further. It is already far too high in a number of Member States. 'Redistribution of public expenditure', although I myself have used the term 'replacement policy' on several occasions, but that does not matter if we know what we are talking about. Two weeks ago I was pleased to hear the Nobel Prize winner Tinbergen — not just anybody, then — giving this term his blessing in the context of European development cooperation. He felt this was the solution if there was to be European development cooperation, and what a major contribution it could make — I am dreaming again, Mr President — if we used our budgetary strength and budgetary scope to Europeanize part of national development aid, to speak with one voice in the world, to take action in the world with one large fund and so persuade the United States, Japan and other wealthy countries to make similar efforts! What an incentive that would be, a note sounded by Christian and humanist Europe for all the world to hear, calling for greater justice and also for greater purchasing power in the developing countries, which could help us to get out of our present economic crisis! These may be dreams, but they can come true if, by becoming more aware and better informed, we manage to agree in future not to spread our priorities, to achieve convergence and, wherever possible, to set ourselves one or two priorities a year.

Mr Georgiadis, since you were present, I believe, as a Member of this Parliament when the Pfennig report was adopted, may I conclude by asking you to circulate the European Parliament's Pfennig report, the report of our Committee on Budgets, among your colleagues on the Budget Council once again to show them what we mean by the 'Europeanization' of policy, which is what the Committee on Budgets is again advocating.

*(Applause)*

**Mr Alavanos (COM).** — *(GR)* Mr President, first of all a general comment: it is known that the Community budget is equal to about 2.4% of the total spending in the national budgets of the Member States. We should therefore see the problem of the distribution of expenditure not only within the narrow framework of the Community budget but also in relation to the distribution of expenditure in the national budgets. It is in the light of this overall distribution of expenditure, in the Community budget and the national budgets as well, that we should approach the problems of the Community budget. So it is inappropriate for certain Members, such as British and German representatives, to call in this House for cuts in farm spending on the pretext of raising social spending in order to combat unemployment, when at the same time their governments are cutting back harshly on social spending in their national budgets.

**Alavanos**

It is not right that working people in other countries, such as in Greece, should thus have to pay indirectly for the policy of austerity being pursued by governments such as that of Great Britain. These governments cannot ask for a reduction in farm spending on the pretext of raising appropriations for productive investment when at the very same time in their own state budgets there is an ever increasing shift of funds from productive investment to military spending. Farmers, Greek farmers as well, cannot be expected to pay in this indirect way for the missiles of Great Britain or of any other country of the Community. The Community budget has been drafted against the background of a general policy of increased military spending, surrender to market forces, austerity for the workers and cutbacks in social spending, and it expresses this policy exactly.

I would now like to make a few comments concerning particular major sectors of the budget. First, the question of the refunds to Western Germany and Great Britain. In effect, the 1984 budget institutionalizes the refunds, and replacing direct refunds by the ostensible financing of Community policies alters nothing, because for countries such as Western Germany there is no great gulf at least not as great as there is in our country between national and Community policy. It is not very difficult for Western Germany to put a Community tag on one of its national policies. Greece entered the Community on the worst terms. For you to ask Greece also to cover even a small part of the existing or non-existent problems, and to pay for the problem of unemployment in Great Britain and Western Germany or for the refunds to these countries, is unacceptable.

A second sector is farm spending, which is said to take up the lion's share of the draft budget for 1984 at present. But what has been the result of this spending for the small producers and for countries such as Greece? Has the income of Greek farmers risen such that we too can say: 'That's enough, put a brake on this farm spending? Do we by any chance have products in surplus? Cotton, raisins, tobacco, nearly all of the agricultural products of Greece, are in short supply. And yet the problems are growing and worsening all the time. So how can we agree to cuts in spending and restrictive measures which will hit Greek farm production as well? Of course, there does exist a problem, highlighted in the opinion given by the Committee on Agriculture, and that is that most of the money spent on farming is pocketed by the large capitalist concerns of the northern countries, which, indeed, instead of being exposed to free competition have reaped the benefits of the co-responsibility measures and intervention prices. We find something positive in the proposal by the Committee on Agriculture to apply a sliding scale to the imposition of co-responsibility, with a lower limit which will exempt small producers.

A third point is the regional issue. I will not say much, but merely confine myself to the assertion contained in the opinion of the Regional Committee, that the cut in spending on the regions shows that the regional policy is nothing more than a pretence as far as the Community is concerned.

A fourth point is the problem of industrial policies. Here we must say something that applies to the budget in the wider context — namely, that qualitative and socio-political considerations ought to come before quantitative considerations. Industry, the development of industry, who could say no? But I ask you, what have industrial policies designed to make the Community more competitive with Japan and the United States got to offer Greece? What will be the result for Greece? How will Greece benefit from Esprit research into information technology? What benefit will it get from the Joint Research Centre? Quite the reverse, the Community's industrial policies, aimed at enabling the EEC to compete with the other two imperialist centres, are a barrier to the development of Greek industry, as experience so far shows, a notable example being the petrochemical plant which we abandoned under pressure from the EEC, and we are now trying to sell off bit by bit the machinery we had purchased.

A final point is that of expenditure allotted for assisting development in the Third World. We also think that this appropriation should have been increased; but over and above the quantitative aspect there is another consideration. Which criteria apply for the donation of these sums? The overriding criteria are political ones, and we cannot but condemn the action this morning of the Commission in cutting off aid to Grenada a few hours before the American invasion of that country. Is this an expression of the Commission's moral support for the imperialist intervention in the affairs of the Grenadian people?

Finally, Mr President, I want to mention Greece. There is the familiar tale that we are making 49 billion out of the EEC budget. Yes, in 1981 and 1982, for which years there are full figures, we did have a net surplus of 49 billions. I do not ask that we should compare this figure with any of the other consequences except one: this is our trade deficit, which, as a result of membership, rose in those two years to 297 billion drachmas, a figure six times as great, that is as our net surplus from the EEC. And you are asking us to pay Great Britain and West Germany? Bearing in mind that the major part of the CAP funds goes to the large capitalist concerns of the north, that regional expenditure is being reduced and that Community criteria are being strengthened, we believe that the draft budget will have very harmful consequences for our country if it is implemented. In view of this, Mr President, I would like to call on our

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friend the President of the Council, who is also the Greek Minister of Finance, to draw the proper conclusions from what has been said here, and on his Government to set our country on the road to withdrawal from the EEC with an economic development policy distinct from the plans of the Community.

**Mr Gendebien (CDI).** — (FR) I should like first of all to compliment Mrs Scrivener and the other rapporteurs.

In my observation, the European institutions are lapsing into a sort of coma, brought on by excessive bureaucracy and above all a lack of political vision. This situation has been reflected during this debate by what has seemed to me to be an atmosphere of resignation. We are, to be honest, waiting to get our second wind and, in the meantime, we should be under no illusion that public opinion is inspired by what we have to say. Room for manoeuvre, policy of convergence, review of structural funds, own resources: who can expect the public to warm to such themes? To the public, eurocratic terminology is arcane and the issues remain obscure.

Along with many colleagues, I therefore believe that we urgently need to draw up a grand design for the coming generations, to return to the time of imagination, of boldness, of simple ideas. And I say that we shall not leave our difficulties behind us until we rise above money issues, which are in fact only the pretext, the screen behind which we hide our lack of political will. We urgently need to achieve a significant qualitative advance in the construction of Europe, without which there will be no real budget. If we find, a few weeks from now, that the Athens summit leads to nothing, we shall be entitled to ask whether the Council still exists or has regrettably been turned into a club for impotent old men, a meeting place for political zombies.

We know what the solution is. It is to summon up boldness, to prevail upon the Council to take risks. Only limited risks, though, since if the Council were to decide tomorrow to take a major step forward, the vast majority of our peoples would be sure to approve.

The reasonable but indispensable decisions that we are waiting for can be summarized as follows:

First, a 50 % increase in own resources, phased over 5 years. Secondly, a gradual doubling of the Social Fund, the Regional Fund and food aid. Thirdly, allocation of significant appropriations for new policies, particularly on research, development, the environment and transport. Fourthly, a firm timetable for the accession of Spain and Portugal.

However, even these things would not be enough to give Europe fresh impetus. There is much talk of new policies, in connection with which I should like to say a few words about what I would regard as two new policies, namely real political cooperation and a security policy.

With regard to the former, we stand in greater need than ever before of intensified political cooperation, which should be set up on an integrated, permanent and active footing so as to restore European influence in the world and arrest the decline in the effectiveness of our interventions, whether diplomatic or military, stemming from our inability to act together. There is no lack of examples: Lebanon, Chad, the war in the Gulf, Central America.

Finally, Europe will continue to mark time for as long as we rely for provision for our essential security on the good will of external hegemonies.

Ladies and gentlemen, there is not a single example to be found in the whole of history of a plan to develop a major political union which has not been accompanied by a parallel plan to develop collective security. Like it or not, European security — which has nothing to do with European militarism, in whatever guise — is clearly becoming one of the keys to the progress of political development. I would add that if it continues to fail to make proper provision for its own security, Europe will carry less and less weight in world affairs and will not even be invited, *qua* Europe, to take part in the international negotiations that must be held on peace and disarmament.

I shall conclude by saying that there is only one response to hunger and violation of human rights, to the increasing international tension, to the folly of men and nations, and that is to affirm and reaffirm that the world needs more from Europe. This is why I for my part, Mr President, refuse to resign myself to resignation.

**Mr Pasmazoglou (NI).** — (GR) Mr President, I too want to stress the high quality and importance of the report drawn up by Mrs Scrivener on behalf of the Committee on Budgets.

This report is notable for its realism and prudence, and for its clarity and explicitness as well. I say realism and prudence because it is based on sound and careful assumptions in the light of the 1% VAT ceiling on the European Community's own resources; and the clarity and explicitness of Mrs Scrivener's proposals give a stark emphasis to the economic and political *impasse* facing us.

We should all, without exception, note the fact that if inflation is taken into account the total expenditure proposed in the budget corresponds to a reduction in real terms, and that certain appropriations which are crucial for the combat of unemployment, such as the Social Fund appropriations, are quite clearly being reduced for the year about to start. In real terms, there is also a cut in appropriations for the Regional Fund. Hence, in 1984, two of the basic functions of the European Community will be held back. For the Community this is a retrograde step, and it means that the mechanisms for rejuvenating the European economy will be weakened.

**Pesmazoglou**

This clearly runs counter to our fundamental aims and is against the interests of our peoples. We are therefore dealing this evening with a very grave political problem, and if we do not face this problem we shall be guilty of gross inadequacy in our duty to the European Parliament.

My second comment is that the argument that a policy of austerity does not permit more resources to be made available is unsatisfactory, for if the 1984 budget contributes to stagnation or to the non-reflation of the European economy this will worsen the financial problem for all the European countries, including the economically more powerful countries which contribute to the Community's resources in greater measure. This line of thinking, this argument, is therefore wide of the mark.

My third and last comment is that the very grave political problem we are facing today can be solved. I do not agree entirely with the observation by Mr Tugendhat that there will be no scope for a supplementary budget in 1984. On the contrary, I believe that if we can summon the political will needed to agree on a mechanism, a procedure, for raising our own resources along the lines of the ideas we discussed this morning, it will then be possible for the national parliaments to ratify this increase in the first half of 1984, and given this I do not think a supplementary budget in the second half of 1984 is out of the question. Further, by raising the overall expenditure currently provided for by approximately 5%, an increase, that is, in the order of 1 250 million ECU, such a supplementary budget will, I believe, pave the way for a better prospect in 1985.

Mr President, I would like to suggest that Mrs Scrivener and the Committee on Budgets examine such a prospect, which would herald the inception of a political approach to this dramatic problem, and that we view the problem of the 1984 budget in this light.

**Mr O'Mahony (S).** — Mr President, I too would like to add my compliments to Mrs Scrivener for the magnificent work she has done in the Committee on Budgets in bringing us so close together in a very difficult situation.

I believe that the general approach adopted by the Committee on Budgets to the 1984 budget has been thoughtful and wise. The views of the Socialist Group have been given due prominence in the proposals of the committee and a genuine attempt has been made to achieve the best possible approach to the budget in the light of the real constraints which exist. The fact that the draft budget proposed by the Council had, of necessity, brought expenditure proposals very close to the ceiling of our own resources was the most obvious constraint facing the committee. We calculated, as you know that the gap between the Council's proposals on expenditure and the legal ceiling on resources is about 550 m ECUs, although time will tell.

We noted, however, that in preparing its expenditure proposals the Council had cut the amounts proposed by the Commission in a number of very important policy areas. These included, in particular, cuts in payment appropriations of 200m ECU to the Regional Fund, of 450m ECU to the Social Fund and 375m ECU to development aid. While it is true that the Commission's original proposals in these areas were somewhat inflated in view of the present financial climate, the cuts proposed by the Council would have led to a fall in real terms in spending during 1984 on regional and social policy and on development aid among other areas. This was clearly unacceptable to the Committee on Budgets. Under the circumstances, the committee had no alternative but to seek to restore the cuts in payments made by the Council up to the legal limit allowed by the ceiling of the Community's own resources.

In distributing the 550m ECU available to it in non-compulsory expenditure under the revenue ceiling, I believe the committee has chosen the right priorities. It is clear that regional and social policy expenditure should have priority given the cuts in these areas made by the Council and given the reality that regional inequalities and unemployment predominate in the current profile of the Community. It is clear also that increased development aid must continue to be a priority of this Parliament, not only on moral grounds, but also on grounds of European self-interest. The continuing development crises in the Third World are not only an affront to our common humanity, but they also increase instability in the world's economic and political systems, with all the self-evident dangers which that entails for developed and under-developed nations alike.

The proposals made by the Committee on Budgets to increase expenditure in the regional, social and development aid sectors of the budget, while they do not restore the full amount sought by the Commission, do at least ensure that spending in these areas in 1984 will be approximately equal to that of 1983 in real terms. Objectively, of course, these levels of expenditure remain grossly inadequate to meet the needs of the Community, but no more could be done by the committee in view of the legal constraints imposed by the ceiling on our resources.

I believe that Members of this House will be pleased to note that, while it was not possible to increase payments for industrial policy to any significant degree, the Committee on Budgets has proposed that commitments of 1.2 billion ECUs be entered in the budget as an indication of the priority we shall attach to this policy when the Community's revenue is ultimately increased. All of us are deeply aware that the Regional and Social Funds alone cannot meet the challenge of unemployment and the structural problems of industry in the Community particularly in the peripheral regions. We must have a well-funded industrial policy at the earliest possible date, not only for

**O'Mahony**

the reasons I have mentioned, but also if we are to withstand import penetration from the United States and Japan in the future.

All in all, therefore, I believe that the Committee on Budgets has done the best possible job that it could do given the financial restraints imposed on it.

The real problem facing the Community, however, is to decide how to act politically to secure an increase in our own resources while, at the same time, eliminating those distortions in the common agricultural policy which lead to surplus production by the wealthier Member States. The Committee on Budgets has proposed a method of leverage for use against the Council of Ministers in an attempt to unblock the financial log-jam. As we know, it proposes to put 5% of the agricultural Guarantee Fund and all of the so-called UK and Federal German refund of 1.2 billion ECUs into a reserve to be released only on the achievement of a satisfactory Council decision on Community financing. Clearly Parliament must protest at the position it is faced with in relation to the budget. We cannot stay silent at a moment when we have hit the ceiling of our resources and there is no provision in the 1984 budget for increases in agricultural prices next year or for increases in real terms in regional and social spending in development aid in industrial policy, in transport policy and other fields.

The question, of course, is where do we go from here? Clearly, we must now await the result of the Athens Summit. There is still some minimal hope that the Council may at last face its responsibilities at that stage. However slight the prospect of movement at Athens may be — and it is very slight — we have no option but to wait and see what that outcome will be. If there is no movement in Athens, however, then a different situation may emerge, which may require a radical response from this Parliament. We clearly cannot carry on next year with a budget which makes no provision for agricultural price increases and which imposes severe restraints on expenditure in other vital economic and social areas. The proposal to place 5% of the EAGGF (Guarantee) in reserve in Chapter 100 has no effective meaning, of course, since this is compulsory expenditure. Nevertheless, the tactic of using the reserve fund and commitment appropriations in other fields, including that of industrial policy, does commend itself at this first reading. If this does not work, then Parliament will seriously have to consider its options in December.

Finally, I would like to comment briefly on the contribution of agricultural surpluses to the Community's financial crisis. I agree that there can be no moral or economic justification for large undisposable surpluses in agricultural products at a time of massive unemployment and worsening regional inequality in the Community. It would be an act of insanity for this

Community to continue to produce surpluses to the detriment of other policy objectives. But agriculture is not a homogeneous entity throughout the Community, nor is it of equal importance in the various Member States. Measures to deal with agricultural surpluses must take this into account and must discriminate in favour of Member States which are heavily dependent on agriculture and which have no alternative means of creating wealth. Why should industrialized farms in Holland, for example, be treated in the same way as small low-production units in Ireland? Yet the Commission's proposed superlevy would affect these as if they were similar enterprises in economies at equal levels of development. This is clearly as inequitable and as insane as the problem of surpluses themselves, and I think it is appropriate at this stage that we should attempt finally to convince the Commission that the proposal they have made in relation to milk surpluses is insane, it is grossly inequitable and it is probably the principal obstacle to finding a solution at the Athens Summit. I do hope that the Commission will take on board the notion that there must be discrimination in the way in which agricultural surpluses are dealt with as between the Member States, taking into account the extent to which various Member States depend upon agriculture as a means of creating wealth.

**Mr Croux (PPE).** — *(NL)* Mr President, ladies and gentlemen, the President of the Council has just said that Parliament is threatening to complicate matters for the final decision-making process. At first glance, that might indeed appear to be true. We want 5% of agricultural expenditure put in the reserve and the British contribution and the German problem dealt with under Chapter 100, but I should like to say a few words about this, Mr President.

A parliament can adopt two positions: it can make things difficult, make trouble, but I am convinced that that is not the case here. A parliament is also the body that represents the people, is elected by the people, with a duty to give expression to the views of the people that are brought to our attention during the elections, for example, and also by numerous opinion polls. The majority say that the construction of Europe must continue.

A second objection is that Parliament is making things unnecessarily complicated. Mr President of the Council, I believe that Parliament is doing what is necessary at a time when a major crisis is threatening our European Community. Parliament combines the various major problems to form a single package, but a logical line is followed throughout. There is a strong financial and political link between the various elements, and they were also linked by the European Council in Stuttgart: the British contribution, the reform of the Agricultural Fund and new financial resources.

**Croux**

Everyone realizes that these aspects are linked to the financing of the Community, which is in serious difficulty in this respect. Payment of advances has even had to be suspended. That is surely an obvious symptom. We cannot go on like this after more than 25 years of the European Community. New guidelines, reforms and restructuring are sorely needed. There are so many quotations from members of the Council: *'la nouvelle politique industrielle, l'espace européen industriel, l'espace social'*; the internal market, new technology and so on. But the moment has now come when decisions can no longer be postponed. That was what was announced in Stuttgart, and the knot must be untangled in Athens. Those who must take the decisions must at least ensure that a major step is taken towards a solution.

Ladies and gentlemen, Mr Notenboom has said how things must be, and we have repeatedly heard reference here to replacement policy, synergy and the redistribution of financial resources. The Albert and Ball report gave some striking examples: the Community multiplier can be two to four in some sectors, that is to say, efforts in a well-organized European context can be twice to four times as effective, in such areas as scientific research, industrial policy and technological development.

Mr President of the Council, I ask you to do everything possible to ensure that the Athens meeting is a success. We are not sure what will happen in Athens. Few people in Europe appreciate the gravity of the crisis we face. The Athens meeting can do a great deal in this respect, and it will not therefore surprise you that this Parliament intends to structure its budget during the first reading between Stuttgart and Athens. This is a great challenge for the Council of Ministers. We hope the Council has an answer to these problems. Parliament will consequently be voting tomorrow for the compromise that was reached last week in the hope that the Council will draw the necessary conclusions.

*(Applause)*

**Mr Kyrkos (COM).** — *(GR)* Mr President, the Council's draft budget that we are debating mirrors the decline of the Community. The picture could be very different if the Community were to make the most of the boundless possibilities of an independent course. Our optimism for the future is concealed in this assertion.

These latter days Europe is on the streets. The fight against Pershing and Cruise and for the nuclear disarming of our continent, to include the SS 20s as well, is directly connected not only with the outlook for peace but also with the fight against unemployment, the fight to release resources from the insane arms-race for the funding of development programmes. These matters are related directly to our budget, constituting as they do one of its main policy

planks, and it is extremely encouraging that in this nearly all sides of the House have concurred.

At odds with the criteria established by Parliament, the Council has produced a draft budget which freezes and downgrades Regional Fund expenditure, drastically prunes the Social Fund endowment and allocates just 3 million ECU for the integrated Mediterranean programmes, thus debasing right from the start one of the Community's most important initiatives with regard to the convergence of the economies, while at the same time it responds generously to the British demand for a huge return of funds, and in this respect also it conflicts with the express view of Parliament.

It is argued that this is an interim budget, that it has been shaped by the threat of exhaustion of our resources, by the expectation that the global negotiations on raising the 1% ceiling, restructuring the common agricultural policy and developing new policies, which began in Stuttgart and are due to culminate in Athens, will solve all the problems as if by magic. But even if it does turn out this way, this is all the more reason why the budget ought to contain some indications that a search is on for a new face and rôle for the Community. I think Mrs Scrivener had this in mind when she wrote, in her painstaking report, that the draft budget should be the first important measure of the Council's desire and ability to move forward. There are no such indications, whereas they did exist in the guidelines we put forward. Because a lot is being said about cutting back on CAP expenditure, let me cite just one figure for the benefit of those who, without stressing the need for change in the structure of this expenditure, call for curbs on the level of EAGGF guarantee spending. For each person employed in her agriculture Greece, the poorest country in the Community, receives just 12 ECU, whilst Holland, for instance, receives 14 ECU. I feel sure that no one wishes this disparity to continue.

Community progress cannot be reconciled with the wealthy countries' defence of selfish interests, and I would ask that we give particular heed to the rapporteur's assertion in paragraph 23 of the report — and this is of crucial political importance — that the freezing of Community expenditure at present levels constitutes a marked reduction in real terms and a genuine suspension of the process of integration.

We do not believe that Parliament can be misled by the argument of the exhaustion of resources, and it is quite obvious that all of us in this Chamber know what can and must be done. We must, therefore, insist on an increase in these resources, on their collection in accordance with the principle of modulation, and that the distribution of expenditure is aimed towards convergence of the economies and at a drive for growth, with emphasis on the new technologies and industrial investments, which must not remain the preserve of the developed countries but must be spread out over the whole Community.

## Kyrkos

We believe that the stand taken by Parliament should give a clear signal to the Athens Summit that it is essential for the Community to step out boldly towards new economic and political horizons in response to its peoples' wishes.

**Mr Fich (S).** — *(DA)* Mr President, we are about to enter a period in which major changes will occur in important sectors of the Community's present function. These changes will be forced on us quite simply by the untenable situation in the relation between the agricultural arrangements and the Community's own resources, but they will also be forced on us by other factors, and these changes must take place at the close of 1983 or at the latest the start of 1984. It is against this background that we are debating the budget for 1984. This means, of course, that it is a budget in which, so to speak, we stand by and wait. For we know that the next time a budget is debated, it will be in different circumstances: it cannot be otherwise, within the logic of things.

So we wait, and our ambitions in respect of this budget are therefore naturally limited. I think we can say that these ambitions fall into the two following categories. To begin with, we want to have a budget before the close of 1983 — not just any budget, but a sensible budget. Secondly, we want the budget drawn up in such a way that we can take account of any decisions which may be taken at the summit meeting in Athens. For that reason, we have remained within the 1% ceiling. We have remained within a financial margin which is not incredibly large and which, at all events, severely limits the difference between what the Council of Ministers and what Parliament think can be spent on an extraordinary basis this year. And we have left some things open which are directly related to the Athens summit, as we do not think that we can take proper decisions on them at the present time.

Let me run through some elements in the draft budget before us. We have proposed that a further amount of 575 million ECU be frozen, in addition to what the Council had proposed, for the EAGGF (Guarantee Section). This, of course, covers many possibilities, but, when the Council of Ministers talks of possible savings of 1 200 million ECU under various arrangements, for which the period has expired, we are in fact only making partial allowance for the savings which the Council of Ministers itself — at least some quarters in the Council of Ministers — think could be achieved. And in any case it is important that some savings be made, if only for the reason that the extent of the price increases in the spring of 1984 will quite simply depend on the savings it has been possible to make now in the agricultural budget. Clearly, when we are up to the 1% ceiling, the price increases can only depend on what savings are made in the same sector.

The extraordinary repayments to Great Britain and Western Germany are again on the table for the

fourth year in succession, and this — I have said it before — is an utterly grotesque situation. There was no argument in favour of making them to start with, and there is no argument for continuing them. In addition, there is the experience we have had with them over the years they have been made, and this experience does not say much in favour of the system. Everyone here realizes that there is a so-called British problem, but it is not a budgetary problem; it is a problem related to the development of industry and agriculture in Great Britain, nothing else. Now this money is being frozen, and we support that: in this way we have demonstrated clearly that we do not want the present system to be continued. We are in effect giving our backing to the resolution adopted by Parliament in February, declaring that this system cannot continue.

With regard to the Social Fund, let me say that we have gained confidence in it and the progress it has achieved. We now see that it assigns clearer priority to the question of the young unemployed, and we are glad that there seems to be agreement between the political groups on a certain increase in this Fund. But we would stress that this is a drop in the ocean compared with the real problems we are faced with. It is, of course, an important drop, but it is no more than that. In that connection, I would say that there is a proposal in our package to transfer the 64.5 million ECU in Chapter 100 of the budget for 1983 to the Social Fund under the 1984 budget, and we want it entered directly under the budgetary item concerned. We expect the Commission to present such a proposal, and we should very much like, before we come to vote on the budget, to have a clear indication from the Commission that it will put forward such a proposal, for the consensus which has built up on the 1984 budget depends to a large extent on whether the Commission makes a proposal to effect this transfer.

Finally, I should like to say on the subject of the Social Fund that it can never replace a proper economic policy. At a time when certain Community countries are pursuing a policy of cutbacks and economic restrictions, it would be of no help if we increased the Social Fund tenfold: it cannot compensate for the wrong economic policies.

As far as development and cooperation are concerned, everyone here knows that this is a priority area for the Socialist Group. We are glad that there seems to be agreement this year on a substantial increase. We have the impression that we have got this area under better control as time has passed. We see that new food-aid strategies are being applied, that aid is being given through non-governmental organizations, and that support is being given to the non-associated countries through the regional banks. We consider all these measures to be expedient, but it is not right that it should be Parliament, every single year, which has to compensate from its margin for the massacre perpetrated each year by the Council of Ministers on the

**Fich**

development and cooperation section. It cannot be right for the Ministers to travel the world and tell everyone how kind we are in the EEC towards the developing countries and then come back home and cut the relevant section of the budget to pieces. We cannot allow that to go on indefinitely.

Let me, by way of a small but important detail, mention the consumer. We are pleased that there is a consensus on a re-examination of the Commission's proposal, but it must be regarded as a minimum. We know very well that a majority of governments are on the side of industry and agriculture, but we did not dream that they were so much on their side that they could simply axe the consumer share by half. We now expect the amount to be reinstated.

On the question of cultural policy and education in general, I must note again and deeply deplore the fact that quite a few millions are being set aside for this purpose. I ask myself why it was not realized at the outset that there is an organization called the Council of Europe, which operates in fields such as this. And besides, this field is quite simply not one covered by the treaties which govern our activities. The money we are using for this purpose, which falls outside the treaties, is after all taken away from more important fields such as the fight against unemployment, regional development and the like. I think it is high time that the Council of Ministers took a serious look at this, because pilot projects are being run without any legal basis, and pilot projects grow and grow until, eventually, they become permanent. I ask myself therefore whether it is not time that the Council of Ministers took a serious look at this whole question of culture and education, so that we can have these projects stopped.

I will conclude by saying that, in my opinion, it will not be possible this year to get agreement between the Council of Ministers and Parliament on the 1984 budget, as it was last year. There must be a certain flexibility, not so much as far as the legal aspects are concerned as in regard to the amounts of money to be used for the various projects. After all, when it comes down to it, it is only peppercorns we are talking about. Parliament has the right to add 2% to the entire budget. Thus it is petty-cash items we are dealing with, and it would be unreasonable if it led to conflict. After all, we have enough conflicts already.

**Mr Protopapadakis (PPE).** — (GR) At this time every year, when examining the budget of our Community, we have the opportunity to reflect on how much the European idea, the idea which sets things moving on a European scale, has matured within us. When the citizens of the Community see the budget as a means to growth, as an instrument which helps us to adjust to the heightened demands of the common market so that we can enjoy the

greater bounty it brings, then we can say that the European idea is making progress. Conversely, when our approach to the Community is that of a poor relation whose only concern is with how much he is given, and who is satisfied only when he receives more than he gives, then we can say that the European idea has not yet come to maturity. At this point I want to make an appeal to my own country, and especially to the present Greek Government — without wishing to say that it is the only government that is guilty — to stop encouraging the 'poor relation' frame of mind in the Greek people and to let them develop the attitude of the dynamic producer, which befits better their lively Mediterranean temperaments. Unfortunately, it transpires that the poor relation fits in better with the government's policy than does the dynamic producer, because the latter needs freedom of action in which to make the most of his abilities. However, the poor relation does not fit well with Community policy, because he does not inspire trust that he will make productive use of the money he asks for. Thus, while amendments have been tabled in Parliament seeking that Greece be granted 300 million of the 550 million ECU that Parliament has at its disposal — and only a poor relation would have the fatuousness to seek such a share for himself — our government has won disdainful smiles instead, thereby humiliating a proud people. And after the humiliation begins the complaint: 'they don't give us anything, they don't help us' and suchlike. So let us ourselves build up big companies after the fashion of the free-trading world which has done this and prospered, let us work hard and productively so that we too can reach its level. We have the brains, and we have the dynamism as well. However, we also have Papandreou Socialism, and therein lies our problem. Our partners cannot put this problem right for us: we shall do that by ourselves.

I move on now to another issue of concern to the Community in connection with the 1984 budget — the substantial increase in commitment appropriations. There are many who claim that the fault lies with the common agricultural policy, but this is an over-simplification. It is not the CAP which soaks up the credits, but rather certain of its sectors. These are the dairy sector, which takes up 30% of CAP credits, and the beef, fats (seed oils, etc.) and grain sectors, which take up an equivalent amount. I stress the figures because I note that whenever of late there has been discussion about the rise in budgetary expenditure shots have been fired against olive oil and the other Mediterranean products, which take up only 20% of CAP credits. Logic has it that if we wish to limit the rise in CAP expenditure we should do so in the sectors which account for the bulk of spending. In no way can it be said that the Mediterranean products take up much of the spending. What is more, the Mediterranean products still have need of substantial support in order to make their cultivation profitable and attractive. Certainly, this will become will become attractive if given Community support and if the



### Protopapadakis

conditions I mentioned earlier are allowed to apply — namely, if the government gives its support to go-ahead farmers and gets off the backs of citizens who wish to do some good for the national economy. Only then will it be able to give full effect to its policy in accordance with the principles of the CAP. It is this which will make it possible for the farming population to return to the land, and, as I have said, this can only come about if dynamic farmers are able to earn a living which gives them independence.

**President.** — We shall now move on to Section I — European Parliament — in the debate on the 1984 draft budget.

**Mr Goerens (L).** — (*FR*) Mr President, ladies and gentlemen, if we are to believe the carpers, the European Community will never be able to improve on its record of years of fruitless summit meetings and abortive reforms and will forever be floundering in its budgetary problems. Granted, the Community is obliged to exercise discipline when it is close to the limits of its resources. In 1984, this will mean better allocation of the funds available and elimination of all unnecessary expense and waste.

In its concern at this situation, this House, which has to vote on the budget of the Communities, should look first and foremost for a clear, transparent presentation of the draft budget in general and its own section of it in particular.

Unfortunately, there is reason to question whether the principle of clarity is consistently applied.

It is certainly true that implementation of the Parliament's budget offers many opportunities for manipulation, so that there is definitely some call for wariness and a goodly measure of scepticism when examining the Assembly's budget. For instance, if we compare the explanatory statement accompanying the draft budget for 1984 with its predecessor, we find information on transfers of staff or indeed on the policy to be pursued in regard to Parliament's seat. We are entitled to ask why it has become a tradition for many of the appropriations in Parliament's budget to be under-spent. Since this is the case, the small increase over 1983 in the total amount of appropriations does not necessarily bespeak the discipline enjoined by some people. In this connection, it is as well to remember, in my view, that Parliament's President and Committee on Budgets can authorize transfers of appropriations within a given chapter.

The effect of these budgetary practices has been that the Parliament's budget has lacked the clarity and

transparency which are essential requirements for a Parliament which is anxious to affirm its budgetary prerogatives and is obliged, in view of the many constraints within which it has to operate, to exercise strict discipline. In fact, we should be examining our consciences in the light of the unedifying experience of recent years. There is no need to dwell on the hypocritical posturings of some Honourable Members in this connection, or to scrutinize some of the things that have been said in this Chamber. Unfortunately, they do not stand up to scrutiny in the cold light of day, in many respects. Let us therefore forswear unnecessary polemics and instead concentrate on a number of points which should be claiming our close attention and influencing our thinking.

The first point to note is that some 170 members of the European Parliament's staff have moved camp, so to speak, in eighteen months. Whereas there were 280 staff of the secretariat and the political groups working in Brussels in November 1981, the number had risen to some 450, including 127 in grade A, by the first quarter of 1983. These figures speak volumes. However, they have been studiously ignored. I would remind the House in this connection of the judgment delivered on 10 February 1983 by the Court of Justice, which states that the transfer of personnel must not be allowed to exceed certain limits, since otherwise there would be a breach of Article 4 of the Decision of 8 April 1965. We must therefore resist all those who wish to ignore the Treaties and are concerned only to reduce the European Parliament's secretariat in Luxembourg to the status of a mail sorting office. Similarly, if it does not wish to lose all credibility, Parliament must desist from the double standards of simultaneously exhorting budgetary stringency and inflating costs inordinately by holding its meetings in a place which is manifestly more expensive than Strasbourg and Luxembourg. How can we avoid such inconsistencies in future?

That is the question that we should be asking ourselves. The answer is in fact straightforward: quite simply, Parliament should henceforward pursue a much more transparent policy, free from ulterior motives and insincerity. I cannot, therefore, refrain from inviting Honourable Members, who never leave off bemoaning the budgetary difficulties of the European Community, to adopt a new attitude, a new outlook. For this Parliament to meet anywhere other than in the places acknowledged to be the least expensive, namely Strasbourg and Luxembourg, is no way to practise budgetary stringency. By the same token, the members of the European Parliament's Bureau are wasting their time and the taxpayer's money when they discuss the establishment of an extension of the secretariat's services and offices in Brussels during their meetings, when this same Parliament has already asked the Luxembourg Government to arrange for the building of some 400 offices and this project is now in progress.

**Goerens**

Mr President, ladies and gentlemen, stringency begins with the avoidance of waste. Unfortunately, there are those among us who stubbornly refuse to accept this self-evident truth. Although this regrettable attitude has been in evidence ever since the direct elections to the European Parliament, Mrs Veil always succeeded in inspiring confidence in the representatives of the smallest countries of the Community. For nearly two years now, though, Members from my country have had the distinct impression during debates in the House that more importance is attached to the personal convenience of certain Members than to the legal and economic arguments advanced on the subject of where the European Parliament's sittings should be held. Although I dare not compare the policy pursued by the first directly elected European Parliament with its original ambitions, I am perplexed by the difference between the attitudes of this presidency and those of Mrs Simone Veil's presidency which, I repeat, treated all arguments on their merits, including those of Members representing the small countries of the Community. It is my most earnest wish to see a return to that spirit of tolerance and understanding in this Chamber. I therefore invite those who do nothing but preach to the large countries and ignore the legitimate interests of the smallest country in the Community to keep their own counsel. A clear and detailed presentation of the budget, backed up by the discipline which is needed from all of us, would undoubtedly make for a considerable improvement in the badly tarnished reputation of this House.

**President.** — We shall now move on to Section III — Commission — in the debate on the 1984 draft budget.

**Mr Woltjer (S).** — *(NL)* When the discussion of the 1984 agricultural budget begins, everyone knows that we are in fact already looking ahead to the reform of the agricultural policy. Everyone then realizes that we are in fact discussing a budget that will never be realistic again. Agriculture is clearly due for reform, and the Commission too has now realized this by not only publishing its reform proposals this summer but also indicating in actual regulations how it wants this reform to be carried out.

Mr President, ladies and gentlemen, I believe we must all take a very realistic view of the agricultural budget. The budget we have before us now is in fact a budget which quite simply leaves no room for further choices or experiments. It is obvious that present expenditure on agriculture is far too high and, quite clearly, that is because of the incredible surpluses of certain products. I need only mention skimmed-milk powder: the conversion of this product into milk for calves and animal feeding-stuffs costs an incredible amount of

money, and in this way we have allowed things to get out of hand.

When we were discussing the 1983 budget last year, the Commission was clearly of the opinion that it had proved it could keep agricultural expenditure under control. Those of us who criticized the Commission and pointed out that the favourable results were due to circumstances, to such factors as world market prices, were relentlessly reproved, the contention being that the results were due to good management. The year 1983 has proved the Commission terribly wrong, and we now await the outcome of the Athens meeting and the decisions of the Council to see what 1984 will bring. I have thus already indicated what this Parliament's task will be in the coming months, and I sincerely hope that we farming people will realize that it is extremely important for the common agricultural policy to be maintained and for the unlimited guarantees for surplus production to come to an end.

I want to make this very clear here. Parliament has after all a duty which it can no longer shrug off as it did last year, for example, when it took decisions on agricultural prices while clearly stating that the budget could not go on indefinitely in its present form.

The second important point I want to make here concerns the major problem that lurks behind the whole of this agricultural budget: marketing. I have tabled a number of amendments, and I am pleased to see that the Committee on Budgets has approved them. They mainly concern energy consumption and farm animals.

There is a danger that less and less interest will be taken in these aspects, because we are busy discussing the great policy that will solve the problem of surplus production although we are not in fact capable of finding a reasonable solution. As a result, we are not really paying enough attention to the rest of the agricultural policy. With this budget, which is in fact a realistic budget, I have tried to ensure that we also consider the details and the use of energy in particular.

I point out, for example, that converting skimmed-milk powder into animal feeding-stuffs is incredibly expensive, partly because of the energy consumed in the process. This is incredibly expensive, too expensive and in fact irresponsible. I am therefore pleased that the Committee on Budgets has agreed to a few amendments. I have also referred to another important aspect, the welfare of farm animals. I consider it very important that these points should not be swept under the table at a time when the major issues are attracting all the attention.

That was what I wanted to say on behalf of my group on the agricultural budget, and I hope that we shall get further with it this year.

**Mr Dalsass (PPE).** — *(DE)* Mr President, ladies and gentlemen, if we think of the Stuttgart summit and the Commission's proposals for agricultural reform as well as its recent decision to suspend payment of advances for agricultural exports for the time being which we debated this afternoon, it is hardly surprising that agricultural spending and policy have come under such close scrutiny in the budgetary debate.

It is far from surprising, considering what a large proportion of the Community budget is allocated to the farm sector and how anxious the European Parliament is to launch Community initiatives in other areas. Since these initiatives are often hampered by the unavailability of funds, certain political quarters are behaving as though the CAP had been totally mismanaged. The CAP's critics consist of political groups with virtually no interest in agriculture because it employs only a small labour force in their countries and political groups which do not have close ties with farming for ideological reasons.

A speaker earlier this afternoon could not otherwise have referred somewhat deprecatingly to the budget's disproportionate spending on agriculture, blaming farm expenditure for restricting the European Parliament's financial scope. These colleagues need to be reminded in the budget debate that the CAP's goals and management were and still are correct.

The CAP has permitted free trading in farm products and enabled the Community to achieve a high degree of self-sufficiency, from which consumers have also benefited. When there was a severe shortage of labour in other sectors of the economy, especially industry, the CAP enabled workers to be released from farming. The CAP also prevented rural areas from becoming too sparsely populated, with all the associated advantages. I am not pretending that the CAP does not have its faults and that stronger action should not have been taken to iron them out; I am, however, confident that corrective action will be taken soon without jeopardizing the livelihoods of farming communities, which would have negative consequences.

I just wanted to show that the CAP does have its merits, since it is coming under such heavy fire at the moment. It must be said, however, that reforming the CAP will cost money, because agricultural policy is a Community policy and one which, unlike those policies that are just taking shape, is made on a European basis. It must also be said that these savings alone will not be adequate to finance new policies; this will require an increase in our own resources. We should conduct our debate along these lines, knowing as we do that policies can be implemented better and more cheaply on a Community basis.

I would, however, like to ask the Council in this connection whether there is really any political inten-

tion to implement other policies on a Community basis. Up to now it has unfortunately looked as though there was not, for otherwise certain decisions would have been transferred from a national basis to a Community one. I would like to put this question to the Council, hoping for the sake of better European integration that more Community policies can be implemented.

**Mr Vitale (COM).** — *(IT)* Mr President, this year more than ever before the question of the common agricultural policy is seen to be linked to the problem of an overall reform of the budget. Mr Woltjer pointed to the connection a short while ago, and the Committee on Budgets rightly stressed it by increasing the reserve under Chapter 100 in order to put pressure on the Council.

We support the stringency measures for agricultural expenditure and we therefore support some of the proposals contained in the Commission's celebrated Document No 500. We support them, I want to say to Mr Dalsass, not from ideological conviction but because some of these proposals finally put a limit on the unlimited guarantees which until now have given greater rewards for the activities of speculators than for the work of producers.

We are in agreement with reducing the guarantees above a certain threshold and in favour of the gradual approximation of internal prices to those practised by our competitors outside the Community. We should remind ourselves — although the Commission appears to forget it — that about one-half of the EAGGF is accounted for by two items only: milk surpluses and export refunds. Reduction of expenditure under these headings would be very welcome. That is not to say that we are exclusively concerned with budgetary considerations: on the contrary, the budget provides us with an opportunity for a review, a readjustment and a redistribution of expenditure which is a necessary condition for strengthening the Community's agriculture. Strengthening — not weakening. Nobody would deny that agriculture has a unique role to play, both within the Community and in its international relations.

The Commission in its Document No 500 has failed to seize this opportunity, I say to Commissioner Tugendhat. The cuts are necessary, but according to the Commission's proposals the axe is to fall equally on all social groups, all geographical areas, all productive sectors — with the result that the existing imbalances will only be exacerbated. Imbalances between the big dairy-farmers with their own processing plants and the small husbandmen, between the big cereal and meat producers and the smallholders of the Mediterranean region, between — in a word — those who produce for the intervention machinery and those who produce for the market.

### Vitale

We shall fight for these issues when the matters come to be debated in detail.

The Committee on Budgets has very properly put employment among its priorities; but the first thing we can do to prevent more unemployment is to ensure that hundreds of thousands of small farmers in the Community's poorest areas are not forced to leave the land. Another way we can contribute to employment is through a serious effort in structural policy: land reform, conversions, the problem of hill farming, afforestation. There's work to be done there and it could provide jobs for some of today's unemployed. All too often, when we talk about the problem of employment we forget that agriculture is one of the main sources of employment.

The Committee on Budgets is also right to accord high priority to combating world hunger; but, again, does this not require a revision of the present common agricultural policy, which, by swamping the developing countries with our surpluses, prevents their autonomous development? This is why we regard the Budget Committee's priorities — unlike the Commission's proposals on the common agricultural policy — not merely as an attempt to readjust the role of agriculture, but as a launching-point for the revival of agriculture in parallel with a reform of the budget.

**Mr Davern (DEP).** — Mr President, the 1984 general budget as proposed by the Committee on Budgets of this Parliament is nothing short, to my mind, of a scandal and another fatal blow in this continuing haranguing of the CAP.

On the one hand, there is a proposal to reduce EAGGF (Guarantee) spending by 825 m ECU by transferring this amount to a general reserve fund. This means that these 825 m ECU, which, according to the Commission, are essential to the agricultural sector in 1984, are being held over to meet the cost of the 1984-85 price package even though they have been earmarked already for other regions.

This situation is ludicrous, because the budgetary cost of the common agricultural policy is calculated in billions of ECU, and the 825 m ECU will barely scratch the surface. The real reason behind this manoeuvre is that those in the Commission, in the Parliament and in the Council who are no friends of the CAP are trying to force the Council of Ministers and, indeed, the Heads of State and Government meeting in Athens at the beginning of next December to reform the CAP purely on the basis of budgetary considerations, while refusing to take into account the real reasons for the present difficult situation in agriculture. I will come back to this point.

On the other hand, the Commission and the European Parliament's Committee on Budgets are ignoring something that is essential: the truthfulness of this budget, the truth about how money is spent. I refer

first of all to some figures. The CAP does not have the adverse effects which are often attributed to it. It is frequently said that agriculture accounts for a very large portion of Community spending, and that is true — all the more so as there is no other common policy in the Community. However, there must be budgetary transparency — transparency that shows the real facts, which cannot be repeated often enough. In 1983, the real cost of the EAGGF (Guarantee) was 49.77 % of the budget (this figure will even be lower in 1984 at 42.6 %) and not the 71 % which is on the lips of all those who are continually attacking the CAP. The general public, I think, should be made aware of these and other facts.

Firstly, it must be emphasized that the CAP provides considerable receipts for the Community budget, the great majority of which are not taken into account when determining the cost of the CAP. The amount concerned is more than 2 billion ECU and is more than sufficient to cover the entire cost of the farm price package each year.

Secondly, all the expenditure which has been decided on for political or other reasons and which has nothing whatsoever to do with the farmers of Europe is being charged to agricultural spending. I specifically refer to expenditure arising from bilateral and multilateral agreements, and in particular to that old warhorse, New Zealand butter. This cost the Community, and my own country, 40 million, whereas the sole beneficiary is the UK. The amount of butter imported by the UK is the same as the total imported by the other nine Community countries, and that is an aspect we must take care of. The ACP sugar, which some might refer to as the Tate & Lyle sugar, costs, in Irish money, 320 million, and again one of the main beneficiaries is the UK. I am referring to cereal substitutes, which wreak havoc in the Community grain and milk sectors, where the cost is more, in Irish terms again, than 700 million; to beef import concessions, for in spite of the fact that we are now self-sufficient in beef and have become an exporter to the world market, we are still granting concessions to other countries to export beef to Europe. Other expenditure of the same nature is accounted for by food aid refunds, accession compensatory amounts and, finally, by MCAs, which are one of the main reasons for trade distortions and unfair competition in the agricultural sector of this Community.

Two years ago, one of my French colleagues, Mr Fanton, of the Group of European Progressive Democrats, as draftsman of an opinion on behalf of the Committee on Agriculture, succeeded in convincing both the Committee on Budgets and the Parliament that all of this expenditure, amounting to a total, in Irish terms, of 3.5 billion, should be disassociated from agriculture. The obstacle that year was, of course, the Council of Ministers — the other arm of the

**Davern**

budgetary authority. I do not think you have to look very far to understand the Council's attitude and, indeed, even less far to see why Commissioner Tugendhat, who is responsible, would not take this proposal in the first place.

Mrs Thatcher and her government, ably supported by her allies here, have provoked in the past and continue to be the main provoking element in the most serious crisis this Community has known. We all know Mrs Thatcher's battle-cry of 'I want my money back'. Well, she has got it; she has got it back more than twice. The UK refund is calculated on total agricultural spending. However, if you take out of agriculture all the expenditure I have mentioned, then the truth of the matter is that the UK rebate should be calculated on a basis of 43 %, not 71 %, as is currently being done. I wonder, has there been any Community say in where the British refund is being spent? Where is it being spent? Has there been any aid given where it could benefit the Community in Britain rather than selfish national budgetary needs?

I am scandalized by this Parliament's refusal — the Committee on Budgets particularly — to respect Community preference, to reject ways of increasing the Community's financial resources. They reject the tax on oils and fats, even though the Commission itself recently suggested such a tax — mind you, it was only suggesting. They reject any interference with imports of corn gluten feed from the United States. They reduce funds proposed for agricultural structures, farm modernization, hill-farming and, in my own country, the West of Ireland.

In conclusion, the consequences for the common agricultural policy if this proposed budget were adopted would be nothing less than a massacre for the eight million people employed in agriculture in this Community. The very foundation of Europe would be uprooted. It would pave the way for another triumphal march of nationalism over Europeanism. Indeed, these consequences would extend not only to farming, but to 35 % of the people who, outside farming, are dependent on agriculture in the processing industry. We must develop an assertive pride in our agricultural heritage in this Community: if we do not, the nationalism of a few will have disastrous effects on the Europe of the future.

**Mr Bocklet (PPE).** — *(DE)* Mr President, ladies and gentlemen, the deliberations on the 1984 budget are taking place in extraordinary circumstances. The Council of Ministers is conferring hectically in order to complete the mandates assigned to it by the Stuttgart summit in time, and especially to reform the Community's agricultural system; the Commission is helping to make the situation even more critical by suspending advance payments in the agricultural sector until the end of the year, while constantly

warning us of the Community's impending insolvency; yet the draft 1984 budget as presented by the Commission and amended by the Council presents a picture of consolidated calm and utter normality. This picture is only disturbed by the statement in the three-year forecast that 1984 will definitely be the last year in which the Community can derive adequate revenue from the 1 % VAT ceiling. You would think from this draft budget that there had never been a Stuttgart summit. It is consequently important to realize that, quite apart from the usual uncertainties associated with a draft budget, much of what is said about it today can only be of very temporary relevance.

This situation does, however, provide an excellent opportunity for making a few general remarks about the real cost of the CAP, which I hope will give a clearer and more accurate impression of the budget. The arguments being voiced in the current discussion on agricultural reform are based not so much on the real surplus and cost problems in the milk sector as on the sweeping criticism that the EC budget allows for disproportionate spending on agriculture. The speeches we have heard today have illustrated this impressively. Propaganda is being made out of the fact that the agricultural fund again accounts for around two-thirds total budgetary expenditure this year, and spending on the CAP is criticized for being too high. Now anyone who is properly informed knows that the agricultural fund includes costs not directly incurred by agriculture and for which it should not therefore be blamed.

This Parliament's Committee on Agriculture has been trying for years to remove these costs from the agricultural fund and allocate them to the budgetary items where they really belong. Since this still has not been done to the desirable extent, I think this is a suitable moment to take a closer look at the issue. This is essential if the real problems of the CAP are to be tackled and resolved fairly. In its opinion, the Committee on Agriculture points out that the net cost of the CAP as per the draft 1984 budget only accounts for 43 % of the total, as opposed to nearly 50 % this year. The opinion also draws attention to the approximately 3 000 million ECU which accrue to the Community from the agricultural levies and from the sugar levy. Calculations of the cost of the CAP usually ignore these considerable receipts while including the milk sector co-responsibility levy in the agricultural fund. On the expenditure side, the cost of accession compensation, food aid, MCA's, preference payments and aid to development totals over 2.5 thousand million ECU. I am not quoting these facts and figures to criticize the Community's work in these fields, but to prevent the CAP from being blamed for costs for which it is not responsible. I think that a more objective view may have a favourable influence on the CAP's public image and the discussions on its reform.

**Mr Blaney (CDI).** — Mr President, my apologies and thanks to you for giving me this opportunity as I missed my cue through no fault of my own.

I just want to say very quickly, as I have very little time, that I represent a country that joined this Community ten years ago. We have behaved as good Europeans. We have lost half our industrial workforce during that time as a result of opening our frontiers to free trade, which is the god of this particular institution. As a result of this, being a country heavily dependent on agriculture, we are now faced with what can only be described as disaster in the form of the super-levy that is being talked about and bandied around at this time. Since it is non-discriminatory, the fact is that for the agriculturally dependent countries — and none more so than mine — it spells sheer economic disaster, in a country which has a growing population, the youngest working population in all of Europe. And that is what we get in return.

Alternatives have been sought time without number. I give you the alternatives now and I challenge you to assess them and see whether they will not work: tier-pricing; the abolition of MCA's; an oil and fats tax and the exclusion of butter from any third countries whatsoever; and the positive reduction of cereal and cereal substitute imports into this Community.

In conclusion, may I say regarding the net beneficiaries, from whom we hear so much about what they have paid in as against what they have got out, we have never got the truth, and the truth is that the manufacturing giants of this Community of ours are the people who are getting richer while the poorer countries get poorer. That includes mine at the very bottom of the league.

**Mr Provan (ED).** — Mr President, my group is happy to go along with some of the arrangements that have been made by the Committee on Budgets regarding some of the amendments and modifications that I understand are coming forward for voting later this week. In doing so, we do not want to see any discrimination in the release of these funds from Chapter 100. We believe that no Member State should be discriminated against in any way that diverges from the decision to be taken by Parliament on how it will release the 5% that it is suggested should be put into Chapter 100.

If we are talking about funds being put into Chapter 100, we must realize that the common agricultural policy must survive. In fact, the common agricultural policy must become the motive power for the European Community in the future — a commercial policy, not an embarrassment to us. That is possible. Why is it, for instance, that in Australia they can purchase chemicals 50% cheaper than we do in the European Community? Why is it that they can

purchase tractors at 60% of the price that we do in the European Community? It is because some of the people selling these products in the Community know that they can ask higher prices than they would normally do because of the price structure that we have at the present time.

The Ministers of Agriculture are out of control when they make the decisions that they do, and we must have some greater budgetary control over the agricultural policy if, in fact, that policy is going to succeed. What is going to happen next year, I must ask the President of the Commission. What will happen to the carry-over that is being suggested at the present time when we see a 3.5% increase in milk production, when we see the USA, which this year has cut back on its cereal production, going to have a massive increase next year? The costs for the Community will be fantastic. We must cut the Guarantee Section and at the same time look after the less-favoured areas in the structural policy.

Mr President, I submit to you that that is the only way the common agricultural policy will survive.

**Mr Pranchère (COM).** — (FR) Mr President, even though we have managed to beat it off on several occasions, the offensive against farmers continues in this House. We saw this during the debate on the future financing of the Community, and we have seen it again during this debate.

The blame for all our problems has been laid at agriculture's door by the Committee on Budgets. Do you seriously believe, Mr Arndt, that new policies can be built on the ruins of the common agricultural policy? Even though it is clear that the treatment of the farmers, like that of the steel workers, is not exactly inspiring the citizens of our countries to play a more active part in the construction of Europe ...

Your professions of faith cannot gloss over the actions which work to the opposite end. The rapporteur on the budget for 1984, Mrs Scrivener, is also helping to build up this campaign with her proposal that 825 million ECU, or 5% of the EAGGF appropriation should be frozen, put in reserve, in Chapter 100. This is no minor matter. Listening in this Chamber as Mrs Scrivener warmly defended this swipe at our farmers and exhorted the Council to cut a swathe through agricultural spending, I wondered whether she had not left the Liberal Group to join up with Mrs Thatcher's Conservatives, from whom she patently got her ideas. At all events, she has done even worse than the Conservative Mr Jackson. The manoeuvre is obvious: the rapporteur and the Committee on Budgets are once again using the budget procedure as a means of pressurizing the Council into cutting agricultural spending in 1984 and above all adopting the Commission's proposals for reform of the CAP. Behind Mrs Scrivener's amendment, there looms an inadequate

**Pranchère**

increase in farm prices for 1984, the quotas and the super-levy on milk producers, the suspension of intervention for stock-breeders, the discontinuance of certain storage credits for wine-growers, etc.

We are not going to fall into the trap, but we shall be alerting the farmers so that this manoeuvre too fails to get past the Council. We do not defend the CAP unconditionally and do not accept it in its present form, since it has already been the cause of severe damage to our agriculture. We are calling for it to be improved so that family holdings can make a decent living and our agriculture is developed to its full potential. A start should be made by more effective application of Community principles: Community preference, by limiting the very costly derogations, whose beneficiaries are too often the very people who are competing unfairly with us on our traditional markets; financial solidarity, by putting a stop on further payments to the United Kingdom; unity of prices, by abolishing the system of monetary compensatory amounts, as called for by the Committee on Budgets, having adopted our amendment to this effect.

We are not in favour of open-ended, unfettered growth in agricultural spending, nor are we in favour of keeping the existing structure of spending. We are proposing both that it be brought under control and that the balance be adjusted to eliminate the distortions which put some producers at a disadvantage. Is it reasonable, for instance, that a dairy farm in the Netherlands should receive five times as much support as one in France?

It is on the basis of this twofold approach that we have tabled amendments calling on the one hand for an increase rather than the planned reduction from 120 to 50 million ECU in the refunds to small dairy farmers, and on the other hand a levy on industrialized dairy farms and an increase in the premium on feeding cows, which is an effective way of curbing milk production.

Our approach is both critical and constructive, and it shows clearly that we are not opposed to continuation of the construction of Europe. However, we are not prepared to see it built on the backs of the farmers, especially those in France, whose hardworking farming community suffered enormously from the depredations of the right-wing government in power between 1974 and 1981.

**Mr Mart (L).** — *(FR)* Acid rain is causing incalculable damage to forests, lakes and buildings, and to human health.

In the Federal Republic of Germany alone, 560 000 hectares of forest land have been declared 'totally devastated zones' and 40 000 jobs in forestry are threatened. This devastation is threatening tourism and forcing villagers, whose land is no longer cultivable, to leave their homes.

This very serious problem, which is already affecting Austria and Germany, is now threatening Luxembourg and moving westwards, so that it represents a danger for France and Belgium. It is also found further south, though: in Greece, as everyone must be aware, the Parthenon is threatened.

A large area of the Community is therefore affected or about to be affected by acid rain. Hence the importance of organizing a Community-wide effort to find ways of dealing with this phenomenon, which is such a grave danger not only to the balance of the ecosystem but also to the population.

The first stage must be to find out more about what causes acid rain. The scientific world is divided on this subject, except that few researchers deny that there is still a great deal to be learnt about it. In short, although the effects of acid rain are known, its cause has not been clearly established.

Fundamental research therefore needs to be continued in order to learn more about the source of acid rain. The first step must be to make arrangements ensuring that research in this field is structured at Community level, so that each country does not incur the necessarily high cost of launching separate research in this field.

I am calling upon this House to demonstrate its determination to deal with a problem which is of concern to the Community by voting appropriations, to be incorporated into the budget for 1984, to provide funding for research to be conducted at Community level.

We have to tell ourselves that the more resources we provide, the sooner the scientific world will find the diagnosis, the more effective the remedies will be and, most important, the sooner action can be taken to deal with this phenomenon, which is causing more devastation and threatening an ever-increasing area with each passing day. Resources and time are the key factors conditioning the success of measures taken to combat acid rain.

This is why, since the entire Community is affected by this problem, it falls to you to sound the alarm and to display the initiative and courage to propose an effective response.

This is why I hope that not a single Honourable Member of this House is going to oppose the provision, out of the research appropriation, of adequate financial resources for research to learn more about the cause of acid rain. Only when this knowledge is acquired will it be possible to propose appropriate legislation.

**Mr d'Ormesson (PPE).** — *(FR)* Mr President, the salient feature of the budget presented with clarity and energy by Mrs Scrivener is the fact that the European Community has reached the limit of its own resources. I therefore have to dream a little when thinking about the future.

**d'Ormesson**

And what am I thinking of? Adjustment of the common agricultural policy to present conditions, a review of Member States' contributions to bring them into line with their ability to pay, then an increase in the Community's resources — a precondition of enlargement — and on from there to the building of new relations with Africa, to strengthen the chances of peace and liberty to the south and north of the Mediterranean.

Is it dreaming to talk in these terms or has it become necessary to do so, while this autumn we have heard news to fill our hearts with infinite sadness? 320 innocent people shot down on a flight between Korea and Japan, 200 soldiers done to death in Lebanon, where they were struggling with their bare hands to restore peace.

When there are such uncertainties and dangers, surely we have it in us to cut the Gordian knot of certain agricultural surpluses? Everyone acknowledges that this has to be done, but opinions differ on the method. In such circumstances, the least unjust discipline is the most acceptable. The answer must surely be to introduce production quotas calculated over four years, not three, according to the Community's internal and external needs and the requirements for reserve stocks. The guarantee would not apply to output above these quotas and there would be no Community aid for excess production, except for marginal holdings.

That should be the first stage, and the second would involve adjustment of Member States' contributions to their true ability to pay. It is true that the United Kingdom's contribution is too high, while at the same time that country is giving increasing preference year by year to imports of Community agricultural produce — the figures speak for themselves. Once these stages have been completed, in response to the concerted efforts of the Parliament and the Commission, our States will be disposed to consider the need for an increase in own resources. That will be the time for enlargement and an opportune moment for giving fresh impetus to our relations with Africa. In 17 years' time, Africa will be needing some 30 million tonnes of cereals and about 700 000 tonnes of milk products. What are our present surpluses when compared with the demand of the future?

There we have the terms of the challenge facing us, and at the same time we have harsh lessons of history which are telling us to send the empire-builders home by fostering peace and freedom to the north and south of the Mediterranean.

**Mr Helms (PPE).** — *(DE)* Mr President, ladies and gentlemen, the debate so far on the first reading of the 1984 budget has indicated where the difficulties and causes of these critical developments lie, and what the tasks and aims of new policies must be. My

colleagues in my political group have gone into this in depth, including some individual points. We can deplore the present critical situation, as many speakers have done drastically and polemically during the debate. I have listened to nearly every speech and regret there is not enough time to comment specifically on any of them. But bemoaning our lot will not get us anywhere, whereas exercising the options open to us as an arm of the budgetary authority will.

The compromise reached by the Committee on Budgets on using up all the Community's own resources is also the only means available to us of exerting any influence on the Council. It may be arguable whether it was or is advisable to exhaust the Community's resources in view of our straitened circumstances. It would be disastrous if the compromise agreed on by the political groups did not get a majority vote in this House. It would be fatal if the European Parliament did not take advantage of its last chance in this first legislative period. This is the only way in which we and the Council can exercise our joint responsibility in a future-oriented manner.

The uncertainty and unreliability of the whole body of figures presented by the Commission and the Council at the first reading pose the greatest threat to the 1984 budget. There is a crass contradiction between the Commission's statements on the suspension of advance payments to farmers this afternoon and during the last week of sittings and Commissioner Tugendhat's statements during the 1984 budget deliberations. How does this development on the expenditure side, i.e., the suspension of advance payments, affect the situation? I am addressing Commissioner Tugendhat and would request him to listen to me. To what extent are your figures still valid? I ask the Commission and the President-in-Office of the Council — and hope he is listening attentively: what happens if 1983 payment commitments of 500 m ECU or even 1000 million ECU have to be carried forward to the 1984 budget? Will the Commission or the Council have to adjust the budgetary estimates before the second reading in order not to exceed the 1% VAT ceiling in 1984?

Once a budget has been adopted, the Commission has sole responsibility for executing and implementing it. I must ask the Commission and you, Mr Tugendhat; since you are making an unforeseeable addition to the expenditure side of the 1984 budget, will you be able to implement the budget adopted by the European Parliament and closely based on the Commission's draft under the present system of payments? That is the crucial question! I must ask the Commission, how much expense do you expect to have to carry over from 1983 to 1984?

President Thorn said this afternoon that the suspended advance payments will be offset against payments in 1984. The question arises as to whether the Commission will have to alter the expenditure



**Helms**

system. Will you have to do that next year, Mr Thorn, to implement the budget? At least at the second reading of the budget we must have some definite and reliable figures. We expect you to supply them if you cannot go into details today, and I will see to this in the Committee on Budgets. I regard it as indispensable to genuine cooperation. Parliament will not put up with any more uncertainty, nor is it in the interests of a viable European agricultural policy.

**Mr Tugendhat, Vice-president of the Commission.** — Mr President, Mr Helms asked for an answer today and I can give it to him today. We only have another fifty minutes.

**President.** — The House hasn't permitted the answer today.

**Mr Tugendhat, Vice-President of the Commission.** — I want Mr Helms first of all to know that if he wants them today, then I am ready to give them today, but we only have another fifty minutes.

**President.** — I accept that, but I have a number of other speakers to speak today.

**Mr Tugendhat, Vice-President of the Commission.** — In that case, Mr President, it is the House's decision that I do not give the figures.

**President.** — I accept that it is the Chair's decision.

**Mrs Desouches (S).** — (FR) Mr President, I do not intend to deny the severity of the budgetary constraints, and I know that many of the choices that we have to make are difficult. We are all aware, I am sure, of the new policies that should be applied and of the difficulties, not least financial, involved in setting them up, especially a proper economic and industrial policy, which has yet to see the light of day. I should therefore like to concentrate on supporting the proposals and amendments which are concerned with the part of the budget which deals with finance for the productive apparatus in general.

Europe has many needs in the industrial field: it needs to develop new technology, it needs to increase investment, it needs to safeguard or restructure troubled branches of industry. All these requirements are linked, some more closely than others, to the crisis through which we are passing and its impact on unemployment. This is why I consider it absolutely essential to persevere with the Esprit programme, which must therefore be backed by adequate resources. Hence the need to reinstate the appropriations shown in the Commission's preliminary draft budget. This programme, if properly applied, can, I believe, affect our countries' whole technological future.

In addition to being symptomatic of a lack of confidence on the part of industry in Europe's economic future, the relative fall in investment is a serious threat

to our economies. Hence the need for aid to productive investment, aid to research, and aid to innovation, even though it has to be admitted that the Community's budgetary instruments often fail to measure up to the scale of the problem.

One cannot but support any Community action aimed at raising the level of technology applied by industry in the Member States, especially the less advanced among them. Our industries must be competitive if they are to meet the challenge from abroad. They must be given encouragement and assistance to this end. This is in fact a topic — investment aid — on which I am currently preparing a report on behalf of the Committee on Economic and Monetary Affairs.

In this connection, I would add that we need to create the aptly named 'European industrial area'. To do this, we must develop not only technology and investment, but also industrial policy, in particular by harmonizing technical standards and regulations and by dismantling technical barriers to trade. This is why I support the proposals for development of a European industrial area and all other similarly inspired proposals, notably those tabled on behalf of the Committee on Economic and Monetary Affairs, calling for reinstatement of the funding needed for harmonization of laws on industry and trade.

I would add that it is true to say that, in this field, much can be achieved with limited financial resources.

Finally, we cannot forget the industries which are in decline and the need for structural reorganization. In this connection, I support the proposals for industrial conversion and those for efforts to identify new directions that industry should be taking. On the one hand, the serious decline in certain branches of industry affecting various areas could cause further deterioration of the situation in a number of regions and create problems in others. On the other hand, we need a Community strategy to meet the challenge of the economic crisis. The European summit in Stuttgart recognized the importance of such a policy.

I therefore consider it necessary to reinstate the appropriations for research on industrial guidelines, so as to give the Community the means with which to formulate and, it is to be hoped, apply this policy.

**Mr Bonaccini (COM).** — (IT) Mr President, the budget we are debating at such length is the last before the 1984 elections. One can hardly refrain from noting that, as far as industrial policy is concerned, it is easier to prepare a budget of aids omitted than of aids committed. . . So, once again, we have kept to the old lopsided and distorting pattern: once agriculture has been taken care of, industry and trade can look after themselves! Not an idea has been worked out for *them*, not a thought given to a proper monetary system that would secure the value of their products. . .

**Bonaccini**

Oh yes, we have had preaching against protectionism, against subsidies and so on. Unfortunately, the real trouble is the lack of any initiative on the part of the European Community. Of course, we are not saying that Community initiative should replace individual endeavour — we consider that most important — but we should like to see common industrial policies that provide a frame of reference and a background of greater certitude for individual enterprise. In yesterday's debate on competition, this weakness in our approach to the problem was manifest once again.

When we bemoan our loss of competitiveness, the decline of industry, the 'deindustrialization' of our part of the world, as we have had occasion to do many times in these past four years, we should be able to look for remedies to a Commission that does not confine itself to policing the observance of the sacred writ of the Treaties or of its own decisions (which has not been unailing), but acts above all as an alert and active power-house of ideas in the economic and social sphere. And we could have been excused for such expectations four years ago, when an excellent report was produced under the Commission's aegis on structural change and the readjustment of the industrial apparatus this would entail. But, evidently, reports are written to languish on office shelves.

Today, therefore, we can only welcome Amendment No 555 as a positive if tardy step. The commitment appropriations entered in Items 7720 to 7724, with token entries for a new Community action in favour of a European industrial area, interest rebates on investments, aids for cooperation between industrial enterprises, finance for technological innovation, aids for exports and standardization — these are excellent things, even if they still fall short of establishing a framework of industrial policies. That will require much further work, and the Committee on Economic and Monetary Affairs is preparing to undertake it when, in the coming months, we shall be discussing alternative strategies for certain industrial sectors — strategies that should save them from the fate of the steel industry, which was caught by major developments completely unprepared, and paid a heavy price. These proposals, and others which we hope will follow, will open new avenues for economic and political integration within the Community, give hope to our peoples — to the workers and the enterprises — and present our rulers with practical options, not least in respect of Community resources needed for implementation, to be acted upon at the forthcoming summits. It is with these things in mind that we shall be voting on the 1984 budget.

**Mr Wurtz (COM).** — (FR) Mr President, as last year, the draft general budget of the Communities for 1984 prepared by the Council contains, in Chapter 70, an Article 702 concerning Community action in the coal

industry. We welcome the appreciable increase in the number of items under this Article this year. We hope that this can be taken as confirmation of the Council's already expressed determination to develop a real Community policy on coal.

I nevertheless have to tell you that the French Communists and Allies are concerned at what appears to be a very strange paradox. On the one hand, Item 7024 makes provision for investment aid for coal production, while on the other hand Items 7027 and 7028 are concerned with social measures in support of retraining for redundant miners and with the funding of industrial conversion. In other words, in order to qualify for Community aid, coal enterprises' modernization programmes would necessarily have to contain provision for reductions of productive capacity where the cost of the coal that they produce deviated a little too much from the price on the world market.

In our view, the validity of judging the profitability of a coal-mining enterprise in these terms is open to question, to say the least. First, because there is currently an exceptionally favourable situation on the coal market with countries outside the Community, a situation which is insecure, artificial, undependable, since it is completely exposed to fluctuations in the dollar exchange rate. Consequently, this cannot be the only yardstick used to measure an enterprise's profitability. Secondly, because it is a great mistake, in our opinion, to set an identical criterion, a single threshold level, for judging the profitability of coal throughout the Community. This method fails to take any account of the differences in quality between the various types of coal mined in the Community, or of the impact of mining operations on economic activity in their respective regions. Logically, due weight should be given to these factors in a broader assessment, encompassing social aspects, of the profitability of the enterprises concerned.

Finally, we believe that, in view of the need for energy self-sufficiency, we should be maintaining existing productive capacity and bringing in a policy of Community preference for coal, with everything that such a measure implies. This is the purpose of the amendments that we have tabled calling for incentives to encourage the use of Community coal. Naturally, these proposals would have little point if they were not coupled with limitation of our imports from non-member countries, beginning with the country of apartheid, South Africa.

To conclude, Mr President, we are in favour of reasonable action on the basis of Article 72 of the ECSC Treaty, which lays down the arrangements for charging customs duties on coal imports, and we would like appropriate measures to be worked out to help Member States with no indigenous coal-mining industry to obtain their supplies from within the Community.

**Mr Linkohr (S).** — *(DE)* Mr President, ladies and gentlemen, before commenting on the energy and research budget on behalf of the Socialist Group, I would like to thank the rapporteur of the Committee on Energy, Research and Technology, Mr Gordon Adam, for his work. I second his recommendations wholeheartedly, especially the proposal that the Committee on Budgets link the non-obligatory UK and German repayments to specific projects. The intention is, for example, to promote solid-fuels policy in these two countries, and funds are to be provided to modernize coal-fired power-stations in order to reduce sulphur dioxide and nitrous oxide emissions.

I urge the members of this House to support these proposals in plenary sitting. If we want to take full advantage of our budgetary rights, we must see to it that the non-compulsory repayments to the Federal Republic of Germany and the United Kingdom are used for projects that really benefit the Community. What could be of greater benefit than reducing international air pollution? Modernizing coal-fired power-stations should become one of the main targets of our energy policy. Anyone who really wants to stop our trees dying must vote for this proposal. Of course, if anyone prefers these countries' Chancellors of the Exchequer to fill the holes in their national budgets with our money, he or she must vote against it, but may then never again talk about extending our budgetary rights.

The second point I would like to make relates to the Community's direct research programme. Two weeks ago, Parliament decided that the Joint Research Centre should change the nature of its work, concentrating in future on safety and environmental research rather than on product development. This calls for a sound financial and staffing basis. The Council of Research Ministers is assuming that the Joint Research Centre employs a staff of 2 260, i. e., it will agree to the request for 38 new posts. I believe Parliament should consent to this, because we need fresh blood for new tasks. At the same time, we must urge the Council not to oppose the redeployment of older employees. The JRC cannot otherwise be given the new foundation that we want it to have. This change of orientation has not so far been fully reflected in the budget, but we will try to ensure in future budget and programme deliberations that our decision on the JRC can be effected in the medium term.

Just a word about the Esprit programme. It is no secret that when the Research Ministers meet tomorrow they probably won't arrive at a decision because no agreement has been reached on appropriations. It is said that of the 750 m ECU originally proposed by the Commission, all that remains is 150-200 m ECU. If that is true, the European Council of Stuttgart has given itself a kick in the pants, because at that time Esprit was lauded as the most

effective means of implementing an active European industrial policy, and now all that is left are fragments of what was originally a respectable draft. My guess is that the non-nuclear energy programme will suffer a similar fate, the recommendation being to halve the appropriation for it of nearly 400 m ECU.

May I conclude by saying that our confidence in the Community's future development can be measured by our willingness to invest in its future; if, on the other hand, we actually reduce these investments, then faith in the Community will disappear completely.

**Mrs Phlix (PPE).** — *(NL)* Mr President, ladies and gentlemen, the new policies that are so essential to the competitiveness of undertakings in Europe will be discussed at the Athens summit meeting in December. As you may know, some Member States intend to make a renewed effort as regards the policy on energy and technology in the Community. We might be very pleased about this were it not for the fact that we are confronted with an inconsistency between past and present statements, an example being this debate on the 1984 budget.

Once more we note the lack of balance between expenditure on the investments needed to ensure economic growth and expenditure that is unlikely to have this effect. A clear illustration of this is the limited spending on the energy, research and technology policy.

Mr President of the Council, when I read the proposal for the 1984 budget, I find it difficult to believe that it concerns the spending of the resources of a Community which is constantly saying how vital it is to become independent of imported energy supplies by exploiting indigenous raw materials. In fact, there is no sign of the resources required to achieve this goal, for uranium prospecting, for instance, because they have been reduced to a token entry.

The same is true of hard coal, solid fuels and research into alternative energy sources. And we are in danger of getting into the same difficulties in the research sector. Nevertheless, you and all of us are convinced that research is of fundamental importance for the survival of the Community, for overcoming the economic crisis. An example here is the appropriations entered for the Super-Sara project, which has after all shown how efficient it is.

We hope that the Esprit programme will not fall victim to a lack of will to implement a genuine Community policy. And there is clear evidence of the areas in which cooperation can be successful, as Ariane and Super-Phoenix show. These projects are an indication of the results that can be achieved through positive cooperation and how usefully it can contribute to the presence of the Community in the world.

## Phlix

As regards the budget we are now discussing, we wish to thank Mr Adam, draftsman of the opinion of the Committee on Energy and Research, for the great effort he has made to further our policy. We consider it very important for priority to be given to investment and urge the House to approve the amendments tabled by the Committee on Energy and Research concerning uranium prospecting — Item 7010 — and the policy on hard coal — Items 7023 and 7024 — and thirdly, the Esprit programme. This programme is in fact a must if the policy is to be credible and efficient.

We are glad to see that the Committee on Budgets has approved most of the amendments proposed by the Committee on Energy and Research, but we urge Parliament, the Commission and the Council to take a favourable decision on investment in the solid-fuel sector in view of the Community's dependence on imported energy and of the social situation of this industry. We call on the Council to make every effort to promote the Community's energy and research policies. It really is a question of survival.

**Mr Purvis (ED).** — Mr President, I have three main points on the energy, research and technology side which I would like to make particularly to the budget rapporteur. One concerns the relationship between commitments and payments, the second is to do with the staff position at the JRC, and the third is related to the legal bases for the projects against which much of the money seems to be being placed in Chapter 100.

I think it is the essence of energy and research projects that they require a long-term assurance of continuity. One example, which both Mr Linkohr and Mrs Phlix have mentioned, is the Esprit programme. We have payments this year of 45 m, but the commitments are 253 m. At least that is what the committee has asked for, and the Commission initially also in the preliminary draft budget. The Commission has indicated to us that 200 m would be sufficient to get them going, but without at least this commitment industry will not commit itself or take the Community's research programmes in this field seriously. The Commission cannot then start the programme.

This is just as much a feature of the major energy and research programmes. Take, for instance, the solid-fuels policy. A one-year solid-fuels policy is nonsense. We need long-term commitments of very sizeable amounts, and that is why in the energy and research budget there will be such large amounts in the commitment column.

Rational use of energy is another one. Here we are financing interest subsidies on 7-10 year loans. So you can imagine that the annual payments are a very small proportion of the overall commitment. Yet we have to commit ourselves. The JRC is an ongoing project, and so on.

We have to proceed therefore on the basis that annual budgets in future will be able to accommodate these commitments which we are now making. If we are serious about energy, research and technology — as this Parliament, the Commission and the European Council keep on saying *ad nauseam* — we must presume on the necessary payments in future years to meet these commitments.

I would remind the House that only recently we approved the framework programme for research, including the financial implications, and are currently processing the framework programme for energy, including its financial implications. These respond directly to positions adopted by the European Council. It is not sufficient to nod in this direction, even vote them through, and then fail to support them financially in the budget.

I understand that the Committee on Budgets and the budget coordinators group will broadly recommend support for the Committee on Energy and Research's position on these matters. I trust the Council will respond accordingly.

My second point concerns the staff position at the JRCs. I do not pretend to be an expert on the minutiae of staffing of the JRCs, but I am surprised, in view of the Linkohr report, which we adopted only two weeks ago and which included questions of staffing, and of the very strong position that the Commission has taken on this matter, that the Committee on Budgets appears to be going against the advice of the Committee on Energy and Research and of its draftsman. I would sincerely ask the rapporteur and the Committee on Budgets to think again about this matter, and perhaps the Commission would like to intervene at some point and indicate exactly what it does want here.

Thirdly, there are the legal bases. Despite all the fine words by successive European Councils, we still lack legal bases. They are all stalled in the Council of Ministers on many important policies, including solid fuels and the Esprit programme. I trust that where funds are placed in the budget against energy and research lines or attributed in Chapter 100 and legal bases are required, the Council will act in the spirit of the tripartite agreement to establish the necessary regulations. This aspect that concerns me particularly and concerned the committee in its discussions regarding the 456 m ECU on line 707, i.e. the UK and German repayments. The draftsman of the committee was specifically mandated to retain line 707 with the funds on the line, subject to the addition of remarks specifying examples as to how the money should be spent.

Line 707 does have a regulation for 1983, which could be renewed with some amendments to ensure that spending is consistent with Community policies. In the broader context of intra-budgetary authority poli-

## Purvis

tics, I can understand perhaps the arguments for placing these funds in Chapter 100. I would rather not, but I understand them.

I find it less easy, however, to understand how this should become a global reserve, assigned to specific lines with a heavy bias to coal and, I gather, urban renewal, for none of which is there any whiff of a regulation, when the Committee on Energy, Research and Technology specifically advised that it be retained in line 707 as per paragraph 68 of the Committee on Energy, Research and Technology's opinion with the priorities as follows :

1. Investment in the rational use of energy ;
2. Modernization and construction of coal-fired power-stations, with special reference to environmental considerations ;
3. Measures in the solid-fuel sector ;
4. New coal technologies ;
5. Alternative and renewable energy projects ;
6. Fast-breeder reactor developments ;
7. Fusion technology ;
8. Coal liquefaction and gasification ;
9. Advanced reactors.

As you can see, the committee was not exclusively beholden to coal. That seems to be the impression that our coal-mining draftsman has got across to the Committee on Budgets. I would ask the rapporteur of the Committee on Budgets to bear in mind that perhaps our draftsman was putting a slant on the committee's position that was not there in print.

I would therefore suggest that the Committee on Budgets, in any compromise it strives to reach, follow the expert committee's advice, and if it has to be in Chapter 100, attribute this 456 million ECU to line 707 with its remarks amended per the committee's Amendment No 350. I would particularly request the rapporteur to leave Article 707 in existence, at least with a token entry, to support Amendment No 350, which details the priorities and, if possible, leave it attributed in Chapter 100.

If all the work that the spending committees expend annually on the budgetary procedure means anything, I hope that our committee's position will prove the basis of any position that the Committee on Budgets ultimately adopts.

**Mrs Maij-Weggen (PPE).** — (NL) Mr President, my group has asked me to explain our position on the 1984 social budget. I shall do so by addressing a very critical remark to the Commission — I expect Mr Tugendhat will be able to reply — and two more positive remarks to the rapporteur on the budget, Mrs Scrivener.

I will begin with the critical remark. The Council of Ministers has substantially reduced the increased resources for the 1984 social budget proposed by the

Commission and approved by Parliament early this year. The Council must now obviously be called to account. After all, it has repeatedly let it be known that it intends to strengthen the European Social Fund, above all to help the fight against unemployment. We have, however, come to the conclusion that the blame for the reduction in the social budget proposed by the Council must be laid at the Commission's door. Both the Council and Parliament have calculated that 320m ECU of the 1983 social budget will not be disbursed. That is almost one-quarter of the resources available to the social policy. This is incomprehensible, because we know that the applications from Member States for European Social Fund assistance far exceeded the available resources. It is also unacceptable when we realize that we have almost 12m unemployed in the Community and that the money set aside for these projects is intended for the fight against unemployment. The Commission's excuse is that the structure of the Social Fund is complicated, but we think that is a weak excuse. We feel that the Commission is in fact responsible for the consequences. One of these consequences is that, as there is so large a surplus in the 1983 budget, the Council refuses to approve a substantial increase in the 1984 social budget. The Council can hardly be blamed for adopting this attitude. Any budgetary authority would do the same. Those are the hard facts with which we have to contend at this moment.

My second and more positive remark is intended for the rapporteur on the budget, who proposes in her resolution that the 320m ECU left over should be carried forward to the 1984 social budget. We endorse this view. For one thing, it will give the Commission an opportunity to make good in 1984 the mistake it has obviously made in 1983, and it will also mean a reasonable increase in the 1984 social budget.

We shall also approve the rapporteur's proposal that 127m of the 550m ECU remaining before the European budgetary ceiling is reached should be made available for the European social policy and the proposal that over 60m ECU should be transferred from Article 100 to the European Social Fund. This will provide an added opportunity to strengthen and expand the European policy to combat unemployment in 1984.

My group's position shows that we want to be rather less strict than the Council of Ministers, although we do sympathize with the hard line it has taken. My group does feel, however, that the European Social Fund must again have a real chance in 1984 to do the job it is intended for, the subsidization of projects designed to reduce unemployment. My group considers this particularly important because we realize that, from the start of 1984, 75% of Fund resources will go to projects in favour of unemployed young people. We do not want this money reduced,

**Maij-Weggen**

and we therefore wholeheartedly support the proposals put forward by the rapporteur and the Committee on Budgets.

We should urge the Commission, however, to ensure better disbursement of social resources in 1984 than in 1983. The Community now has over 12 million unemployed, 4 1/2m of them young people. They have a right to European Social Fund resources. The Commission has a duty to ensure that these resources are used as far as possible. My group will be keeping an even more careful check next year to make sure that this is actually done, which means that this budget debate does not mark the end of the discussion of social budget. We believe this discussion will continue throughout 1984. The citizens of Europe and especially the unemployed and unemployed young people in particular must be able to count on that.

**Mr Papaefstratiou**, *chairman of the Committee on Social Affairs and Employment*. — Mr President, for reasons well known to the House, 1983 is a particularly critical year, and action or lack of it in 1983 will be decisive for 1984 and thereafter: the virtual exhaustion of the Community's own resources, the danger of retreat into protectionism by Member States; in short, the very survival of the European Community as a cohesive and effective force is at stake. All of us, therefore, look anxiously to Athens, hoping that at last the European Council will come up with solutions that are both realistic and can be put into immediate effect for the benefit of all our peoples.

This crisis has had a very clear impact on the budgetary procedure for 1984, and all the 'spending' committees have been only too well aware of the almost unbearable pressure of drastically tightened belts, not least the Committee on Social Affairs and Employment, of which I have the honour to be chairman.

The situation in which the Committee on Social Affairs and Employment finds itself this year is markedly different from that of last year in a number of respects.

As regards the Community's own resources, in the run-up to 1983 our committee had high and indeed perfectly justified hopes of seeing a very substantial increase — and perhaps even a doubling — of the endowment of the European Social Fund. I say 'perfectly justified' because the European Social Fund was, if you will excuse the expression, the 'prima donna' of the 1983 budgetary exercise. Against this background, the relatively modest increase in commitments (+ 36%) and in payments (+ 48%) finally approved for the European Social Fund came as a bitter disappointment.

This year, however, the financial outlook is so bleak that the modest increases voted last year now appear quite generous in comparison. The Commission's plea in the preliminary draft budget for 1984 for an

increase of 41% in commitment appropriations and just under 21% in payment appropriations is clearly doomed: these proposals, however, it must be emphasized, are completely in line with both Mr Thorn's and the European Parliament's insistence on the need to double the resources of the European Social Fund.

For this reason, I must ask the House to think very carefully before deciding whether to accept or reject Amendment No 258/rev., tabled by the Social Affairs Committee, which, it should be noted, asks for a lower increase in payment appropriations than called for in the Commission's proposals (just under 9% as opposed to nearly 21%), although, as I have already stressed, the latter should be regarded as the essential minimum if the key objectives endorsed by both Commission and Parliament are to be attained — not least the continuing fight against unemployment, and in particular youth unemployment.

I must stress, furthermore, that the Social Affairs Committee's task has been immensely complicated this year by the uncertainty and confusion caused by the considerable delay in carrying through the review of the European Social Fund: this exercise, which should have been completed by December 1982, was only brought to a close just over a week ago — following the conclusion of the conciliation procedure — with the adoption on 17 October of the new Social Fund Regulation.

I should, however, like to end on a slightly more positive note, my restrained optimism being based essentially on the belief that the Fund, as newly structured, has the potential of becoming a more effective Community instrument than in the past, and the fact that in the course of conciliation Parliament obtained an important concession from the Council, namely the right to be consulted before the adoption of the guidelines for the operation of the Fund.

But, of course, all depends on the ability and, therefore, above all on the will of the European Council in Athens to reach agreement, to re-affirm the primacy of the Community role and to give not only the green light for launching meaningful and effective Community policies in the crucial and interlinked fields of the economy, energy, social affairs, the environment and regional development, but also to agree on a formula which will release the resources required to put them into effect.

So, Mr President, ladies and gentlemen, it is only in the perspective of these legitimate expectations that the Committee on Social Affairs and Employment is prepared to accept, albeit with the deepest regret, a reduction in the appropriations for the European Social Fund proposed in the Commission's preliminary draft budget.

*(The sitting closed at 11.55 p.m.)*<sup>1</sup>

<sup>1</sup> For the next sitting's agenda, see the Minutes.

## ANNEX

*Votes*

This Annex indicates rapporteurs' opinions on amendments and reproduces the text of explanations of vote. For further details of the voting, the reader is referred to the Minutes.

Von Bismarck report (Doc. 1-807/83 : Control of concentrations):  
**ADOPTED**

The rapporteur spoke

IN FAVOUR OF Amendments Nos 3 to 8 and 11 to 17; and

AGAINST Amendments Nos 1, 2 and 18 to 24.

*Explanations of vote*

**Mr Balfe (S).** — We have seen today the usual pathetic reactions, from the British Conservatives in particular and the right wing in general, whenever anything is placed before this Parliament concerning the rights of workers. Three key amendments — Nos 19, 22 and 24 — were not only opposed by our Conservative Commissioner, Mr Tugendhat, but also by the Conservative Group. The first amendment asked that possible adverse effects on employment be taken into account when assessing mergers. This was voted down, because clearly British Conservatives do not regard effects on workers' jobs as having anything to do with the unfettered reign of the market.

They then proceeded to vote down a mention of employees' representatives. In other words, it is not necessary to tell the workers what is going on. As long as all the bosses know what is going on, you can ignore the rest.

The third one on which we had a recorded vote actually asked that the same opportunity be given to employees' representatives and associations of undertakings. That was voted against. In other words, what happened was that the Tories voted for the employers to know what is going on and against the employees.

Once again, we have seen them in their true light, and that will be registered on 14 June next, when most of them will be gone from here.

**Mr Griffiths (S).** — I shall not be supporting the von Bismarck report on the control of mergers between companies in the Common Market because of the glaring omission of any reference to consultation with the representatives of employees before mergers take place.

Mr von Bismarck is quite right to highlight the possible effects of mergers on consumer choice and prices, but he is quite wrong to have ignored the effects of mergers on the workers in the companies involved. Almost without exception, when mergers take place, workers lose jobs. For example, the recent merging of certain activities in the petro-chemicals industry, which BP and ICI have undertaken in the United Kingdom, has caused hundreds of jobs to be lost. Many of them are in Barry, in my European constituency of South Wales.

Workers are thus equally or even more affected than consumers when mergers take place. Therefore a regulation on merger control which does not include reference to consultation with employees, as envisaged and implied in the defeated Amendments Nos 19, 22 and 24 tabled by Mr Caborn on behalf of the Socialist Group, has an essential ingredient missing. Like leek soup without leeks, it is a concoction which any self-respecting Welsh worker would reject and advise any other worker to reject. I therefore advise this House to do the same.

**Mr Megahy (S).** — I rise on the same point with the plea that is very often made in the United Kingdom, namely, 'What about the workers?' Article 1 (1), subparagraph 2, for example, to which Mr Caborn directed his Amendment No 19, refers to suppliers, consumers, undertakings, the structure of the market, and international competition. It makes reference to all these bodies or institutions, but only consumers are recognizable as real persons. It says nothing at all about the people who are most directly concerned by mergers — the workers employed in those industries, who are very often the last persons to hear about mergers and who are not in fact informed about them, as we have seen from some recent examples in the United Kingdom.

Like the previous speaker, Mr Griffiths, I feel that any proposals of this kind which do not take account of the need of workers to be informed ought not to be passed by this House, and I shall certainly be voting against them.

**Mr Møller (ED).** — *(DA)* Yesterday we debated with passion the question of securing free competition in the Community. Everybody who thinks about it knows that free competition automatically leads to a situation in which some become stronger than others, and eventually they can become so strong that they enjoy a position of near-monopoly. The question today therefore is: how should we prevent free competition from leading to some establishing a monopoly position from which to exploit others? We must bear in mind that we are in a year which we have determined should be Europe's year of the small and medium-sized enterprise. We know that many small and medium-sized enterprises are being stifled by the big monopolies and by the multinational corporations, which merge across national frontiers. We know particularly well in a small country like Denmark how perilous and how difficult it can be for the national authorities to control big multinational concerns. I therefore vote in favour of this proposal. I do so in the hope that we shall now get effective action to secure free competition without its leading to the formation of large monopolies.

**Mr Seal (S).** — I rise to state that I shall be voting against this motion. I urge the House to do the same. About the only point of agreement I have with Mr von Bismarck here is that the Commission proposal and the report preach the merits of competition. They state that unfettered competition will solve all the world's economic ills. What absolute rubbish! Why do people like Commissioner Tugendhat and Mr von Bismarck believe in planning everything — everything except our economies! It beats me, it really does. When will they learn that there is no such thing as fair competition which is undistorted?

*(Cries of Hear, hear!)*

I would also say, as a practising trade unionist like so many other speakers, that I deplore the lack of any reference at all in either the proposal or the report to the rights of trade unionists and workers.

Perhaps the Commission and Mr von Bismarck think, as has been said, that if you ignore these people they will go away. It is not an omission. It is deliberate. They voted against Mr Caborn's amendments. Perhaps they think that because of this, the report will be better. But I can say that once again the Commission and this House have produced a proposal which is absolutely unrealistic and out of touch with the problems of this world.



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## IN THE CHAIR : MR JAQUET

*Vice-President**(The sitting opened at 10 a.m.)*1. *Approval of the minutes*

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

Are there any comments ?

**Mr Clinton (PPE).** — Mr President, with your permission, I want to raise a matter on the minutes. You will recall that at the end of the discussion on the oral question with debate, Mr Gautier raised an important issue. At that time Lady Elles had taken the Chair, and Mr Gautier complained that none of the questions raised in the course of that discussion had been answered by the President of the Commission or by Mr Dalsager. As you know, neither of them, unfortunately, had been able to arrive in time to hear the questions because of the fog and one thing and another — they were not here.

I just want to say that there is a lot of disquiet and dissatisfaction because these questions were not answered, and the occupant of the Chair, Lady Elles, said that she could not exceed the hour that was set aside for the discussion of this oral question but that she hoped the time would be made available for having the questions answered later.

I simply want to say that the only reference in the minutes is the vague one that Mr Gautier spoke on a question of procedure. I would like that to be more specific and more explanatory. I would also like to ask what opportunity, if any, can be given to the Commissioners to answer the questions that were raised, which were specific questions. I understand that because of the way the discussion has gone on the budget there will be ample time this afternoon, and perhaps it could be usefully used in having these questions answered because the last position is worse than the first at the end of the explanations given by the Commission.

**President.** — Mr Clinton, we shall look into this matter.

**Mr Maher (L).** — Mr President, I support what Mr Clinton has just said. I would like to know why it is that the Commission is not represented in the Chamber this morning. Perhaps if it were, we should have an opportunity to clarify this matter, which is urgent and which is extremely unsatisfactory from our point of view.

**President.** — Mr Maher, Mr Tugendhat has just arrived, as you can see for yourself.

With regard to yesterday's debate, one hour was set aside, and this time has been used up.

**Mr Baillot (COM).** — *(FR)* It was not an hour !

**Mr Maher (L).** — Mr President, I would like to know what is your decision on the point raised by Mr Clinton. What is the position ? Shall we get an opportunity to hear the Commission answer the question that it failed to answer yesterday on the subject of refunds, and the delay in the payment of these refunds ?

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, I was, of course, present yesterday when President Thorn and Mr Dalsager endeavoured to answer questions put from the House. I am now, as you can see, here alone. I have, of course, followed this matter closely ; I have been in touch with my colleagues. If the Members of the House wish, and if you so decide, Sir, I would certainly be prepared to seek to answer additional questions from Mr Clinton and from whoever else you suggested. But I must emphasize to the House that if you wish to proceed in that way, then you will have to be content with me, because the other two of my colleagues are not available.

**President.** — Mr Tugendhat, I do not know when this debate could take place. Could we not have answers in writing, for instance ?

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, obviously, I am entirely in the hands of yourself and the House, but I did not wish Mr Clinton and his colleagues to think that a failure to answer now would represent in any way a reluctance on my part to answer. I am prepared to answer. If the procedures or the wishes of the House do not permit that, so be it, but I do not want Members to feel that I have funk'd an opportunity to respond to the questions they are putting.

**Mr Clinton (PPE).** — Mr President, as the person who raised this question, might I thank Commissioner Tugendhat for agreeing to answer the questions if time is made available. I am personally very happy, because he is the only Commissioner that was here for the full discussion yesterday. I did say earlier on that I understood that we would have a good deal of time this afternoon because of the way that the budget debate has gone. Am I right in that ? Would it be possible for Commissioner Tugendhat to be here in the afternoon if he cannot now be accommodated ?

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, I have only one engagement today outside the Chamber, and that is the Committee on Budgets. If I am not in one I am available for the other and vice versa. I shall be in attendance on the Parliament in one form or another throughout the course of the day.

**Mr Clinton (PPE).** — I do not think that will satisfy the House and the public, because the public were expecting clear replies from the Commission. A number of the people who spoke in this discussion yesterday asked specific questions to which they expected answers, because we have to answer in our own countries when we go back. I think it would have to be time in the House, so that the public could know what has happened about this.

**President.** — The matter will be put to the Bureau to see whether a debate is possible. I think that is the best solution.

*(Parliament approved the minutes)*<sup>1</sup>

## 2. Budget 1984 (continuation)

**President.** — The next item is the continuation of the budget debate.<sup>2</sup>

**Mr Peters (S).** — *(DE)* Mr President, ladies and gentlemen, on 28 April 1983, a large special session of the European Parliament in Brussels discussed the employment situation in the European Community. It stipulated in a resolution what strategies have to be adopted, in the view of the Parliament, to combat unemployment on a sustained basis. I should now like to examine, in the framework of this budget debate, the extent to which this Parliament, with the decisions of the Committee on Budgets, has followed these particular ideas concerning the strategy for combating unemployment.

Parliament stated at that time that a strategy had to be initiated for improving competition in European industry to create new jobs in those areas where there are good future prospects. In my view, a first step has been taken in this respect in the framework of the budget discussions. The industrial strategy of this budget is made clear in the results of the discussions in the committee responsible by the fact, for example, that a number of financial resources have been combined and included in special Chapter 100 of the budget to a total of 1200 million ECU. The only blemish in this connection is that this first step in an industrial strategy to combat unemployment is restricted to the United Kingdom and the Federal Republic of Germany, because what is involved is a summation of the funds intended for equalization of payments to the European Community. It is of advantage and right that these funds are not provided indiscriminately but are linked to precise conditions

relating to the creation of jobs, the fight against unemployment, particularly unemployment among young people, the energy strategy with the main emphasis on coal policy and the communications infrastructure to create better road conditions. I hope that we shall give this resolution of Parliament greater stress in financial terms in the next budget discussions, because finance is policy expressed in money and it can best be seen from that whether Parliament is prepared to adhere to its own resolutions.

Secondly, on that occasion Parliament described a reduction in working hours as an important strategy. This reduction is not yet satisfactorily expressed in this budget. As an example, I would mention the Second Social Programme for the steel industry. The Commission requested 110 million ECU for the next three years and this money was first to create new jobs, second to finance the reduction in working hours — and associated with that, above all a lowering of the retirement age to 55 or 50 — and third to set up local coordinating offices to direct and concentrate the regional deployment of the financial tools of the European Community and their regional effects. As a first step in our budget discussions, we succeeded in getting 62.5 million ECU approved for this programme. It is now up to the Council to follow these ideas, approve the details of the programme and follow Parliament's proposals.

Thirdly, Parliament has called for a concrete employment policy. We have a concrete employment programme in the European Social Fund. In the discussions, we restored 10% of the total cuts made by the Council of Ministers, which provided for a reduction of 30 % in the Commission's proposal, so that payments reached a level of 1500 million ECU. This 1500 million ECU represents 6.5% of the total budget for payments. I still see in this structural imbalance an unacceptable situation, which I hope we shall resolutely change in the next budget discussions, because in the debate Parliament called for the Social Fund to be doubled over the next few years or rather for it to be increased by at least 10% of total budgetary expenditure. Approximately 70% of these funds is to be used to fight youth unemployment and to create new jobs in the hardest hit regions. This resolution of Parliament has been complied with as a first step by this House. The difficulties start with the Council in respect of funding. I hope that this can be changed and improved in the coming discussions.

**Mr Frischmann (COM).** — *(FR)* Mr President, faced with massive unemployment, which in most of our States is continuing to rise, what was needed was for the Community budget to adjust its social intervention instruments to make them serve the objective of creating new jobs more effectively, and here we share the concern expressed a moment ago by Mr Peters.

<sup>1</sup> Documents received — Delegation of the power of decision to committees (Rule 33) — Referral to committee (modification of referral) — Withdrawal of a motion for a resolution: see Minutes

<sup>2</sup> See previous day's debates

**Frischmann**

The point we need to establish now is, to what extent this need has been answered by the proposals laid before us today. Now, as regards the European Social Fund, we find that very little has changed. Simplifying the mechanisms and the decision to concentrate the Fund's resources on helping the under 25's is of course a step in the right direction, but this falls far short of what is required: the question of jobs cannot forever be limited to a single aspect, that of training people — important though it is. Among the measures proposed, there seems to be a determination to ignore the potentially beneficial effect of Community action to reduce the working week, and in delaying acceptance of the central demand of the trade union movement for gradual but rapid progress towards a 35-hour week, the Community is not creating the conditions in which thousands of much-needed jobs can be freed.

Given that the Commission accepts that measures to reduce the working week could help reduce the level of unemployment, why has it failed to make provision for such measures in the budget?

The French members of the Communist and Allies Group, for their part, have taken the initiative of entering a new budget heading for the reduction of the working week. They will be making it their business, tomorrow, to ensure that this commitment does not remain entirely a matter of form.

At any rate, it is quite clear that whatever action the Community might take to bring about a reduction in the working week must be accompanied by measures designed to stimulate economic growth and industrial development. That is why we are favourably disposed, as my friend Mr Baillot said yesterday, towards a policy of cooperation and industrial research in Europe, and believe that this policy should be more clearly reflected in the budget.

**Mrs Fuillet (S).** — (FR) Mr President, one cannot discuss the question of budget options in relation to regional policy without drawing certain conclusions. The fact is that the appropriations for the Regional Fund are smaller in the 1984 budget than in previous years.

This time last year we were hoping that our demands with regard to regional action would, in 1984, be based on new arrangements in respect of the European Regional Development Fund in line with present-day socio-economic needs; such is not in fact the case.

The Fund no longer meets the needs of regional intervention. The failure to decide on a new regulation for the ERDF carries a double penalty. In the first place, it reduces the credibility of the regional policy which we are trying, as best we can, to conduct in the Community. Secondly, it penalizes the structurally deficient regions or those in industrial decline. Indeed, Parliament's attitude to the budget tends to

bear this out. The Social Fund, although without doubt less likely to generate employment than the Regional Fund, in recent years has been viewed more favourably than the latter. This is unquestionably due to the inconsistency between the legal position of the Fund and the way it is used in practice. Furthermore, the ERDF is reproached with not using to the best advantage the 30% set aside for non-structural projects and, essentially, for projects capable of generating long-term employment in industry, the craft trades and services.

The fault for this lies not with the ERDF itself but in the failure to submit applications in this sector.

Several measures can be decided here to ensure the survival of a regional policy that has a scope as wide as the Community itself, but which finds itself in such an extremely difficult situation. Through its rapporteur, the Committee on Regional Policy has put before you certain priorities, in particular the reinstatement of the appropriations proposed by the Commission. This is necessitated by the constantly increasing disparity between the regions. Moreover, one of the essential features of a policy intended to reduce disparities must be support for Mediterranean programmes, and this for reasons to do not only with future enlargement of the Community, but also with the existing imbalances which will only become accentuated unless something is done about them immediately.

Besides the almost chronically deprived regions, there is a growing number of pockets of poverty within traditionally rich areas. We must also continue for another year with the integrated operations which, whilst so far being no more than experimental procedures, are the expression of the coordination we have always called for. The amount asked for by the Committee on Regional Policy under this budget heading reflects the figures proposed by the Commission and is still within the bounds of realism. It is vital to stick fast to all these proposals which, in practice, also mean that small and medium-sized undertakings and industries receive priority treatment. For some time now the Commission's proposals on regional policy have coincided with the wishes of the European Parliament, which are to channel aid to the SMU, this aid being less costly than aid granted to large undertakings and offering the added benefit of generating more long-term employment.

Our general rapporteur is proposing an increase in the quota section of the ERDF. Her proposal is entirely in line with our desire to harmonize the regional situation by concentrating action on the least-favoured regions. The Regional Policy Committee has for long been calling for a geographical concentration of regional efforts, and we are very pleased that the Committee on Budgets has proposed this readjustment. The last two priorities are again highlighted in the renewed debate on the Regional Fund, an innovation resulting from the Stuttgart mandate.

**Fuillet**

The European Parliament has somehow to do the impossible: increase the effectiveness of existing Funds without any increase in the overall budget. If the new option is to be taken into account, it seems to me that this should justify a more realistic budget allocation than the one proposed by the Council. We are not asking for an increase that fully matches the needs because to do that would be irresponsible, given existing demands on the budget.

Our only hope is that regional policy will not be pushed into the sidelines in a way that we might very soon have cause to regret.

Figures do not tell the whole story — the secret lies in being able to gauge the resolve behind a policy. The 1984 budget is not a true reflection of our aspirations, but as things stand we shall have to be satisfied with it. As Henri Saby said yesterday: we may have to wait, but we must not give up hope.

**Mr Herman (PPE).** — *(FR)* Mr President, if there is one area where Community action can be much more effective and far less costly than national policies, that area is research. Let me quote you some figures: if you add together the national budgets for research, the total comes to about double that spent by Japan on the same research. Yet there can be no denying that Japanese research has had the greater impact on industry and commerce. The explanation for this paradox lies in the fact that there is a great deal of duplication in our research and a lack of coordination; our efforts would certainly be more productive and yield far better results if they were coordinated at European level.

That is why we must give priority to this endeavour and why this priority must be reflected in the budget. Besides, science and research know no frontiers. Today, all knowledge is immediately shared, so it makes no sense to have national policies in this area.

When it comes to particular fields of research, there are today some which deserve to be given priority. The first is, of course, research in the field of information technology. That is why all the appropriations that the Committee on Energy, Research and Technology has put down for this must be restored. If the Council has struck them off, then we, the Parliament, must reinstate them, and we shall fight for them.

It is precisely in the areas of technology and information science that we are lagging furthest behind Japan and the United States and where the gap is widening at an increasing, and indeed alarming rate. For the latest technological innovations in this area Europe is dependent on imports to the tune of over 90%. This represents an enormous financial burden which our States, our national governments, are in no position to take on, not only because they are in a very difficult budgetary situation, but also because whatever expendi-

ture may be required to narrow the technology gap is far greater than the national economies can stand.

That is why this Parliament must with unwavering determination insist that the budgets proposed by the Commission, which the Council has cut at times blindly and indiscriminately, are reinstated.

Second only to information technology, in my view, comes biomolecular technology. Here again we have a sector that is really taking off, and one full of promise in terms of its commercial and industrial spin-off. It would be unthinkable for Europe not to make available the necessary budgetary resources for research in this field, on which our economic and commercial future depends, and which could help turn the tide of unemployment.

Mr President, my group will be urging the budget priorities that I have just indicated and I hope that we can count on the support of this House.

*(Applause)*

**3. Agenda**

**President.** — I should like to return to Mr Clinton's statement. I have looked into the question of our debates. We should complete the budget debate around 1 p.m. This means that at 3 p.m. or, if the budget debate is not completed by then, at the end of that debate, we might hear a statement from Mr Tugendhat, on behalf of the Commission, on the continuation of yesterday's oral question on the suspension of agricultural payments.

This statement, pursuant to Rule 42 of the Rules of Procedure, could be followed by thirty minutes of supplementary questions. Following this, up to 5 p.m., voting time, I propose that we resume our business with the Vandemeulebroucke and Seeler reports, which are scheduled for tomorrow but could be taken today.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, I just want to be absolutely clear that we are speaking the same language, albeit it with different tongues. What I offered in reply to Mr Clinton, and what I had the impression Mr Clinton was asking for, was that I should seek to answer some of the questions which were posed yesterday and which he felt had not been answered. I do not have a statement to make. The Commission has made its statement, I shall simply be answering questions that arose.

**President.**— Fine. That is an important point.  
*(Parliament adopted the President's proposal)*

**4. Budget 1984 (continuation)**

**President.** — We shall now go on with our debate.

**Mr Travaglini (PPE).** — (IT) Mr President, ladies and gentlemen, this Parliament has on many occasions emphasized the importance of Community policies for regional development and the elimination of regional imbalances, within the process of European integration.

During the present term we have been able to bring about a considerable increase in the endowment of the ERDF and improve the mechanism of Community aids to make it more purposeful and productive.

We have also been able to achieve acceptance of a principle of great potential value for restoring balance among the regions. Prevention and reduction of regional imbalances have been placed among the priority objectives of all Community policies. Acceptance of this principle has meant that it could be included among the most essential provisions of the proposed treaty of European Union.

Recently, however, there has been a marked loss of interest in the developmental problems of the Community's less favoured regions. It began when the Council proved totally unable to come to a decision on the proposals for a reform of the ERDF which the Commission had put forward, with this Parliament's full backing, as long ago as November 1981. We are faced with a total lack of political will on the part of the Council to pursue an overall policy of readjustment and development by the coordinated use of all the financial instruments and structural policies available in the Community. Nor do the Commission's new proposals, which are now before us, represent a major step forward in the Community's commitment to achieving, notably through elimination of regional imbalances, convergence of the Member States' economies. There is even more cause for concern over the erosion of Community action in favour of structurally weaker regions, which has been partly due to the new needs arising from industrial restructuring. The European Council in Stuttgart did not put as much stress on the importance and value of regional policy to the process of integration as it did on the need for reforming the common agricultural policy and for new common policies — needs, which, of course, we fully recognize. In acting thus the Council was distancing itself very considerably from the solemn declaration on European Union of 19 June 1983 in which it stressed the importance, I quote, of the 'development of the regional and social policies of the Communities, which implies in particular the transfer of resources to less prosperous regions, so that all Community policies and instruments can play their full role and promote convergence and balanced development.' For the first time since 1980, the Council's draft budget calls for a reduction of commitment appropriations for the European Regional Development Fund: from 9.2% to 7.8% of the total amount of the budget. Although the Commission had

proposed a modest increase, the Council's proposed appropriation is in absolute terms actually smaller than it was in the last financial year; this would entail a considerable reduction in aids compared with the previous period.

This House should not agree to such a reversal. It would nullify the measures that have been painstakingly and resolutely introduced so far in the conviction that the Community's policy for regional development and readjustment was of enormous importance. My group shall vote for the amendments that restore higher appropriations so as to bring them as close as possible to the Commission's proposals which themselves are already at the limit of the acceptable.

Ladies and gentlemen, I represent the people of the Italian Mezzogiorno in this Parliament. It is an area that has been placed by the Community at the head of the list of economically backward regions. Its backwardness is due to a large number of serious problems which are historical and structural in nature. In these last four years this Parliament has been able to achieve better and more effective support for national policies of regional development. Let us make sure that this achievement is not diminished by a frantic effort to skimp and save which, while it will do nothing to balance the Community's finances, can disappoint the rightful expectations of the peoples of the less developed regions much more cruelly than mere figures might indicate. The Community's regional policy must retain absolute priority. There can never be European integration, ladies and gentlemen, if glaring imbalances persist between the Community's more prosperous and less favoured regions.

**Mr Prag (ED).** — Mr President, I am sorry I was at a rather important group meeting when I should have spoken earlier.

Mr President, I speak in my group's time but I speak as the chairman of the all-party group on disablement in Parliament. I am making an unashamed plea for disabled people throughout the Community; indeed for a single budgetary item. I am sure the Council will listen with attention. That single budgetary item is No 6441 — measures for the social integration of disabled people.

At last the Commission, as a result of the International Year of the Disabled and the pressure of this Parliament and its Social Affairs Committee in particular, is beginning to do imaginative *Community* things for disabled people.

The basic preparation for all of these imaginative things is grouped in budget Item 6441. Those things are the preparations to set up a network of local projects which will work out the best ways of integrating disabled people into society with the cooperation of everyone concerned — employers, trade unions, local authorities, voluntary organizations. The

**Prag**

lessons learned will lead to guidelines from the Commission on disablement policy. The second thing is the expansion of the existing network of 30 rehabilitation centres for disabled people, again spread throughout the Community. The third item covered by this budget item is a data bank: the first stages of setting up a data bank on aids for disabled people, methods of treating and training disabled people throughout the Community. Only the Community can undertake this task.

This is an immense advance on anything the Community has done so far. It is being done by a tiny staff in the Commission full of enthusiasm and initiative and yet we have here the beginnings of a real disablement policy within the Community. What has happened in budgetary terms is that the Council, in its draft budget, has cut back the Commission's initial request for 2 million ECU to 800 000 ECU, which is less than the Commission has this year for that particular item. If the Council persists it will kill the Community's emerging disablement policy entirely at a stroke. So I appeal to the Council not to kill the Community's disablement policy at birth. It is easy to play with figures but if it does continue to play with figures it will destroy the brief hope of the 15 to 20 million disabled people in the Community in a Europe which cares about disablement. Please, through you Mr President, I ask the Council to restore this item, and together with the hopes of disabled people in Europe and in the interest of Europe in disabled people.

**Mr Cardia (COM).** — (IT) If, for the Community as a whole, the exhaustion of own resources and the passing of the VAT ceiling implied in this budget are a further symptom of a crisis which is by no means only financial, for the inhabitants of the Community's peripheral regions, who have suffered most under the process of market unification, it is, Mr President and ladies and gentlemen, nothing short of tragic. It means more loss of investment, a further shrinking of incomes, increased unemployment.

If no signs of reform are forthcoming from Athens, the people in these regions — and they were many — who had put their faith in reform and in the development and expansion of existing Community policies and the introduction of new and effective policies will have to wait ...

I believe there can only be full agreement with the position worked out, in the light of the existing circumstances, by the Committee on Budgets; it is an intelligent line, which today's *Le Figaro* calls 'a miracle of parliamentary adroitness'. My group has made a not insignificant contribution to its elaboration and you will remember that yesterday again we contributed through Mrs Barbarella's speech.

But how can anyone imagine that within the present limitations of our resources, so glaringly revealed in

this budget, even with the best management and allocation of these resources, we can give any flesh or life, either in the short or in the medium term, to that 'European research and industrial development area' which is called for as a matter of urgent priority in the report by Professors Albert and Ball? Yes, it has been placed before the House, introduced by the Committee on Budgets. But surely it can only be as a preliminary gesture, as a reminder to the Council? For how can we believe that an effective Mediterranean policy, a common transport policy (which we expect to put an end to the isolation of so many Community areas and to the fragmentation of the market), be possible, if we are to remain within the limits of our present resources and of inevitably restricted financing capabilities within the straitjacket of an insufficient budget?

Let me remind you that Mediterranean policy alone which, incidentally, is of critical importance to the enlargement of the Community, requires investments of many thousands of millions of units of account. The same is true of the common transport policy, the introduction of which has been postponed for more than a quarter of a century now. And these, note, are not support policies, nor is the expenditure required for bureaucratic purposes. These are short-term anti-crisis measures — a matter of some importance, one would think, in a Community beset with economic decline and unemployment.

Unless Parliament speaks out loud — as it is doing — in this debate before the governments and peoples of Europe, nothing new will come out of Athens and this 'slow death' — it is time to call it that, as Professors Albert and Ball do in their report — this slow death will take its course. It is hard to face this truth, but face it we must and bear witness to it. It is the only realistic step, Mr President and ladies and gentlemen, for this Parliament to take that is consonant with its historic responsibilities and duties.

**Mrs S. Martin (L).** — (FR) Mr President, for years we have been talking about it, dreading it, but this time the truth is staring us in the face: this is the last budget that we shall be able to consider without increasing the Community's own resources; it is either that or renationalize all or part of the CAP, or alternatively resign ourselves to putting into reverse the whole process of European integration.

At this point I think it would be appropriate for me to congratulate the Committee on Budgets, and especially its rapporteur, Mrs Scrivener, on the magnificent work they have done.

The 1984 draft budget shows, quite rightly, that other policies besides the CAP need to be developed. European policies in the social, regional and, especially, economic sectors are vital to the survival of our Community.

**S. Martin**

The fact that additional resources will have to be found to finance these new policies has already been underlined by a number of speakers. Nevertheless, regional policy, which, as I am sure everyone will agree, should be given much more prominence in our Community, cannot be considered in isolation. The development or the under-development of most of the regions is the result of historical, geographical, climatic and other factors.

Clearly, the scope for development in certain regions depends very much on the possibilities that exist there; some regions are by nature agricultural.

That is why, Mr President, I propose to draw your attention to certain problems which, strictly speaking, are agricultural problems, but which, given the interdependence of regions and of the activities of the people that live there, are also problems of regional development.

So long as I am here in this Chamber I can understand and even support the approach that the Committee on Budgets is proposing we adopt. Undoubtedly it makes excellent sense from a budget point of view to put 5 % of the EAGGF appropriations into reserve, and may I say in passing that these appropriations should at all events remain with the EAGGF. What this does in effect is to leave a certain margin of manoeuvre for the next fixing of farm prices. It might — although I have my doubts on this score — leave the Council without a leg to stand on, force it to take real decisions which can only mean increasing resources.

When, into the bargain, together with this proposal, we have the freezing of the refunds to the United Kingdom and Germany — this to me means a refusal to accept the policy of *juste retour*, which is constantly gathering strength — and when, finally, we are asked to include a commitment appropriation to promote the idea of a European industrial area, in other words to give the Community scope for development, then I am tempted to give it my blessing.

And yet we cannot applaud what is after all no more than a wait-and-see budget, a penny-pinching budget, even a recessionary budget.

Looking at the EAGGF, for example, I can see there is provision for increasing the funds which, given the current economic situation, may appear not too bad. But I also note that, given the market position and the short-term forecasts, we are at the mercy of events. What will happen if world prices should fall again, or slump? Or if 1984 should turn out to be a glut year?

And then I note, too, that for the first time we are being asked to take into account farm price increases in the next year when preparing the initial budget, this because we have simply nothing left for any supplementary budgets. But I am thinking what this will mean for the farmers — for, you see, we cannot lose sight of the fact that when we pass the appropria-

tions for the EAGGF, we are at the same time deciding the income of hundreds of thousands of men and women who live off farming and whose fate hangs by our decisions. It is easy enough for us, here, to say that our farmers are producing too much milk, or cereals, or whatever, and that economies will have to be introduced. But it is also necessary to explain this to these men and women who, for the most part, have watched their incomes shrink over the years, to whom a 39-hour week is a meaningless concept, who have often gone to considerable lengths to adapt and to modernize, and who today feel that they are being put in the dock for having succeeded too well.

A reading of this budget should lead us, and especially should lead the Commission and the Council, to two conclusions. We cannot proceed with the construction of Europe without an increase in own resources. When one realizes that the increase in the own resources ceiling proposed by the Commission represents no more than a little over one percent of all our national budgets put together, let no-one tell me that, even in times of crisis, it cannot be done.

We shall have to adapt the common agricultural policy, but not in the way the Commission is suggesting, on the basis of cutbacks across the board, when we are the world's major importers of agricultural products.

I am all for a market economy, I am all for free trade, but I am not about to commit suicide.

Our fathers, in founding the Community, offered the Europeans hope. It is our duty to carry on this task. It is above all a matter of will: the will of the Council, which must realize that our peoples are far more Community-minded than those that govern us and that they expect us once again to reawaken their hopes.

**Mr Kaloyannis (PPE).** — (*GR*) Mr President, I am speaking on behalf of the European People's Party, on transport-related matters that have to do with the budget. As we all know, the Council has not so far implemented the transport policy called for by the European Parliament, and has not yet published the basic Regulation governing the financing from common sources of infrastructural work connected with transport. Because of this and other omissions by the Council, Parliament has brought an action against it in the European Court. This action is still outstanding, and estimates by our legal staff indicate that a decision may be forthcoming in about 5 months.

The present procedure for financing infrastructural work in the transport sector is based on an initiative by our Parliament which, in the budgets for 1982-1983, approved certain sums in non-commitment appropriations within the scope defined by the EEC Treaty concerning the total increase in non-commitment expenditure by Parliament in relation to the



**Kaloyannis**

Council's draft budget. The increased appropriations envisaged in the draft budget for 1984 must be dealt with according to the same procedure.

According to the Commission, the budget should define the objectives of the common transport policy in a realistic way. I completely agree, and would assess the priorities as follows :

First, priority must be given to the financing of infrastructural works, while respecting the terms of reference already mentioned.

Secondly, there should be preference for the support of plans that are ready for implementation, and which the Commission submitted to the Council in December 1982, within the scope of an experimental programme due to last many years, with corresponding publication of a formal decision by the Council concerning the provision of legal cover for the financial years 1983-1987.

Thirdly, Community support for infrastructural work and programmes in third countries. As an example, I can mention the Community's participation in financing the Pyrrhn motorway in Austria. This participation should be recorded in the budget with a memorandum.

Following my general comments on the budget insofar as it deals with the transport sector, I would like to state our positions on certain appropriations in the transport sector. In the first place, we subscribe to the Commission's views, which we support, and certainly with the position of the Transport Committee as distinct from the Commission with the amendments it has put forward. Concerning Article 780 of the budget, we agree with the allocation of 0.5 million ECU for commitment appropriations and the same amount for payment appropriations. As for Article 781 — financial support of a project in the sector of transport infrastructure — we agree with the allocation of 105 million ECU for commitment appropriations and 32 million ECU for payment appropriations. We also agree with the Community's guarantee in Article 782, concerning projects in the sector of transport infrastructure registered by a memorandum under both the payments and the commitments. We also concur with the appropriation of 471 million ECU in the form of both commitment and payment appropriations for special projects in the sector of transport infrastructure. We also accept the new Article 784 — financial support for projects outside the Community in the sector of transport infrastructure — proposed by the Transport Committee and registered by a memorandum under both commitment and payment appropriations. We also accept Article 785 — monitoring of the freight-transport markets — which envisages 0.8 million ECU for each of the two kinds of appropriations. We also express our agreement with Article 786 — functioning of the freight-transport markets within the Community — which envisages 0.45 million ECU for payment appro-

priations and the same amount for commitment appropriations. Finally Mr President, concerning Article 781 — financial support for projects in the sector of transport infrastructure — I would like to recommend that of the 105 million ECU, 25 million should be registered by a memorandum from Council for infrastructural work in Greece, precisely as envisaged in the Commission's draft.

*(Applause)*

**Mrs Seibel-Emmerling (S).** — *(DE)* Mr President, a cold wind is blowing through the Community and is shaking many but by no means all the citizens of the European Community. However, those who day by day have to see a creeping reduction in their rights and their social security, for example the socially weaker sections of society in the Federal Republic of Germany and other Member States, the ever growing body of unemployed in the Community, whose incomes are dropping alarmingly, the working-class families who are severely affected by the reduction in purchasing power in their native countries and have to accept economies, at the same time discover with bitterness how weak their position is in the face of a powerful lobby from industry and commerce in the Common Market.

Now more than ever, it is vital to achieve the objectives of the second Consumer Programme in which improvement in the quality of life is named as one of the Commission's tasks and which therefore includes protection of the health, safety and economic interests of the consumer. However, a policy is not seen in fine pronouncements but in hard facts. Looking at the budget appropriations for consumer policy over a number of years, therefore, it will immediately be seen how little can be achieved here with 0.005% of the total budget. Comparison with other policies, for which the consumer is bled twice — namely as a taxpayer too — presents a horrific picture.

To make some comparisons: the Community has spent 80 times the consumers' appropriation for the intervention for fruit and vegetables, 250 times that for the distillation of wine, 480 times that for the tobacco intervention, which has trebled since 1979, and the cost of storing skimmed milk is very conservatively estimated at 1365 million ECU, that is to say almost a thousand times the value of the consumer to the Commission. For years Community policy has overlooked the consumer. Now, however, it is threatening to become a witchhunt against his health and his wallet — think for example of the compulsory increase in the fat content of milk which is proposed, the margarine tax under serious discussion or the extension of regulations in the fruit and vegetable market under consideration. Sad times, therefore, in the consumer's relations with a Commission dedicated to him, a Commission in which there is a catastrophic shortage of staff — probably not coincidentally — in this very area.

**Seibel-Emmerling**

Unfortunately, there is nothing of all this in Mrs Scrivener's report. What the Council is planning, however, is simply a murderous attack on European consumer policy. How else can the attempted stranglehold of a 50% cutback be interpreted? These cuts are absolutely incompatible with the necessities of the consumer policy; they are just as incompatible with the gratifying plan, under Greek chairmanship in December, to appoint a Council of Ministers for Consumer Affairs for the first time in the history of the European Community. European consumers must defend themselves. I therefore thank the Committee on Budgets which is attempting almost unanimously to correct the Council's irresponsible policy.

Nor can the Socialist Group share the view expressed by the rapporteur, Mrs Scrivener, in point 30 of the report — I quote — that the Commission's proposal for environmental policy was highly satisfactory. We do not overlook the somewhat greater efforts in the research field but the dramatic development of our environmental problems calls for a complete shift of Community money away from environmentally damaging surplus production to an ecologically responsible agricultural and industrial policy. That the Council is not prepared to do this is one of the catastrophes of Community policy. Another feature of this is that the environment fund voted by this parliament with such an overwhelming majority is being blocked, above all by the German government, which is even boasting about its move. Unfortunately, it is not the Council, or not only the Council, who will pay the penalty for this anti-consumer and ecologically damaging policy, which clearly operates against the interests of the majority of Community citizens. We as members of this parliament are tired of being used as whipping boys for the Council.

**IN THE CHAIR : MR VANDEWIELE***Vice-President*

**Mr Ghergo (PPE).** — *(IT)* Mr President, ladies and gentlemen, the main reason advanced for the Commission's proposal early last May to increase own resources by raising to 1.4% the levy on the VAT yield is the need to strengthen various Community policies after the common agricultural policy has been reformed. Well, it is with considerable bitterness that we note the absence of a single mention of environmental policy in all the speeches and all the official documents dealing with the subject. Let one example serve for all: the speech by the President of the Commission at the sitting of 18 May 1983. Mr Thorn spoke of everything: of the need to reform CAP, industrial recovery, combating unemployment, reducing regional imbalances, monetary stability, convergence, the introduction of new technologies... All of them important and necessary things that we unreser-

vedly approve. But of environmental policy, health policy and consumer protection — not a word.

And none, either, in the speech from the representative of the Committee on Budgets, although the present circumstances contain plenty of serious and urgent reasons for a revival, or rather — given how little has been done so far — for launching a proper policy in this sector. This is particularly true of environmental policy, for which current developments create a special need.

Let me just mention the disaster in the Persian Gulf, where 10 000 barrels of petroleum are daily pouring out of a well which has been bombed. The two belligerent countries, Iran and Iraq, could contain the spillage, particularly with the aid of international organizations, but nothing has been done. A continuous black flood is slowly advancing upon the globe's seas which have already seen a series of such disasters: the 'Torrey Canyon' in 1967, the 'Amoco Cadiz' in 1978, the explosion at the Ixtoc well in the Gulf of Mexico in 1979, to cite only some of the most important. But nothing in the way of really substantial or coordinated action has been undertaken. The remedies that have been devised so far — solvents, floating or submerged absorbents, mechanical means of removal, and so on — are tragically inadequate and sometimes more harmful than the original pollution. I need not remind you here of the reasons why a full-scale policy of ecological protection cannot be put off any longer: pollution of water and atmosphere, acid rain, deforestation, desertification, erosion and all the other calamities we are all aware of.

'Trees come before men; the desert follows', Chateaubriand warned. The situation is grave and truly alarming and all the scientists and experts are agreed on one point: the ecological disaster, to which all the indications point, can still be averted, provided we can institute a comprehensive supranational policy of environmental protection which everybody will follow.

Parliament's responsibility in this field is particularly great. But also in the field of public health and consumer protection the economic crisis cannot excuse slowness and delay. A policy of consumer protection is a necessary condition for qualitative economic growth in Europe; therefore we need practical proposals for a 'consumer policy in time of crisis'.

The need for 'economies' is no argument: we all know perfectly well that resources administered by the Community for comprehensive policies are much more productive than if they are dispersed into national trickles.

But what has been done in this 1984 budget?

Ah, well, we have had a repetition of the old familiar farce: the Commission has made its proposals, cautious and modest as usual, and, as usual, totally

## Ghergo

inadequate to the needs. The Council put an axe through them, cutting out even some of those items in respect of which regulations have been issued for the implementation of specific actions. Then comes the turn of Parliament which, through its various committees, categorically demands that the Commission's original appropriations be restored.

Which is what the Committee on Budgets has more or less done, sharing out the 'margin' which the Council has providentially left unused. Everybody is happy and that is that!

The only trouble is that environmental policy, consumer protection and public health have come off badly once again in this budget. But it is given to man to hope and we all like to look for the silver lining. Let me then end on an optimistic note: may the 1984 budget be the last one to be launched under the ill-omened sign of '1% VAT'!

*(Applause from the European People's Party Group)*

**Mrs Schleicher (PPE).** — *(DE)* Mr President, ladies and gentlemen, following the budget debate, one wonders who actually feels answerable in the European Community. When something does not work, there are in fact only critics, but not constructive critics. I maintain that there is next to no coordination in the Council. The presidency of the day attempts to lay down main emphases, which in turn stand in isolation from earlier emphases. The specialist sections in the Council do their work but there appears to be no feedback to the top. It can in fact be said plainly and simply: In the Council, the left hand does not know what the right hand is doing. Now, it is clear from the budget discussions that the only political will expressed is based on the idea that national debts are weighing heavily and so rich blessings are expected from Europe, if almost linear cuts are made there. It is true that there is constructive cooperation between Parliament and Commission but the Council cuts itself off, isolates itself, and is not able to get to grips with a common policy for the 270 million inhabitants of the Community.

I am in favour of economizing, of course, but a line must be drawn in economizing too, a distinction has to be made between what is essential, what is important and what is desirable. No such line is to be seen in the budget cuts.

In regard to the European Community's environmental policy, I can only say the following on behalf of the Group of the European People's Party (Christian Democratic Group): we support the Commission where it gives a clear lead in the continuation of the Third Action Programme for Environmental Protection, in the fight against air pollution across frontiers, in a concerted programme to reduce harmful substances in our inshore waters and in the joint actions to counter the risks to our peoples arising from the transport and disposal of dangerous wastes.

A second emphasis has to be made insofar as the enforcement of legislative measures is concerned, namely as the minimum requirement in equipping the Commission for agreed duties. I should therefore like to have a reply from the Commission as to where it sees the limits of what is feasible and what is possible in meeting its task of conducting a sensible conservation policy with limited resources. Mrs Seibel-Emmerling, you stated in quite general terms that the Federal Government too had done too little in this connection. I am glad that environmental policy played a prominent part at the Stuttgart Summit and I only hope that the Greek Presidency will also pursue this line. However, I do not yet see any evidence of this in the budget appropriations.

**Mr Johnson (ED).** — Mr President, it is almost exactly 10 years since the Community adopted its action programme on the environment. Since November 1973 something like 80 pieces of Community legislation on the environment have been passed. I think it is fair to say that this has been one of the more dynamic and successful of the sectors of Community involvement. I was glad to hear Mrs Schleicher recall the commitment made by the Stuttgart Summit to giving increasing priority to environmental policy at Community level.

We have a situation — a bizarre situation if you like — where there is worldwide recognition of the importance of environmental threats. If you pick up any newspaper any day one recognizes that many of the stories are environmental in nature — the Seveso story, for example, the acid rain issue. In the last few days we have seen reports from the United States about the heating up of the world's atmosphere. There were two reports, one from the EPA and one from the National Academy of Sciences. The dumping of nuclear waste, the question of the pollution of the North Sea, the Mediterranean, the Rhine, how good it was to see that the French National Assembly the other day ratified at last the Rhine Treaty! I say that in particular since I was the rapporteur for this Parliament. The disappearance of habitat, species. Other speakers have mentioned the growing impact on our environment of the common agricultural policy.

It is a bizarre situation. Almost everybody recognizes that environmental problems are growing, are important and touch the citizen in his day-to-day life and recognizes that the Community has a policy and that it is an important policy. Yet, somehow, we do not manage to devote the resources we perhaps should devote to these issues. Of course, everybody knows we are in a particularly difficult situation at the moment as far as resources are concerned. It is no part of my task today to make unrealistic claims for the environment, certainly not in the case of this debate where we know we are rapidly approaching the exhaustion of own resources.

**Johnson**

What I would like to do is to pay tribute, in fact, to Mrs Scrivener, to Mrs Squarcialupi and to other rapporteurs on the environment section of the budget and those of previous years also, Mr Ghergo and Mr Muntingh, for doing their very best at least to retain and safeguard the progress which has already been made. If I am honest — and I like to be — and look at the draft which has come out of the Committee on Budgets I will say that I think Mrs Scrivener and the Committee on Budgets, at least as far as the environment is concerned, have made every effort to retain the priorities which this Parliament has felt important. After we vote on Thursday the ball will be in the Council's court. I do appeal to the Council to take what Parliament has suggested on the environment seriously. For four years now we have been asking the Council to create the environment fund. At last we have persuaded the Commission and we have the Budget Commissioner himself here today. How much we welcome his personal presence!

The Commission did take it seriously. It did make a proposal for what we have called, in our optimistic way, an environment fund. The Council has now had two discussions of that. In November they will have a third. I very much hope that we will get it and get it in the way we want it. It is a modest step but it is important. What we are engaged in now is a holding operation: trying to keep money on the line, trying to keep programmes going, trying to carry out policies. It is a holding operation because we are all looking forward to the day — and may it come soon — when the Community finances are put on a sounder footing, when there are new policies, new programmes and when environmental policies and programmes become truly a part of that reformed Community. I hope that the next five-year period of the European Parliament will see a new emphasis on environment and I hope that the new Commission, when we have a new Commission, will put renewed emphasis on the environment and that in the June 1984 elections we will be able to look at our work in this field and say that this is one thing we did not let slip.

**Mr Vandemeulebroucke (CDI).** — (NL) Mr President, ladies and gentlemen, the Committee on the environment, public health and consumer protection has a number of amendments which aim to provide the essential minimum of credits in the budget and I fully support these amendments. In the long run, however, our environment is going to be dependent on, and determined by, the choices which we make regarding energy. May I be allowed to give some explanations with regard to the amendments which I, together with a number of my colleagues, have introduced.

Two amendments provide for a credit for investigation into disaster programmes and emergency help services in the event of a possible nuclear accident. The events at Three Mile Island fortunately did not

take place in Europe, but if a disaster of this type did occur, then we ought to be fully prepared. Other amendments involve the scrapping of high technology nuclear projects, where there is considerable doubt over whether they could ever be successful, and in their place more credits would be made available for research into alternative sources of energy. Even in this period of slimmer budgets the Commission and the Council are still investing 180 million ECU a year in research into, for example, nuclear fusion which is not going to be able to produce much in the way of results until the next century, and is not going to create a single new job today.

Why not use a fraction of these resources for research into wind energy, for example? The most important amendments aim to make available adequate funds for alternative demonstration projects and non-nuclear research. Up to now we still have no legal basis for providing fixed credits, and the Commission must bear a major responsibility for this, for they dallied far too long over priority proposals. This lack of initiative by the Commission does not, however, justify the Council grouping all credits under article 100 and thereby providing barely half of the credits which the Commission had asked for.

Mr President, a budget is a reflection of the sort of community policies which one would like to see carried out. It is really up to us, in the European Parliament, to strive to introduce more diversity into the energy policies of the Commission and of the Council and this is what is behind these amendments.

**Mrs Viehoff (S).** — (NL) It looks as if what has happened is that in the Council they have gone and hired a little band of accountants and told them to look at the budget proposed by the Commission, with the job of reducing it by a set figure, but how they go about it is something we cannot go into further. With a couple of exceptions every item from the Committee on youth, culture, education, information and sport has been scrapped. There does not seem to be any real policy behind this. I would like to look at a number of items to point out and emphasize the striking contrast between the words of the Council and their deeds.

In Stuttgart the Council decided to promote community activities in the field of research, innovation, new technologies etc. A considerable amount for the new information technology in education, you would think. Not at all, the item has been scrapped. Then you get the item for training of people in the new information technology. And what do we find: that this item has been cut by half!

Then there is the matter of unemployment among young people, a problem which is a constant worry for the Council, and not only because of the unemployment itself, but because of the negative effect it produces on the young. Let us take a look at the items

**Viehoff**

which are in the budget for measures to be taken in this area. A 630 education : cut, A 631 preparation of young people for work : cut, A. 6330 concrete training actions : cut. A big song and dance was made about 75 % of the Social Funds being allocated for the fight against youth unemployment. That itself was insufficient to get anything done, but when the 450 millions are halved, what sort of credibility does the claim have ?

Mr President, the Council has decided to call into being a European Foundation. What the Parliament thinks of this will become clear when Mr Schwenke's proposal is discussed this week. I will not go into this further but I would like to say what I think the foundation ought to do in the future, and that is exchanges of young people, cultural exchanges, promoting the teaching of foreign languages and much more, matters which for us have long been items in the budget which we have cherished, but which have always been the victims of the red pencil, which is what has happened again. If the Council thinks these matters are so important that they are bringing into being a special foundation, how do they square that with the cuts which are constantly being made in the budgets ?

Now just one or two observations, if I may. The youth forum has in recent years been doing sterling work and could do more if they had somewhat more resources, but their allocation does not even keep pace with the percentage which is eaten up with inflation. Adult education : year after year the Parliament has been speaking out for this. But the 340 000 ECU which we had in the budget two years ago is still being held down. The Council is even proposing to take off another 100 000. And the campaign against illiteracy also has to be costed against this item. The Community prides itself on its democracy, but democracy is something in which everyone should be able to take part. But such participation is in many respects not possible for those who are illiterate.

Then finally the item for minority languages and cultures, reduced to a pm. Is the Council aware of the very real importance this has for those in the Community affected by this question ? Not the accountants with their red pencils in every case, that much is clear. I am pleased that the Committee for the budget was reasonable about this and aligned itself with the proposals of the Committee on youth, culture, education, information and sport.

Now an observation concerning the amendment No 252 which concerns three items for tourism. We shall shortly be discussing in this chamber the proposals concerning Community activities in the field of tourism. In the Commission there is not a single member of staff available to attend to it, and if you want to promote a policy you do have to put staff on to it. Therefore I would like to ask this Assembly to support amendment number 252, against the wishes of the Committee for the budget.

**Mr Beumer (PPE).** — *(NL)* My group has indicated that it agrees with the basic points of the general rapporteur for the budget, and in particular where it is a question of stimulating the budget items which might have a positive effect on our employment situation. And the rapporteur for the Committee on youth, culture, education, information and sport has also, on behalf of the Commission, set out a number of priorities which bear upon this fundamental problem. This is very possible with regard to the various activities in the fields of culture, education and training and soon, it may be hoped, in that of tourism as well.

It is not only possible to find a greater quantity of jobs in these fields for more young people, but also, and what is more important, there would be jobs which are more interesting from a quality standpoint, jobs where creativity and craftsmanship still have an important role to play. I therefore agree with what the European Commission has said in this matter, to the effect that the cultural sector more than many other sectors has been affected by unemployment. In many of the countries of the European Community 80% of actors are without work. I am also reminded of the report of the International Labour Organization which has produced figures showing that in the last ten years employment opportunities in the cultural sector have been halved. And that is a development all the more regrettable in that the importance of culture is increasing and must in this day and age continue to increase.

I am also reminded of the report of the European Commission on Media Policy in which it draws attention to the great opportunities for films now that there is a move to extend television transmission time in all countries. It is a good thing that we are involving ourselves in this and making an early attempt to get employment opportunities in this field organized. What did astonish me, and Mrs Viehoff was also right about this, was that on the one hand the Council in Stuttgart did put out a number of good statements concerning culture, education and training with regard to young people, and with which I fully agree, and yet on the other hand major cuts were made in the necessary resources provided for in the budget of our committee. And that in spite of the fact that these resources do not involve more than tenths of percents. In the Stuttgart declaration reference was made to the importance of higher education, of the exchange of teachers and students, of the preparation of young people for careers and of closer contact with schools, of the education in new technologies, of the protection of the cultural heritage of Europe, in all of which there are many possibilities for employment. The declaration also refers to the extension of contacts between writers and creative artists within the Community, which is also particularly valuable for enhancing the consciousness of the European Community, and it talks about close coordination of all types of cultural activities which are desperately required.

**Beumer**

And then come the swingeing reductions of the sums which were necessary for all this! The same thing applies to the items which cover vocational training, and education in new technologies. Are not these the very matters where a community approach might have a particularly positive effect? And is it not true that a community approach to these problems offers a chance of promoting really creative solutions from certain Member States, for example in the approach to youth unemployment, in other countries as well.

And so, Mr President, I am pleased that our parliamentary Committee has paid particular attention to these aspects in the budget and that they have restored in their entirety the items involved. I hope that the proposals of the Committee on Youth, Culture, Education, Information and Sport which are now also the proposals of the Committee on Budgets will be followed.

**Mr Bord (DEP).** — *(FR)* Mr President, I propose to broach a topic that this House is not used to discussing.

Indeed, I find it deplorable that the draft budget which we are going to be asked to vote on tomorrow takes no account whatever of an activity that has a very special importance in the Europe of the Ten: I am thinking of sport.

I am shortly to have the privilege of presenting an outline report on sport. It will, I believe, be the first report of this nature that the European Parliament has ever been called upon to debate. I should like to use the occasion, together with those of my colleagues who have a special interest in this area, to prove that our Parliament is showing an interest in an activity in which millions of young people and tens of thousands of administrators are involved. Let us not forget that sport, apart from its essential role in education — I am thinking here in particular of the common sense of purpose that unites all sportsmen and women — also plays an important role at an economic and social level owing to the great variety of facilities that have to be built and used in its pursuit.

I should like, Mr President, to express my disappointment at the absence of even a token entry in the budget which would have enabled us to show that we recognize that the idea of a Community identity can only assume a meaningful form if it is constructed around a joint project of which sport is an integral part.

Quite apart from the symbolic value, the resources that we could have had at our disposal would have enabled us to conduct a number of in-depth studies concerning the need to harmonize legislation currently in force, and would moreover have given us the authority — that is what I believe, Mr President — to respond to the demands expressed by a number of Members in this House through numerous motions for a resolution.

Mr President, I cherish the hope that our next budget will take account of this essential aspect of European integration, since sport brings people closer together, especially our young people, and gives them not only a sense of unity but also a feeling of enthusiasm.

*(Applause)*

**Mr Bocklet (PPE).** — *(DE)* Mr President, ladies and gentlemen, I should like to draw your attention to two things. As you all know, last spring this House adopted a motion for a resolution calling for the establishment of a European youth exchange programme by the European Community. This motion which was adopted by Parliament with a large majority, also calls for it to be provided with a funding level of 200 000 ECU in the first year.

Certainly, this is not a great deal when one considers that the Franco-German Youth Exchange Scheme alone comprises 36 million DM this year. It is one of our concerns that we get involved in this area, in this subject. For this reason, I think that we should support the proposed use of this 200 000 ECU in next year's budget. I thank the Committee on Youth, Culture, Education, Information and Sport for having done this and I also thank the Committee on Budgets which has shown a great deal of sympathy towards the inclusion of a new line for this purpose.

By the way, I might perhaps add that the European Summit in Stuttgart expressly confirmed youth exchanges as one of the important factors in extending the Community's responsibility in the cultural field. It is now for the European Parliament, for us all, to give financial backing to what we resolved last spring, and I would ask you to endorse this motion tomorrow. Secondly, I should like to turn to motion No 475, relating to Community funds for occupational training in rural areas. We all know that funds for structural improvements in the structurally weak regions of Europe can achieve very little, if we cannot also enable people to bring about structural change to meet the needs of the regions in question. For this reason, these particular funds for structural change in agriculture are extremely important.

However, motion No 475 includes an unusual feature. It in fact removes the additional funds from the obligatory section and places them in the non-obligatory section. By doing so, we prevent the Council of Ministers taking these funds away from us in the second reading and we give ourselves the chance of retaining these funds in the second reading.

For the sake of truth and clarity in the budget, it is necessary that the funds for occupational training in rural areas do not appear in the Agricultural Fund but in the section of the budget relating to schools and vocational training generally. Hence, therefore, my sincere appeal for support for motion No 475 too

**Bocklet**

tomorrow. Firstly, we shall ensure by so doing that Parliament has the final say in relation to these funds and shall be helping occupational training in rural areas to be intensified in those very same structurally weak areas.

**Mr Sälzer (PPE).** — *(DE)* Mr President, my group sees the area of research and energy policy as one requiring special emphasis in European policy over the next few years, because we know that all the questions which will have a decisive influence on our future can only be satisfactorily resolved for the people of Europe if we use and increase all the possibilities available to us in the field of research policy.

This is one of the few areas of policy in which wide-reaching effects, and above all long lasting effects, can be achieved with relatively low resources. We can answer for our entire policy, which we in Europe consider sensible, only if we can also pay for it, i.e. if the necessary resources are carefully managed. To this end, it is essential that we achieve high productivity. This high productivity can generally be reached only by rationalization.

However, if it comes to the point where we in Europe lose jobs through rationalization, but are not creating new jobs because the modern computer-controlled machines are not built here in Europe but in Japan or America, so that new jobs are then created in Japan and in the United States of America as a result of the jobs lost to us in Europe, if this development continues — and it is already in evidence now — we shall not be able to cope with our future problems.

We must therefore give increased support to the Community programmes already begun in this field, particularly the Esprit Programme, and treat the budget appropriations proposed as the absolute lower limit. Just in the last few weeks, we have been able to ascertain once again that Europe is basically unbeatable throughout the world in the area of research and technology policy, and in energy policy too, if it stands together. The successful start of Ariane or the start-up of the nuclear fusion installation at Culham are examples of this. Our group will therefore be attaching the greatest importance to our fully exploiting the leeway Parliament has in the budget in the field of research and energy policy, because we see here one of the most effective contributions to safeguarding the future of us all.

**Mr Cohen (S).** — *(NL)* Mr President, at a time when we here in Europe are talking about our budget, there is going on on the other side of the Atlantic Ocean, in the United States, another debate over money. The American Congress, the Senate and the House of Representatives have got to make a decision on the increase of the American contribution to the International Monetary Fund. Both President Reagan and the

chairman of the Federal Reserve Board, Paul Volker, are urging the Senate and the House of Representatives to take a positive decision on the increase. So at the same time we have in Europe and in America a debate over financial resources which might be made available for the developing countries, for the third world. The great difference is, and the American government gets criticized for Reaganomics, is that in the United States of America the government is pushing to get a positive decision, and in Europe the Council of Ministers is trying to cut what we in Parliament have always wanted. What the Council has this year done once again with the sums which the Committee on Development and Cooperation put into the budget, beggars all description.

In the few minutes which are allowed me it is naturally not possible to take it item by item and I will not do so. I will only give a couple of examples. We all know that the Parliament, in the matter of the area of development and cooperation, made a good start by adopting the resolution concerning hunger in the world. A resolution which has a very clear role to play in this Parliament, in that year after year in the debates on the budget it is again quoted and used as an argument, to try and ensure that the subject is well provisioned with reference to chapter 9 of the budget. What has the Council done in its innocence, in its feeble-mindedness? I do not know which terms I must find for the doings of the Council. What has the Council done? The special section 'combating hunger in the world' which was put into the budget by the Commission has simply been scrapped, and a pm has been put in its place. The Committee on Development and Cooperation, and the Socialist Group, are naturally in favour of the amount being reintroduced into the budget.

This also applies to food assistance. We have spoken in this Parliament again and again about food assistance. We are not satisfied with all the methods which up to now have been used in connection with food assistance. Food assistance as part of a food strategy, as part of the campaign against hunger, that is also a matter which we have always supported, both in the matter of grain and in that of powdered milk and butteroil. We are therefore convinced that the amounts must be included as proposed by the Commission.

But perhaps still more important is the item: assistance to the non-associated countries. It is something of an anomaly that we are still talking about non-associated countries when even in the Convention of Lomé the word association no longer occurs, and it would therefore be better to change the term. It is rather a matter of the countries which are not affiliated to the Lomé Convention and which we nevertheless want to help under this item. And whenever we want to raise slightly each year this amount, the amount is reduced by the Council. The Commission had provided for 300 million ECU, the Council has

**Cohen**

allocated 200 million and we believe — we must also naturally take the margin into account — that a minimum of 250 million ECU should remain this year in the budget.

I have said, Mr President, that it is not possible to deal with every item where the Council has been hacking away with a blunt chopper. It should only be made clear that what the Council is doing at this moment is much worse than what the so-called conservative government in the United States is planning to do. I return to what I said at the start of my argument: in the United States at the moment they are pleading that the Americans at least increase to the minimum required their contribution to the International Monetary Fund. What the Council of Ministers here in Europe is doing is to try to reduce what we want to do for the third world, to lower it, to make a development policy impossible.

My group cannot do other than to make the strongest possible protest against this way of proceeding. Firstly in the Committee on Development and Cooperation, and then in my own Group, we went through item by item and we are convinced that a majority in this Parliament must be found, and a majority will be found — to see that an important policy of the Community, the policy concerning the third world countries, is shaped in the shape it should have. The form that policy should take is something the Parliament has already repeatedly made clear, among others in the resolution concerning hunger in the world, in the draft resolution that we a month ago adopted over the extension of the Lomé Convention, in the resolution of this Parliament on UNCTAD conferences and regarding the conference of the less developed countries in Paris.

What we want is clear, but the Council is endeavouring to make it impossible. Together with colleagues in this Parliament we would like to try to see that at least a necessary minimum is tomorrow incorporated into the budget.

**Mrs Rabbethge (PPE).** — *(DE)* Mr President, ladies and gentlemen, among the priorities our Parliament has always set in budgetary matters, development aid has always featured prominently. The Group of the European People's Party has always supported this position, in the Committee on Development and Cooperation, in the ACF — EEC Joint Committee, in the Committee on Budgets and here in plenary session.

What an unpleasant surprise, what disappointment and consternation at the Council's draft budget for 1984, which takes absolutely no account of what our Parliament put forward as guidelines. We have repeatedly heard fine words on this subject but obviously there is no spark of good will at all to do something about it. My group has already said in relation to the

Irmer Report that voting time for the 1984 budget would be the moment of truth.

We have been able to introduce amendments in the Committee on Development and Cooperation, from which it emerges clearly that greater funds are required for a credible development aid policy than the Council had allocated. Secondly, we accept the fact that leeway in the budget is restricted for everyone. Even if we agree on this point, it must be said that diversification seems possible in the field of food aid — as Mr Cohen just mentioned — and of cooperation in the energy sector and cooperation with the non-associated countries.

It must at least be ensured that our special programme 'Fight against Hunger in the World', which our Parliament has always supported unreservedly, can be continued. How else can the European Community remain credible, how can it continue talking about the North-South dialogue, if it allows itself to be robbed of its funds, its practical implements?

Negotiations on the Lomé III Convention have begun between the ACP countries and the Community. The financial framework has been left open as yet and is not to be worked out until the end of the negotiations. But what positive content can these new negotiations have if the Community, even in its own budget, sets the level of funding for development aid in a way that shows a lack of interest by this same Community in the vital questions of development aid policy?

Now the current negotiations are still the fervent hope of many millions of people in the Third World. I urge you, therefore, to support the proposals made by the Committee on Development and Cooperation, as formulated by the Committee on Budgets. This is simply essential if we want to continue to be regarded as decent and credible in our political line.

*(Applause)*

**Mr C. Jackson (ED).** — Mr President, I asked my young daughter the other day how she would explain the word 'priorities'. After some thought she said: 'Well it means whether you choose an ice-cream first or an apple. I'd choose the ice-cream'.

This debate is about priorities and the point I want to make above all else is that the Council of Ministers has got its priorities very wrong. Who would believe that the Council has chosen to spend more next year on feeding surplus milk powder to farm animals than on the whole of our programme to help developing countries, people in dire poverty around the world? Yet that is the fact. If we were to accept the Council's draft we would vote 894 million ECU for surplus milk powder to farm animals and only 864 million ECU for our whole development programme. I put it to you that that is a sense of priorities of which to be ashamed.



### C. Jackson

This Parliament has always given a high priority to development. It is a thread that runs through our work from our early debates on hunger in the world to the 1983 budget which took as its joint priorities development help for the Third World and employment in the European Community. Many of us know personally how greatly European Community aid is valued by ACP countries and Asia and Latin America alike. We know how great is the need for our help, that the number of mouths to be fed is increasing fast and despite increasing food production the number of people hungry and starving is also increasing.

It is against that background that I confess that my group read the draft budget with a sense of incredulity. We believed that the Council shared our belief in the importance of action to help the Third World. But what did we see? We saw the most vicious cuts placed in the development budget. We saw that the Council had sliced over one-third, in fact nearly 40 %, from the expenditure planned by the Commission. This is the severest cut in the whole budget. Furthermore, it is a cut of over 20 % compared to last year.

Why was such a cut put forward? Was it tired cynicism in the knowledge that we would try to restore the cut? The Council will also talk of budget stringency. In that they are of course right. But they must also look at their internal priorities and I have to say that the sort of priority that spends more on shoving surplus milk down the throats of farm animals than on helping the millions of people in the world in grinding, desperate poverty is a priority that my group cannot accept. This is a budget of warped priorities which Parliament must, and I believe will, correct.

I now turn to the detail of the development budget. First, food aid. Alas, even here we see the Council's preoccupation with disposal of farm surpluses. For over half the funds in their proposal go on food aid and of those funds the major part is for getting rid of the mountains of skimmed milk and butter. It would be different if these products were easily stored and used like cereals. But we know, and the Council knows, that they are not. I want to see more spent on cost effective useful products like cereals and less on the disposal of milk.

But even more important than food aid are the Commission's moves towards helping the developing countries to grow for themselves the food that they need, reserving food aid for emergencies only. I know many people in Parliament and outside believe that our food aid all goes to feed the hungry, but the truth is that much of it is just balance of payments support to recipient governments, not even linked to food strategies. We have a duty to use our development funds in the most effective manner, and it is vital that our main effort should be directed towards helping self-reliance in developing countries. To that end, I

want to see less in food aid and more in other chapters. One such is aid to Asia and Latin America — the so-called non-associated countries. Parliament has already called upon the Community to shoulder wider responsibilities here in line with its position as the world's largest trading power and its inter-dependence with these developing countries.

To take one small example, when Mr Bradford Morse — the UN Deputy Secretary General — visited the Committee on Development and Cooperation last week he said that the key hindrance to development in many countries was a lack of skilled people. He is absolutely right and I want to see our budget do much more in the field of training and scholarships for the Third World. The programme of aid to non-associated countries is thus of the greatest importance. Yet even this programme was subjected to swingeing cuts.

I am not satisfied, I must say, with the disbursement of current funds. But even this problem comes back to the Council, who have consistently refused to let the Commission have enough staff to run some of their programmes properly. It is a fact that the Commission has fewer staff in DG VIII per million dollars spent than any aid department in any Member State. I know well that there are grumbles about the quality of some of the Commission's aid programmes. But is that surprising if they are denied the staff to operate properly? Recently Commissioner Pisani said that he would undertake a comparison of Commission aid versus Member State bilateral aid and I welcome that undertaking. In this — as indeed in all learning about development programmes — evaluation is vital. Is it not then the height of cynicism that the Council — who grumble about Commission aid administration and, to our distaste, insist on such detailed oversight of this aid that it even delays some programmes — should then cut in half the small budget for project evaluation? Yet that is what they have done.

Finally, we have just embarked on the negotiations for the successor to the Lomé Convention — a convention hailed as a model of cooperation between Europe and the Third World, between North and South. What a start it is in the face of those negotiations now opening to propose a cut in our development budget of 20%! Is that really wise? Is that what cooperation means to the Council? I started by mentioning my daughter's choice between the apple and the ice-cream. She is one of the lucky children in the world in which millions of children go hungry and face, at best, a future full of uncertainty and, at worst, a future totally devoid of hope. When we hand the development budget back to the Council I believe we shall have given them a lot to think about. I hope they will review their priorities about development and agree with some of ours.

**President.** — Our greetings to your daughter, Mr Jackson.

**Mrs Poirier (COM).** — (FR) Mr President, as the debate shows, what unfortunately matters most concerning the budget and development is the fact that the Council has cut the appropriations by almost one-third. The point is that the EEC will not solve its problems by increasing the difficulties of the developing countries. One may wonder, in fact, what is there left of the promises and the assurances given only a short time ago when the Consultative Assembly met in Berlin, including those relating to the problem of mutual interests. Seeing the manoeuvring that led to the blocking of development appropriations that had already been included in the budget, there is every reason to fear a repetition with those that have not yet been included, as the Commission has not, so far, fixed any amount for Lomé III. But nothing has been settled as regards that and these considerations strengthen our conviction that the proposed allocation for the EDF will merely expose it to the same uncertainties as the Community budget, with consequences that the developing countries will find it extremely difficult to bear.

It is in the light of these anxieties that we have tabled a series of amendments the aim of which is, in the first instance, to respond to emergency situations, and in the second instance to pave the way for the future as regards development. In particular, we have tabled an amendment calling for emergency aid for the Sahel, which for months has been in the grip of a drought that is threatening thousands of people with starvation, as well as an amendment calling for increased aid for the fight against hunger in the world, which must continue to be one of the Community's main priorities.

In the area of agriculture, we shall go on tirelessly insisting — because it is right and because it can be done — that the EEC finally agree to supply, at preferential prices, such agricultural products as are available in the EEC, a request that has been echoed by the ACP countries and for the past seven years denied by the Community. We have called on the EEC to defray the transport costs for food aid, which developing countries are often unable to meet, and also to participate in the International Fund for Agricultural Development and contribute to the operation of the Common Fund.

Let me say, incidentally, that several of these amendments have had the approval of the Committee on Development and Cooperation and of the Committee on Budgets. Lastly, we believed it logical to call on the EEC, through an amendment, to give concrete expression to its support by financial aid to the least developed countries. Some of you may be surprised at the size of the sum we are proposing for this, but we are extremely concerned at the dramatically worsening situation in these countries, which are for the most part ACP countries. At the Paris Conference in 1981,

the EEC gave certain specific undertakings. At the UNCTAD meeting in Belgrade the developing countries put this point at the top of the agenda. The Consultative Assembly in Berlin passed an amendment along the same lines, and both Community and ACP countries voted for it. The amendment we have put down on this question seeks to give concrete expression to a political undertaking. That is why we are asking for a roll call vote on this point.

In conclusion, Mr President, we are today on the eve of the Athens summit, whose theme is precisely that of budgetary reform. We hope that this summit will not be the occasion for further savage cuts, serving only to pass on the effects of the EEC's crisis and difficulties to those already hard enough hit: the developing countries.

**Mr Irmer (L).** — (DE) Mr President, my group will support the motion that the funds intended for Turkey should be placed in reserve. I also ask our colleagues in the other groups to adopt this proposal and vote with us that the money for Turkey should not be released without second thoughts.

You all know the situation: an election is to be held in Turkey on November 6th but the conditions of this election — the procedure, admissibility of parties and choice of candidates — cannot be regarded as democratic without any qualification. We are still very concerned that the promises by the military of a return to democracy may be well meant but that implementation will lag far behind the promises made to us. It seems bizarre to us to act in such a situation as if nothing had happened and release the funds. We believe that to transfer these funds to the reserve will express our political will very clearly, which is: we want democracy restored in Turkey without any ifs and buts: no party, no candidate must be excluded. A democracy really worthy of the name must be established. We want this in the interest of the Turkish people, but we also desire it in connection with our cooperation with Turkey. If we now make this budget transaction — we can withdraw the funds from chapter 100 at any time if we need them and the situation has changed — in my view we shall be giving the Turkish military a clear indication of what our political concern is.

I should like to comment very briefly on a second point: I have been asked by Commissioner Pisani to withdraw the amendments which I tabled on behalf of the Committee on Budgetary Control in regard to food aid, in fact in respect of earlier years and the current years. I cannot do this because I am not authorized by my committee to do so. However, I was very pleased to hear Mr Pisani's statement yesterday that he would look into this problem. Should the amendments fail to obtain a majority in the House tomorrow, I ask the Commission not to infer from that that the House no longer has any interest in this

**Irmer**

problem but that we shall trust Commissioner Pisani to keep his promise. If this promise were not to be kept, however, and we are faced with the same difficult situation, I shall reintroduce these amendments in the next budget proceedings. Let me say this now to the Commission as a mild threat.

*(Applause)*

**Mr Deleau (DEP).** — *(FR)* Mr President, I intend to confine myself to a few observations about the economic part of the 1984 general budget. This, as certain Members have already made very clear, is a difficult area given the political climate in the run-up to the European Council in Athens, given also the technical constraints in the shape of Parliament's narrow margin for manoeuvre, and especially the inviolable ceiling on available own resources.

Thus, in drawing up the proposals on which we shall soon be called upon to vote, our rapporteur, Mrs Scrivener, was obliged to steer carefully around major obstacles.

Before going on I should like to take this opportunity to pay tribute to Mrs Scrivener for the remarkable job she has done. I listened very carefully to her general statement yesterday and I learned a great deal about what Parliament's intentions should be as regards the budget. I should like at this point to make an observation of a general nature to underline both the problem of revenue and the necessity for the Community to generate new revenue. Regardless of what conclusions the next European Council may come to on the future financing of the Community, each of us is very well aware that even if it is decided to raise VAT, which we are in favour of, the procedure for having this ratified by the national parliaments is such that the Community could not expect to see its resources increased before 1987 or 1988, which would leave the problem of the depletion of own resources unresolved for the next few years.

This seems to me an opportune time in this debate, therefore, to point out that there is another possible way of raising revenue which does not involve any revision of the Treaties, namely by a tax on oils, fats and cereals substitutes, as well as a Community tax on energy produced, all of which could increase the Community's resources by several billion ECU annually. The revenue situation as it stands at present effectively places Parliament in a position where, if it is to conform to budgetary law, it has to accept the cuts imposed by the Council.

This situation, in which Parliament is confronted with widely different estimates from the Commission and the Council, cannot be tolerated. If Parliament is not to be placed in such uncomfortable situations in the future, I believe it would undoubtedly be worth considering a review of the procedures by which estimates of

revenue are drawn up. Clearly the severely limited resources at our disposal do not make our task of drawing up this budget any easier, especially considering that one of the main priorities we want to assign to it is the fight against unemployment through improved training and by developing productive investment. We fully subscribe to these policy guidelines spelt out by Mrs Scrivener and endorsed by the vast majority of Members in this House.

We also support the measures proposed for implementing them, which place emphasis on helping people to become better qualified, and on matching qualifications to the job of work, as well as on job-creating productive investment, in order to fight against industrial decline, preserve the traditional sectors of industry, and sustain the competitiveness of our growth industries.

I acknowledge the special effort made by the Committee on Budgets, which has ended up proposing a very substantial increase of 122 million ECU in payment appropriations for the economy and industry sectors to enable essential measures to be put into effect within the framework of their objectives and transform a transitional budget, as presented by the Council, into the progressive budget proposed by the rapporteur. However, given the magnitude of the industrial and economic problems with which the Community is faced, the proposed appropriations must be regarded as the very minimum that Parliament can ask for, because a genuine European industrial, monetary and economic policy calls for a budget of a very different scale, particularly if, as the rapporteur, Mrs Scrivener, rightly said yesterday, Europe is apparently in decline.

Nevertheless, we believe there are many specific measures that could be proposed and undertaken by way of common economic and industrial policy, without the necessity for substantial budget appropriations. For example, we could eliminate the barriers to the free movement of goods, harmonize standards, formulate a genuine industrial policy for sectors in difficulties, and launch a Community programme to help small and medium-sized undertakings, whose role was rightly emphasized in Mrs Scrivener's report.

That is why we urge Parliament to approve the necessary appropriations — which are after all modest — for the setting up, in 1984, of the European Centre for Small and Medium-Sized Undertakings which, throughout the remainder of 1983, the year of the SMU's and of the craft industries, would allow these categories of undertakings, industry, commerce and craft trades to be helped in gaining a better knowledge of the Community market and easier and more ready access to sources of finance. It is worth recalling, moreover, that the 1983 general budget had opened a budget line with a token entry for setting up this European Centre for SMU's. Under these circumstances, if Parliament's action is to be consistent, there must be an allocation in payments for this item in the 1984 budget.

**Deleau**

However, that does not mean that we are against launching a new Community programme relating to the development of a European industrial area, even though this attractive and ambitious idea sounds more like a slogan than a clearly-defined programme. But we doubt that the European industrial area, with a token entry against the various proposed budget headings in payments and very large amounts in commitments, constitutes an appropriate and practical response to the economic difficulties and employment situation in the Community, which calls for concrete, urgent and specific measures.

That is why, given the importance of the small and medium-sized undertakings to our industrial and social fabric, we urge Parliament to pass appropriations sufficiently large to allow the Community gradually to commit itself to a Community policy of support for small and medium-sized undertakings and craft trades, a vital economic force that the Community cannot continue to neglect, especially, Mr President, in view of their universally acknowledged contribution to the fight against unemployment, a fight that must remain one of this Parliament's main preoccupations.

**Mr Maffre-Baugé (COM).** — (FR) Mr President, I propose to say a few words about the 1984 budget, a budget which gives us a foretaste of the political direction that we can expect the Athens Council to take, and which also happens to be the last budget before the European elections.

The Scrivener exercise has for me the appearance of a political appeal, a kind of signal inviting the Council to block EAGGF appropriations amounting in all to 825 million ECU. It is an invitation to the Commission to embark on a repressive reform of the common agricultural policy. Both the Scrivener exercise and the Commission's exercise in suspending for an indefinite period advance payments of refunds and certain forms of aid show the same willingness to divert away funds originally intended for agriculture. Wine-growing and fruit and vegetables are liable to be directly hit by this shock wave. What happened to the promises made concerning Mediterranean produce?

Now, with the Athens Council approaching, enlargement is on the agenda. Whilst we acknowledge that there has been a slight improvement in the fruit and vegetable regulation passed by the Council, we really cannot subscribe to the idea being put about that this improvement amounts to removing an obstacle to opening negotiations on enlargement. Presenting matters in this light is bordering on a breach of trust. The measures that have been adopted should have been so in the context of a justifiable catching-up of these long-neglected production sectors, never should they have served as an excuse for enlargement.

We are of course delighted with the points secured in the new regulation, both as regards organization of the

markets and protection against imports from third countries. We did in fact present a report on behalf of the Committee on Agriculture which was adopted in plenary session. We maintain that these measures are simply a catching-up exercise and nothing more, and are not to be regarded as a green light for enlargement. Enlargement is bound to present some formidable problems, both social and economic. The Community does not appear to appreciate its impact and its consequences. Our regions are going to be faced with a *fait accompli*. Whole sectors of our French Mediterranean production are going to be ruined, with agri-food production shifting to the poorer countries, leaving a trail of unemployment and despair among many farm workers. Would it not be better to come to grips with this thorny problem by establishing financial protocols and by ordered and progressive cooperation in each sector? I note that it is precisely those who are pressing most vigorously for enlargement that are also denying the vital appropriations and safeguards; they are behaving like sorcerer's apprentices or wreckers and I shall hold them responsible for the outcome.

**Mrs Lenz (PPE), co-rapporteur of the Committee of inquiry into the situation of women in Europe.** — (DE) Mr President, ladies and gentlemen, I am sorry that it is only this morning that I am able to present the report for the Committee of inquiry into the situation of women, but the European elections occasionally demand their dues in the evenings.

The committee of inquiry has examined the draft budget and the cuts demanded by the Council, which we greatly regret, in detail. A shift in the budget towards a policy closer to the interests of our citizens would perhaps have gained greater understanding for Community policy in the eyes of the women of our Community. We appreciated, however, that tight financial management is called for and our proposals therefore follow the principal rapporteur's line in the main. At the same time, the committee of inquiry is fully aware that the situation of women in Europe requires great attention if the mistakes of the past are not to be repeated. There is on the one hand the disproportionately high level of unemployment among young women, which goes back to the fact that not enough training opportunities are made available to them. There is the growing number of women who, partly because of their high standard of education but also for material reasons, wish to return to work to help with the family budget. There is still to a large extent a lack of awareness by society that women are well able to cope in all spheres of life and of government even without government appeals, as they have done often enough. There is also the field of information, where the work begun by the Commission must be vigorously pursued if the objective of promoting equal rights is to be attained.

**Lenz**

The committee of inquiry is extremely sorry that it has not been possible to include a special line for positive action in favour of women in the 1984 budget. However, as the Commission always supports equal rights so strongly, we assume that the Commission's actions and the attitude of the Council of Ministers are serious and these positive actions will appear in the general budget as a matter of course. In so doing, we also assume that the call for staff and material support for the information bureau for women can be considered by the Commission and that the action programme, which is included in the budget to the full amount, will be fully implemented. To prevent these important appropriations being lost in view of the economy measures, the committee has — with the approval of the Committee on Budgets — preceded each of the various items with a detailed explanation showing clearly the necessity of an adequate number of women's measures. The European Parliament now has the opportunity to show with these proposals that it is really serious about the equality conjured up in soap-box speeches. We also ask the Committee on Youth, Culture, Education, Information and Sport to take appropriate account of these things in its future proposals, because education lays the foundation stone for implementing equal rights which forms the basis for any future-oriented family policy, that in the view of us all should also be based on partnership and freedom of choice. In the last budget resolution before the second European elections, the European Parliament and also the Commission and Council of Ministers can show how seriously they have taken their good intentions. The committee of inquiry will align its final report on this attitude.

In view of the difficult years ahead of us and the need to mobilize all the citizens of Europe for progress in the unification of Europe, I should like to say quite clearly — and this holds for men and women: Without knowledge no future is possible and without education no possibility of making one's way in life. Without equal opportunities at work and in public life there will not be the courage in society to take responsibility and so no will for Europe. The committee of inquiry therefore asks the European Parliament to be aware of its responsibility in this respect in tomorrow's voting.

**Mrs Vayssade (S).** — (FR) Mr President, the European Parliament has made the fight against unemployment its main priority in the 1984 budget.

As Mrs Lenz said just now, women are particularly hard hit these days, especially young women, although the situation does vary from country to country and from region to region. They are also hardest hit by the side effects of the crisis, by the cuts in the social

budgets in many countries, and some people are beginning to think that perhaps women would do better to stay at home after all.

Now, as Parliament affirmed in the April debate on employment, this would be the worst possible solution; indeed one cannot turn the clock back now: women have entered the world of work to stay. Women today play an essential role in our societies, so we have to work on that basis and stop hankering after the impossible. Even the Council has come round to this view: last year, in adopting the action programme for women, it said in its preamble that in times of crisis especially vigorous action was needed on behalf of women, who had handicaps to overcome.

This is something that must be taken into account in the budget, and I deplore the fact that the Council has this year once again failed to obey this logic and that the appropriations of particular importance to women in a number of areas — including the funds needed to implement the action programme — have been very substantially cut by the Council, but I hope Parliament will again this year, as it did last year, affirm its determination to see equality of opportunity made a reality.

First of all there is the appropriation for the European Social Fund. We accept the new policy for the Social Fund and the idea of giving priority to young people.

And we believe it essential for the principle of the balance between men and women to be applied to all programmes arranged under the auspices of the Social Fund.

I find it regrettable that there is no longer any mention of positive measures, not even under the remarks, and especially the fact that no special budget line has been set aside for these measures. We were not expecting a 'Positive Measures' item to be written in, we were merely asking that among the measures on behalf of young people, among the measures on behalf of adults, some small percentage should be set aside for women. The positive measures are intended to help women overcome the handicaps from which they suffer and achieve genuine equality of opportunity; if we are to have positive action on behalf of women that go beyond just fine words, then we must see to it that these measures are put through.

The same goes for education, training and access to new technologies, and here I welcome in fact that the Committee on Budgets, in response to an appeal by the Committee on Youth, Education, Information and Sport, has reinstated some of the appropriations.

I am also very pleased indeed that the Committee on Budgets has approved the appropriations for the equal opportunity action programme under Item 6440 and I hope the European Parliament will give this its wholehearted support.

**Vayssade**

Finally, I should like to stress how important it is for women to know about what the Community is doing. The Community has done a great deal. There are many measures already being implemented or in course of preparation, but for these measures to be truly effective people must be aware of all that is going on. I also believe it very important to maintain the funds under Item 2720 for information, although I am disappointed that the line for 'Women' set up last year by the European Parliament does not appear in this year's programme, and I am moreover amazed that Parliament did not pay greater attention to this; I hope it will be able to put matters right at the second reading.

The Socialist Group are convinced that legal equality, just as equality of opportunity, is vital in our societies and will vote for any proposal in the 1984 draft budget that will advance the cause of women.

**Mr Georgiadis, *President-in-Office of the Council of Ministers.*** — (GR) Mr President, ladies and gentlemen, I have listened with great interest to the debate on the 1984 budget. I shall try to answer at least some of the comments and questions raised by Honourable Members.

To begin with, however, I would just like to say that I reject all the accusations hurled at Council, namely that it has acted arbitrarily, with superficiality and irresponsibility, and I believe many of you will take the point that just as you are responsible to those who elected you, so too are the governments, which make up the Council of the European Communities, responsible to the peoples that put them into office and hence to the people of Europe as such. This, indeed, is why the decisions taken are characterized by responsibility, serious-mindedness and realism, because the problems we have in common are difficult, and good intentions alone are not enough to solve them; we must also pay due regard to what can be achieved in practice.

Mr President, please allow me to continue in German, and this for no special reason but only for technical convenience, admittedly in contravention of my basic principle, which I imagine you also share, namely that all the languages should be considered equivalent in this Parliament.

Not least, I should like to join with those Members who have paid tribute to the work done by the Committee on Budgets and, in particular, by Mrs Scrivener. The analysis your rapporteur has given of the problems confronting us alleviates the difficult problems we still have to resolve together, not only for Parliament but also for the Council.

As I said in my opening remarks, the Council welcomes the fact that Parliament has adopted our estimates of revenue in 1984. What Mr Tugendhat said about the uncertainty prevailing in this respect supports the Council's cautious view.

Mr Chanteric asked me about the current state of negotiations on the reformed Regional Fund. Since the Commission presented its new proposals on the Community's Structural Fund in August of this year, there has been an unbreakable link between the discussions on the future of the Regional Fund and this entire range of problems. I must therefore tell you quite frankly that a decision on a reformed Regional Fund is hardly likely before the solution to the general problems of the Structural Fund which are to be discussed in Athens.

As far as the Social Fund is concerned, I should like to confirm Mr Patterson's statement. The harmonization process in fact reached a successful conclusion once the Commission had agreed to contact the European Parliament before adopting the so-called guidelines and the Council had changed its attitude. I myself had the pleasure of negotiating the appropriate solutions with the President, Mr Dankert.

Mr de Courcy Ling asked very politely how the Council could justify its decisions on the Maghreb and Mashrag Agreements. As the Commission proposed in its preliminary draft, the Council included an endorsement in these financial agreements as authorization to commitments. The token entry for this budget line called for by Commissioner Pisani therefore represents a completely new proposal by the Commission.

Mr de Courcy Ling criticized the Council's position regarding the question of the delegations in developing countries. The Council has not been able to go along fully with the Commission's proposal of an increase in these funds. It has had to exercise the utmost economy with this administrative expenditure too.

I would say to Mr Lange, who has spoken of my personal views on increasing own resources, that there must be a misunderstanding. It goes without saying that the increase in our own revenue is only one element in the general discussion.

Turning to Mr Croux, I should like to stress that I and Parliament will do all we can to achieve a successful outcome in Athens. It is because I should like to help the negotiations that I proposed that the House waive the demand for inclusion of the repayments in Chapter 100. As for the Mediterranean programme, I should like to say that examination of the Commission's proposals in this connection only began at the start of the Greek presidency. This examination will be pursued in earnest in the framework of the general review of the Community's Structural Fund taking place in preparation for the Athens summit. In view of the current level of use of own resources, development of the Mediterranean programmes seems to be heavily dependent on the overall solution of the Athens package. In any event, the Council is awaiting

## Georgiadis

Parliament's views on the integrated programmes and has accordingly asked for urgent action in this matter. I should now like to turn to Mrs Hoff's comments on the Third and Fourth Financial Agreements with Turkey. The Council has reduced the payment authorization for 10 m ECU requested by the Commission to half that amount. As far as the Fourth Financial Agreement is concerned, the Council has confined itself to the inclusion of a token entry without including in Chapter 100 the funds proposed by the Commission. The Council agrees with Mrs Phlix and Mr Linkohr, Mr Herman and Mr Purvis, among others, who emphasized the importance of the research programmes. As far as Esprit is concerned, the Council has included 90 m ECU for commitment authorizations and 45 m ECU for payment authorizations in anticipation of an appropriate expert decision. In addition, the Council has included 175 m ECU for commitment authorizations and 125 m ECU for payment authorizations in Chapter 100 for the Joint Research Centre programmes.

Commissioner Pisani commented yesterday on the amendment proposed by Mr Irmer. The Council supports the Commissioner's position and is therefore against this amendment.

Let me say one last thing. This impressive debate has enabled me to gain a better understanding of the various positions in Parliament, above all as far as the specific sections are concerned. I assure you that I shall do all I can in the coming weeks to bring the positions of our two institutions as much into line with each other as possible, despite the limited resources with which we have to manage this year.

I should now like to continue in Greek, as I wish to reply to two statements made by Greek Members.

My first comment concerns the intervention by the representative of the Greek Communist Party concerning the fact that the Greek Government — and I am now speaking as a Greek Minister — is subject to pressure from the Community to define its economic or other policies. He told us that we did not proceed with the construction of a petrochemical plant because this was imposed on us by the European Community. I would like to answer the Honourable Member by saying that in all that concerns Greek affairs and Greece's international position, the Greek Government has its own criteria on whose basis it makes its own economic decisions, and that it neither accepts nor bows to the pressure of any other factors.

As for the representative of the conservative opposition in Greece, Mr Protopapadakis, who accused the Greek Government in this House of being the poor relation of the European Community, I would like to answer him by stating categorically and before you all, that the Greek Government considers itself an equal member of the European Community, and that its positions in relation to any subject are adopted on the

basis of this view of equal participation in the European Community.

Mr President, I shall not comment further on these matters of internal policy because I do not want to take up any more of your time.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, in the debate Mr Langes said that he was pleased to see that Parliament and the Commission were now allies. So I think I do need to point out to him that not only this year but in previous years Parliament and the Commission have generally shared each other's objectives. I recall particularly last year, as I do this year, the fight against unemployment and the fight against hunger in the world. Indeed, for most of the years that I have been in charge of these matters on the Commission side, I have been pleased to see that one of the major efforts on the part of Parliament has generally been to restore the preliminary draft budget. That indicates a degree of unanimity of view. At any rate, I am glad that on this occasion the relationship between the Commission and Parliament has been of a particularly harmonious kind, and I think this arises obviously, as many other speakers have said, from the extraordinarily good work done by the Committee on Budgets. In particular I would pay tribute to the rapporteur, Mrs Scrivener. I repeat that we think that, within the difficult circumstances obtaining, the committee came up with just about the fairest and most practical distribution that one could find.

Mr Adam, Mr Linkohr and Mr Purvis all raised a question concerning staff and the JRC. Two weeks ago Parliament voted in favour of the new JRC programme, including 38 new posts. In the Committee on Budgets these posts have not been accepted, and I was asked whether the Commission can confirm our need for these posts. Yes, Mr President, I can confirm its need for these posts. All the institutions — Parliament in Mr Linkohr's resolution, the Council and the Commission — agree on the staff requirement for the new orientation for the Community's direct research action, and these posts are a necessary part of that.

I was asked by Mr Helms and Mr Kirk what would be the effect on the 1984 CAP appropriations of 16 500 m ECU of the management decisions taken by the Commission last week. Rather than take up the time of the House in answering their question, especially as neither of them is actually here, I would like to refer to the fact that this afternoon at 3 p.m. I will be answering a question on that subject in greater detail than would be possible now.

Mr Patterson, Mr Adonnino and Mrs Nebout asked about the relationship between payments and commitments in the Social Fund. In 1983 there were too many payment appropriations in relation to the

**Tugendhat**

commitments and demands for payments from Member States. Therefore at least 320 m ECU in payments will be carried over to 1984. Let me stress that for commitments Member States' requests still exceed the available appropriations for 1983 and also 1984 by a very large margin. Therefore the Commission's original proposal of 2400 m ECU for commitments could be absorbed without difficulties.

Mr Fich and indeed Mrs Scrivener herself, in the form of an amendment, asked whether the Commission will propose a transfer of 64.5 m ECU for the Social Fund from Chapter 100 to the Social Fund line. The Commission will look into this matter in the light of its needs for payments in 1984. It is also quite clear that these additional appropriations could not be used in 1983.

Mr President, I have not answered all the people who spoke. Most of them are not here, but in any case Mr Lange and Mrs Scrivener wish to speak. I have attempted to take up particularly the points where Members asked for specific replies, and I hope that they will consult the 'rainbow' edition of the Report of Proceedings for the answers.

**Mrs Scrivener (L), rapporteur.** — (FR) Mr President, Mr President of the Council, let me first of all thank all the speakers who have taken part in this debate, whether as draftsmen of opinions or as representatives of their various committees, for the very large measure of support which the vast majority of them have given to the proposals that it was my privilege to lay before them. I find it enormously encouraging and I am grateful to you all for that.

Next, I want briefly to turn to you, Mr President of the Council. You have heard the debate. You must be aware that perhaps almost for the first time there is a very broad consensus in this Parliament. You must be conscious of Parliament's deep concern. It is deeply concerned about the situation Europe is in — and by Europe, Mr President of the Council, I mean you as well as us and the Commission. We are in a sense all in the same boat and it is up to you now to help us and to understand the political message that we want to get across to you: that all the Community's problems are interlinked.

What we are waiting for — we are of course reasonable people, we realize everything cannot be done at once — we are waiting for answers to all of these problems. We do not wish to see any discrimination with regard to any Member State of the Community. We hope therefore that a major effort will be made in Athens — and we are aware that it will require a major effort — to resolve this situation which is so damaging to our Community. It is in this spirit that the compromise — for a compromise is certain to be the final outcome — must be accepted.

Thank you, Mr President of the Council, for whatever you are able to do. You have a tremendous responsi-

bility, but we know that you will come up with something definite.

(Applause)

**Mr Lange (S), Chairman of the Committee on Budgets.** — (DE) Mr President, Mr President of the Council, Mr Vice-President of the Commission, ladies and gentlemen. This debate is taking place at a stage in developments which could be given a particular heading. The heading is: 'Waiting for the Council'. One may then well wonder what sort of play will be presented under this heading. Will it be a comedy, will it be a tragedy or will it be a drama? There is an interruption from the back: a tragicomedy! We shall see. We are indeed waiting for the Council and we do not say for nothing that we want at least to be clear about its intentions by the middle of November. We do not want written texts of bills. We want to be able to discern intentions so that appropriate action can be taken by Parliament for the second reading. Mr President of the Council, despite your statement you will have gathered by now from this debate what Parliament wants in the various sectors. However, if the Council does not clarify them so that Parliament can act accordingly, then the Council will be calling the entire budget for 1984 into question, or rather putting it at risk. Since we are all interested in having a budget published at the end of the year, the Council must do something about answering the questions discussed in the course of this debate, which my colleague, Mrs Scrivener, referred to again at its conclusion.

Our rapporteur has done more than her fair share of work in this connection — whether that will be rewarded, we shall see in December on conclusion of the general negotiations — the same applies to the rapporteur for the administrative budgets. If this goes as Mrs Scrivener indicated, then appropriate replies must be available and then it must be ensured that everything grouped in the compromise via Chapter 100 can be correspondingly broken down. It must just be realized that what was debated yesterday, namely future financing of the Community, is also connected with these questions. I hope that in contrast to the statement made in the Council on 20 June that the matters were unrelated and could all be dealt with separately, there will be room found or made for a better and more sympathetic insight in the Council. If we are not clear about finance for the future, then we shall not be clear either about the replies which the other questions require. I say again: the Council will then be jeopardizing the budget as a whole. A clear warning for ourselves. Many of our colleagues have given the impression — it seems to me at any rate — that they want to toy with specific questions, just like the Council which, after all, always puts everything off. Clear answers must be given to the questions — for example, how we are going to organize future financing, what we are going to do in the matter of the modulated rate of VAT proposed by the Commis-



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sion, etc. These answers should not be dodged. Otherwise, Parliament will be putting itself into an impossible position.

The same applies to the compromise which we are proposing in the budget. If the replies which the Council has to give are acceptable, the whole thing will be satisfactorily resolved. If that is not the case, things will look rather different. But one thing can be said with certainty: in future, we want to avoid a situation where any Community Member State is discriminated against in the first place, i.e. where Chapter 100 can also be used as a weapon against a country, even if only apparently. This must be quite clear. Parliament should in fact make a commitment to that. The compromise relates to an issue in its entirety and this entirety also includes use of Chapter 100. The whole thing must be carried out without discrimination against any Member State and the Council has it in its power to avoid this. If it does clarify these matters appropriately by the middle of November, I see no difficulties with the 1984 budget. However, if it does not clarify them, I anticipate problems and then we shall have to see how we get on with harmonization. As you know, harmonization — including in this context — can then be made subject to the agreement between the three Presidents, the agreement between the three bodies of 30 June last year. That in fact presents certain possibilities. But the will to arrive at a sensible result must be there.

Another thing for us to consider: there is no point at all in bemoaning the tight financial situation. It is a fact with which we shall have to live for at least another two, perhaps even three years. Thinking of some statements by certain governments, certain parliaments, it might even be longer than that. That it does not last as long as that depends on the Council also giving the appropriate positive replies to the critical questions — and they are agricultural and regional questions — which seem likely to help the countries of the Community to the extent that unreasonable situations, such as have been defined in accession negotiations before 1973, no longer arise for this or that Member State in future. This may then make it clear that Chapter 100 is a weapon with regard to the Council but in the case of Chapter 100 the impression that it is aimed at a particular Member State has to be avoided. This cannot be the will of Parliament under any circumstances. I am convinced that — if the compromise is carried by Parliament tomorrow, as proposed by my colleague, Mrs Scrivener — this even then will not appear that way in the second reading, that an overall assessment of the Athens results will therefore have to be undertaken and that from the overall assessment of those results a general conclusion will have to be drawn for Parliament's further procedure in the second reading and in respect of the second reading of the budget. Parliament wants the Community to be developed further. Parliament has

constantly stated this. Parliament wants the funds available to be applied in the policies of the Community or for the policies of the Community in such a way that they are used sensibly — on an earlier occasion I said 'rationally and efficiently'.

Turning to our colleagues from the Committee on Agriculture, we are fully aware that the Agricultural Policy may cost them more tomorrow or the day after if it is changed. It is crucial, Mr Früh — I am now addressing you personally, as you spoke for the Committee on Agriculture yesterday — it is crucial that the principle of indiscriminate distribution, which at present is putting a considerable number of small rural businesses at a disadvantage, should disappear. The same applies to regional policy. There too the principle of indiscriminate distribution must disappear, because there too we must without reservation help the backward regions which are still below the Community average. In this respect, the Council has two vital tasks — review of the agricultural policy and review of the regional policy; because certain countries in the Community cannot be helped without a review of regional policy. What also has to be avoided is the impression that any of this had anything to do with *juste retour*. The measures which the Committee on Budgets is proposing here are the exact opposite of *juste retour*. The Council must take that into account. Under no circumstances, to repeat what was said earlier, can we regard this Community as a clearing house in which members get the same amount out of it as they pay in. The question here is European solidarity, as it exists in federalist or federally organized states of the Community, that in fact the stronger help the weaker, but it must be guaranteed that this all takes place on the basis of general political and social balance and fairness, because only then, Mr President of the Council, Mr President of the Commission and Mr President, will our citizens understand that all benefit equally from the European Community under such conditions, and realize that no single Member State alone — and those responsible in the governments know this too — can resolve or answer the questions confronting us. Anyone still trying today to destroy the Community for national and egotistical motives, pursuing a petty policy based on furthering their own interests, must know that by doing so the well-being of our peoples, too, is being jeopardized. Whoever wishes to avoid this, Mr President of the Council — and I address this to the Council in particular — must show the will, practically at the last minute, to work for the well-being of the European peoples, because only then can the Community, the people, grow together and only in that way can the Community also play the role in international affairs in fact due to it on the strength of its socio-economic strength, for the benefit of the whole world and not just for the benefit of the European peoples.

(Applause)

**Mr Patterson (ED).** — Mr President, I should like to ask Mrs Scrivener, with your permission, a question following the statement by the Commissioner on Social Fund commitments.

In view of the statement by Commissioner Tugendhat, can Mrs Scrivener now amend her Draft Amendment No 562, increasing the commitment appropriations for the Social Fund, so that the payment of appropriations for next year can, in fact, be spent?

**Mrs Scrivener (L), rapporteur.** — (FR) The Committee on Budgets is meeting this evening. We shall look into it then.

**President.** — The debate is closed.

The votes will take place tomorrow at 10 a.m.<sup>1</sup>

(The sitting was suspended at 1.05 p.m. and resumed at 3.15 p.m.)

IN THE CHAIR : MR MØLLER

*Vice-President*

5. EAGGF (continuation)

**President.** — The next item is the continuation of the debate on the oral question on the suspension of advance payments (Doc. 1-934/83).<sup>2</sup>

**Mr Tugendhat, Vice-President of the Commission.** — A word of introduction, Mr President. At the start of business this morning, a number of Members, in particular Mr Clinton, but not Mr Clinton alone, suggested that the Commission had not answered all the questions which had been put to it during the discussion yesterday afternoon — I seem to recall Mr Gautier saying something to that effect at the time. I, therefore, offered this morning, in the absence of President Thorn and my colleague Mr Dalsager, to endeavour to answer the questions which I understood Members felt had been left outstanding. I emphasized that it would be myself answering, and that is what I am now about to do. I hope that we have taken a careful note of the questions which were asked yesterday, and I hope the House will agree that I am addressing myself to the points raised. I must emphasize that if we went wider than the area that was covered yesterday, as a Commissioner who is not directly responsible for agriculture I might have difficulty in providing answers. But I will go through the questions which were asked yesterday.

One question which was asked yesterday, and indeed was repeated during the budget debate by Mr Helms, for instance, was, what is the precise budget situation?

<sup>1</sup> Agenda : see Minutes

<sup>2</sup> See yesterday's debates.

I am qualified to answer that. After the adoption of the second supplementary budget for 1983, appropriations available for November and December of this year are 2396 m ECU. Average monthly expenditure between January and September was 1337 m ECU. On the basis of a simple extrapolation of this expenditure pattern to November and December of this year, 278 m ECU, in other words less than 2% of the total envelope for the EAGGF, would be outside the available appropriations.

Mr President, in June, when presenting the Commission's preliminary draft supplementary and amending budget No 2 for 1983, I clearly indicated that tight financial management might be needed in order to stay within the available appropriations. For November of this year, Member States have requested a prepayment of 1731 m ECU, that figure rising by 100 m ECU in the last days before the prepayment was decided. On this request, the Commission decided to grant an advance for November of 1308 m ECU. Since Member States' requests usually include some degree of exaggeration due to their fear of being short of money, the Commission believes that this amount for November ought to cover the actual financial requirements. So the Member States asked for 1731 m ECU, and we decided to pay 1308 m ECU, and we think that will be enough.

As a consequence, 1087 m ECU remain available for the month of December, which means, of course, that a particular effort to economize and particular vigilance will be required. All these figures, Mr President, obviously can be made available to the House when I sit down.

That brings me to the second question which was asked : what measures were taken ? Faced with the situation I have just mentioned, faced with the need, as I had warned would be the case, to take tight financial management action, the Commission did a number of things. It decided on a package of measures. It decided on a change in budgetary rules to avoid the difficulties of estimating at the end of each year the amount of second category intervention expenditure.

It decided to reduce the interest rate paid on stock financing from 9% to 8%. It decided to slow down the volume of skimmed-milk powder being subsidized into animal feed. And, as a protection against speculation, it decided to prolong for an indefinite period, but not longer than the end of the year, the temporary suspension of advances foreseen in the context of the common organization of markets. I should add, Mr President, that during the period from now until the end of the year, we shall be reviewing the whole system in order to see in what manner it might be improved. I would not wish it to be assumed that we would necessarily return precisely to the *status quo ante*. We were asked why these measures were taken. Now, as I said, tight financial manage-

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ment is necessary in order to remain within the budgetary envelope. The Commission analysed various possibilities, and it has identified this package as the one which is most compatible with, and least disruptive for, the operation of the common agricultural policy. The Commission has thus been able to avoid much more serious measures which would have affected the basic rights of agricultural producers. The Commission is continuously monitoring the situation and is open to any constructive proposals in this field. I may add, Mr President, that Member States have now been fully advised of the problems. They have not proposed any alternatives to the Commission's measures.

The Commission was asked what the effects of these decisions are. With these decisions the Commission has aimed at preserving the basic rights of agricultural producers. A financing facility which was available to traders and other intermediaries has been temporarily suspended. As a consequence, some expenditure which would otherwise have occurred in 1983 will now occur in 1984. This relates to operations which will be finalized in 1984. In other words, if somebody finalizes his deal on 20 December — to take a figure out of the air — then he gets the money in 1983. If he finalizes the deal on 4 January, he gets the money in 1984. The key date is the date on which the deal is finalized. The amounts involved are estimated at around 300 million ECU.

We were asked whether a change in EAGGF guarantee appropriations of 16 500 million ECU is necessary in view of the 300 million ECU of replaced expenditure. I would answer as follows. I said in my budgetary statement that the growth rate is only 4% from 1983 to 1984 for EAGGF compared with an average of 16% for the last 10 years and 28% for 1982 to 1983. I stressed, as I have done before, the need for urgent decisions on the proposals put forward by the Commission in Doc. (COM) 500 and subsequent implementation proposals.

Obviously, the tightness of the situation is now even more pronounced than it was when the Commission drew up the preliminary draft budget and I issued the warnings which I issued at that time. However, if the proposals of the Commission are adopted in time, our present estimate is that the appropriations will be sufficient in view of the substantial economies contained in the Commission's proposals. I cannot be more precise than that. I do not know whether the proposals in (COM) 500 will be adopted and I certainly do not know when they are going to be adopted, but we believe that if they are adopted sufficiently quickly — and, of course, we want the whole of the Athens negotiation to end on time — the appropriations will be sufficient. If, of course, the proposals of the Commission are not adopted in time, let alone if they are not adopted at all, there is a great likelihood that the Community will face even more serious requirements for tight financial management in the course of next year than is the case now.

Mr President, as I said at the outset, I hope that I have managed to answer the questions which Members felt were outstanding at the close of the one-hour debate yesterday afternoon.

**Mr Marck (PPE).** — *(NL)* First of all I would like to thank Commissioner Tugendhat for his explanations. He did manage to dispel a good part of the poor impression which the Commission created yesterday. Yesterday in fact we got no answers, as now appears from the answers which Mr Tugendhat has given. I am therefore very grateful to him.

As far as figures are concerned, I can agree with the decision of the Commission of making provision for only 1308 million ECU for November. I think that this is in fact a wise measure and I ask myself just to what extent the special resolution was necessary, for then there still remains a sufficient amount over for the month of December, seeing that this tends to be a month where not much goes out. But I am therefore fundamentally in agreement with the strict financial management that he advocates and also with the decision to give no more extra than 1300 million ECU for the month of November.

Mr Tugendhat also states that the date of the transaction shall determine the payment of the financial facilities. I would very much like to know to what extent the Commission wants to use up to the maximum the resources for 1983, for this seems to me very important. The carrying over to 1984 is a solution of convenience; I would not however welcome it being laid down that, precisely as a result of the provisions of the Commission in 1983, specific credits of the EAGGF are left over. I therefore urge the 1983 credits to be used to the full in order to keep the negative consequences of the measure as limited as possible.

Mr Tugendhat also said that the measures which the Commission has taken represented the lesser evil for community agriculture; on this we can naturally be of different opinions. Personally I would think that the farmers are in fact not going to be much troubled by them, but that the processing industries and the export industries might experience difficulties, but this is something which we will probably not be able to establish until after the end of the periods. It thus remains an open question.

Finally I would like to say that I got the impression from the Commissioner's statements that the measure is mainly intended to exercise pressure on the EC Council of Ministers to accept the draft in document (COM) 500. This is naturally a tactical consideration. On this as well we can be of different opinions, but I think that a tactic of this nature goes a bit too far and has led to some confusion in the agricultural markets.

Finally may I say that nevertheless Mr Tugendhat made a good impression with his explanations and that thereby the bad impression of yesterday has to a large extent been removed.

**Mr Curry (ED).** — The Commission this morning authorized the export of 400 000 tonnes of wheat flour to Egypt at a special restitutional level of 7 ECU per tonne higher than the normal restitution. Can the Commissioner say how much of this will have an incidence upon the 1983 budget and since this is obviously a very political sale in the sense that this destination has been subject to a lot of controversy following certain American sales, that he does not envisage any difficulty in fulfilling those obligations in the long term?

**Mr Clinton (PPE).** — I should like, first of all, to thank the Presidency for making the arrangements to have this time available to get fuller answers to the questions that were asked yesterday and to those that were not answered at all. I too am very grateful to Commissioner Tugendhat. He has cleared the air to a considerable extent, but not fully, as I see it.

I did ask a couple of direct questions, namely, would there be any money left over unspent in this year's budget on 1 January next year? Are there any appropriations in any other sectors of the budget that could have been transferred and which might have made the new measures that have been brought in unnecessary? I also asked if at least the poorer sheep farmers could be paid money that is owing to them, or will they have to wait further until next year for payment? I asked if exports were being slowed down deliberately in order to preserve funds, so to speak, and whether there is any way to avoid this disruption of trade at a time when we have very large stocks of produce and when we know that it is going to cost the Commission much more money the longer we hold them in stock.

I think that those are all the points that were agitating my mind. The other points, I think, have been fairly effectively answered.

**Mr Seligman (ED).** — Just a very small point of detail. You mentioned the word 'finalized', Commissioner. What does 'finalized' mean in all languages? Does it mean when the contract is signed, when the first deliveries start, or when all deliveries have been completed?

**Mr Maher (L).** — I too, would like to thank Commissioner Tugendhat for helping us to understand better exactly what these measures were about, because we were left in a very bad position yesterday. I think it did not give rise to great confidence in the Commission. However, thanks to him, it has been regained a bit now.

I would like, nevertheless, to ask the Commissioner to explain what he meant when he said that the Commission would not necessarily be returning to the *status quo*. Does this imply that there will be a very definite

change of direction in relation to how the refunds will be applied, or the amount of those refunds? That is quite important in the long term, because we got an assurance from the Commission only two weeks ago that we would be returning to the *status quo*. That is my recollection.

My second question is this. Is there a danger that we are only putting off the problem? Traders are likely to hold back stocks and wait, in fact, until the refunds begin to operate again. So demands are then going to be made on the budget for 1984. Are we only transferring the problem from 1983 to 1984 without, in fact, bringing about any improvement, creating disruption and distortions in the meantime?

**Mr Tugendhat.** — Mr President, may I begin by thanking Mr Maher for his kind comments at the outset.

The Commission believes that it will need all the money that has been made available in the second supplementary budget. In other words, assuming that the Member State administrations submit their requests on the nail — which is what I *am* assuming — we do not believe that there will be any money left over in the EAGGF Guarantee chapters; and we believe that had these measures not been taken, we would have run into a shortage. We have to take a conservative view of these matters. We have to assume that the requests will come in quickly and we have to operate on the basis that we can pay when we are asked. I cannot guarantee that all 10 administrations will work with absolute clockwork efficiency up until the last day of the year, but we have to work on that assumption.

Mr Clinton asked whether I could guarantee that there would be no money left anywhere in the budget and whether transfers couldn't be made. That is a very different question. Our experience is that almost invariably there are unspent balances of one sort or another in different chapters of the budget at the end of the year, and I have no doubt that that will be the case again on this occasion. However, I would remind Mr Clinton and the House in general that this House emphasized very strongly in the debate on the Notenboom question in early October — and I remember Mr Notenboom himself raising this point — that we should not rob Peter to pay Paul, that we should not drain money out of the non-obligatory chapters in order to keep the EAGGF going. Mr Notenboom asked for a particular assurance on that point. The other point that I should make is that in order to make a transfer from non-obligatory to obligatory expenditure we would, of course, require the authorization of this House, and the impression I have been given — I recognize that different Members may have different views — is that this House would not welcome a request to make a transfer from non-obligatory to obligatory expenditure.

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Mr Clinton also asked about the decision on sheepmeat. I understand, with regard to the prepayments for the sheepmeat regime, that the decisions for those, in fact, take place on 1 January 1984 rather than in 1983. However, I warned at the outset that I was moving into territories for which I am not responsible. I would be grateful if Mr Clinton could pursue that matter with the Commission services and I will try to arrange for him to receive a reply. I do not feel confident of giving one as I stand here.

Mr Curry asked a question about the wheat flour sale to Egypt. Perhaps I might call on the official statement that the Commission issued this morning. As it is an official statement, I will be able to make it available to Mr Curry afterwards. The Commission has decided to introduce a special export refund for up to 400 000 tonnes of wheat flour for Egypt. A special refund is necessary to enable Community exporters to recover a share of the Egyptian market. This is a traditional Community market, which was lost in 1983 following the sale of 1 m tonnes of American flour at low prices. The special refund has been fixed at 7 ECU per tonne which will be added to the normal refund currently standing at 72 ECU per tonne. This will mean an additional expenditure of 2.8 m ECU on top of the normal cost of 28.8 m ECU. As the flour will, in practice, be exported over the period December 1983 to July 1984, while the payment of advances to exporters has been suspended until the end of 1983, there should be no extra expenditure for the 1983 budget. I hope that that answer to Mr Curry goes some way to reassuring Mr Clinton that we remain active in export markets.

It also brings me to a question asked by Mr Seligman, who wanted to know what the Commission meant when it talked about 'finalized'. This means that the products have arrived at their destination — that is the important point — or that transformation has been completed in the case of products like tobacco, which one does not eat and which goes through a certain amount of transformation.

Mr Maher took up the point which I made when I said that I would not wish to give the impression that we would necessarily return to the *status quo ante*. What I meant by that was this. Certain arrangements have been in place in the Community for some time. Those arrangements have been suspended from now until the end of the year. Between now and the end of the year we will wish to examine very closely whether arrangements which have been in existence for some time are or are not necessarily the most appropriate way to proceed in the future, or whether there shouldn't be some changes in the practices which we have had. By some changes I mean some changes that could affect all commodities or perhaps some changes which would only affect some commodities. What I meant to indicate was that we will be reviewing the situation during this breathing space, and I did not

wish people to leave this Chamber with the impression that I was guaranteeing that the *status quo ante* would be fully restored on 1 January. We are going to see whether the arrangements which we have had up till now really are the best and most appropriate way of proceeding, or whether it might not be better and more efficient and more in keeping with the constraints under which we have to live to make some adjustments. I hope people will not read more into that than I am intending to say, but I did not want a misunderstanding to arise.

**Mr Hord (ED).** — I would like to ask Commissioner Tugendhat a supplementary question about the policy with regard to exports. Mr Curry asked a direct question about the current sale of wheat flour to Egypt. The Commissioner's response was that this would be sustained by the 1984 budget on the basis that it was anticipated that deliveries would take place principally in 1984. I would like to ask the Commissioner what the situation would be if an export required delivery during 1983. Would the Commission be able to finance such orders, having regard to the difficulties with the 1983 budget? It seems to me that, in effect, there is a preclusion against any exports taking place which require delivery in the present financial year. I would like to have the Commissioner's response.

**Mr Tugendhat.** — The Commission would be obliged to honour its obligations and, of course, the Commission's policy will be to honour its obligations for as long as there is money in the budget to enable us to do so. We have assumed that there will be exports between now and the end of the year. We have not assumed — this goes back to Mr Clinton's point — that this will suddenly come to a halt. I do not think I can go further than that in answer to Mr Hord.

**Mr Clinton (PPE).** — Just one further supplementary. It is a matter of great concern to exporting agencies. They can stand it fairly well up to the end of this year, but if it is continued into next year, they simply will not be able to arrange cover to the extent that will be required after that. Could Commissioner Tugendhat give us an assurance that, in fact, it ends at the end of the year? Also, could he give us an assurance that exports from intervention stocks are not being deliberately slowed down in order to conserve funds at the present time?

**Mr Provan (ED).** — I personally have been supportive in the action the Commission has had to take in this difficult situation that we find ourselves in. Is it possible for the Budget Commissioner, who is here with us this afternoon, to quantify in any way at all the carry-over effect into the 1984 budget of the actions that the Commission has had to take in the remainder of this year?

**Mr Seligman (ED).** — There is another point arising out of Mr Clinton's contribution. Last year cereal surpluses were exported at a very much reduced price when they could have been sold to farmers at that reduced price. If this had been done, a lot of cereal users would not have had to go out of business. Would he comment on that and on whether this year we can be more flexible, with cereal surpluses being made available to farmers on the home market?

**Mr Tugendhat.** — I cannot go further than the initial statement which I made in relation to all the points that have been raised. In relation to what Mr Clinton asked about what happens at the end of the year, I have been as clear as I can be. I quite understand that there are problems for exporters, and I can certainly assure him that in conducting our examination as to the best way to proceed in the future, that would certainly be one of the considerations which we take into account. I cannot go further than my initial statement.

I cannot go further than my initial statement to Mr Provan either. I did give the figure in my initial statement of 300 m ECU. Mr Seligman is leading me onto ground which, I must confess, I do not feel qualified to trample on. I think E. M. Forster had something to say in that regard.

**Mr Maher (L).** — What we have just heard is a clear indication in my view — please, Mr Tugendhat, do not misunderstand me — that this Parliament is not being taken seriously by the Commission. Mr Tugendhat in fairness to him, as he said himself, is not fully competent in the field of the questions we have been asking him. We do not expect him to be. He is the Commissioner for the budget. But we have not received the full answers to which we are entitled from that part of the Commission that is responsible for this subject. I would insist, Mr President, that you bring this to the notice of the Commission and that DG VI should be in attendance in Parliament and should provide us with the kind of information to which we are entitled.

**Mr Tugendhat.** — I know Mr Maher's long-standing and continuing interest in the affairs under discussion. I would only say to him that obviously Commissioners cannot be in several places at once. Each Commissioner is mandated to answer for the College as a whole. It would, of course, have been possible to delay by 24 hours or 48 hours or anything else the answers to today's questions. I think I am right in claiming that I answered all the questions which had been raised yesterday. Some other questions came up today. I think there was only one of those that I did not feel able to answer off the top of my head.

But I think it is important to emphasize the point that we are dealing with very sensitive matters that do

have a big impact on markets, that do have a big impact on the agricultural community and its hopes and its fears and that before the Commission — be it myself or my colleague, Mr Dalsager, or anybody else — gives an answer it would be wise to think very carefully and to give a considered answer even if it has to do so in writing or after the debate, rather than to seek to answer on one's feet in the hemicycle, only to find that something has been misunderstood or that one has not got the phraseology quite right. I am terribly conscious of the dangers of this area and that is why I have endeavoured to choose my words with such care. I will certainly, of course, ensure that all the questions which were raised this afternoon, both those which came up yesterday and those which came up today, in particular those where I am aware that I was unable to provide a full answer, are transmitted to my agricultural colleague.

**Mr Aigner (PPE), Chairman of the Committee on Budgetary Control.** — (DE) I should like to ask the Commissioner whether he is prepared to give a clear reply to the questions raised on Tuesday of next week at the meeting of the Committee on Budgetary Control, since he has not been able to do so here, for reasons which I quite understand.

**Mr Tugendhat.** — I will convey Mr Aigner's point to my colleague, Mr Dalsager. I am always prepared to answer for the Commission on all questions and some of the questions which we have today are of course directly in my field, but I do not wish to give the impression that I am on permanent standby duty for DG VI.

**President.** — We are gratified that Commissioner Tugendhat has placed himself at our disposal in the absence of both Commissioner Dalsager and the Commission President. We have this situation because this matter was not originally on the agenda. However, I appreciate Mr Tugendhat's observation that the Commissioners are collectively responsible, and that one of the Commissioners has duly replied.

The debate is closed.

The vote on the request for an early vote on the motion for a resolution by Mr Pranchère and others, winding up the debate, will take place at 5 p.m. today.

**Mr Blumenfeld (PPE).** — (DE) In view of the fact that we still have precisely an hour before the start of voting, could you please give the House some information regarding the further course of the sitting?

**President.** — Mr Blumenfeld, we have a good hour before we come to the vote, and in the intervening time we shall start on the reports by Mr Vandemeulebroucke and Mr Seeler in accordance with the agenda which you yourself agreed together with your group.

**Mr Blumenfeld (PPE).** — (DE) Mr Seeler's report is extremely important. I do not know whether it can be dealt with in 10 or 15 minutes. My question is therefore: Do you wish to start it and continue tomorrow, or have you allowed for another possibility? I believe that a report so important to the entire House should be debated at some length and not called just 20 minutes before the start of voting.

**President.** — Mr Blumenfeld, I must point out that we agreed this morning to take the two reports today. If we are not through by 5 p.m. we must suspend the debate since we do have to proceed to the vote.

#### 6. Non-nuclear energy

**President.** — The next item on the agenda is the report by Mr Vandemeulebroucke, drawn up on behalf of the Committee on Energy, Research and Technology on

the proposal from the Commission of the European Communities to the Council (Doc. 1-596/83—COM (83) 311 final) for a decision adopting a research and development programme in the field of non-nuclear energy (1983-1987) (Doc. 1-808/83).

**Mr Vandemeulebroucke (CDI), rapporteur.** — (NL) The research programme 1983-1987 for non-nuclear energy is a very substantial document and I would like to express my sincere appreciation to the Commission for it. The research programmes, as they have been drawn up by the Commission, bear witness to a very strong element of energetic drive and the whole gives the impression of a coherent vision, experience and of a soundly-based approach, this despite the fact that the Community is only on its third multi-year programme. Thus, for example, programmes such as Eurelios, where experience has been less favourable, have been allowed to lapse. Good programmes, for example in relation to biomass, or solar cells, have been maintained, while new projects have been announced, such as hot rocks. Also the time when we are discussing this programme has been a particularly happy choice. For we should not do other than let this proposal go forward together with the budget debate. What is the point of putting down on paper a multi-year programme when in the end result it turns out that the financial resources provided for them get cut back in a most irresponsible manner.

On a first reading the Commission makes available 28 million ECU for fixed credits. The Council brings this all under article 100, that is to say all in one packet, and therefore the figures become particularly low. This is why I have put forward my amendment in association with the budget on article 73.20 in chapter 100 to give a clear definition and a specific figure for non-nuclear research. What makes it worse is when we know that the Commission is technically in a posi-

tion to do more but is hampered because of lack of resources and personnel. I hope then that the Parliament, in voting on the budget, will also support, with reference to the energy chapter, the figures which the Commission had originally put forward.

Mr President, I have however some critical observations. The programme comes one year too late in that the Commissioner was waiting for the general overall energy programme. This meant that we missed getting a legal basis for entering the necessary resources into the budget as fixed credits. A start should have been made on the whole programme in June 1983.

A second criticism: it is to be particularly regretted that in the whole research programme there is no word on tidal energy. It is known that Great Britain does not like it but this is not a satisfactory argument for the Commission to do nothing at all on the matter.

In the Parliament we were agreed, and this is then a third point, that the creation of new employment should have an absolute priority in policy-making. In the whole document from the Commission there is in fact only once any mention of employment. I concede that research does not lead immediately to jobs but it would have been better to guide the priorities of this research to these alternative sources of energy where in the short term there is a possibility of new jobs. In this I am thinking of biomass and the relationship with the agricultural sector, of wind energy, and of tidal energy. All of these are primarily small scale, and therefore could promote employment, especially in structurally backward regions.

Finally we regret very strongly that there is no coordination in existence or provided for, or in any case too little coordination, between what are called demonstration projects, and the research programme for pilot projects. Demonstration still comes under the jurisdiction of the Directorate-General for Energy and one is anyway five years behind in planning. There are always people who have a different timing. Both the continuity and the commercialization of the non-nuclear sector are made much more difficult by this duplication of structures.

Finally, Mr President and colleagues, I would ask you to accept this proposal, a proposal that is extraordinarily apt in its timing. I can inform you that there are no amendments to this proposal and I hope that not only will the proposal be accepted unanimously but that also when we come to the vote on the budget we shall act accordingly.

IN THE CHAIR: MR PFLIMLIN

*Vice-President*

**Mr Bernard (S).** — (FR) Mr President, the Socialist Group unanimously welcomes the excellent report presented before Parliament by Mr Vandemeule-

## Bernard

broucke on behalf of the Committee on Energy, Research and Technology, which also adopted it unanimously. This unanimity in the committee is in our view a particular cause for satisfaction.

Indeed, as long ago as 1979 the Socialist Group, despite scepticism and prejudice on the part of certain Members — certain British Conservatives, in particular — tried extremely hard to win acceptance for three fundamental ideas, ideas which today, as Mr Vandemeulebroucke said a moment ago, now enjoy wide support, which we see as a hopeful sign.

The first fundamental idea is to place the European Community in a position where it can truly come to grips with its energy problems and thereby achieve a vitally important political objective, namely 1) reduction of its potentially suicidal dependence on imported energy, 2) expansion or development of the most deficient regions — and here I should like to take up what the honourable Member said about this earlier and its possibly favourable impact on employment — and 3) the opening up of major export outlets. That is why, on this first point, we are encouraged by the figures quoted by the Commission in relation to the already appreciable and increasing proportion of new energy sources in our overall energy production, from the additional 6.5 %, as a minimum, envisaged between now and 1990, to the additional 13.5 % by the year 2000, to which of course must be added the advantages to be derived from energy conservation and the improved use of solid fuels.

Second fundamental idea: to maintain and even increase the pace of progress in European research and technology in those sectors that show most promise, such as photovoltaic energy and biomass in the immediate future and geothermal energy in the longer term.

We are accordingly delighted to see this report recapitulate the initiatives already taken and the policy objectives already outlined in this regard by the Commission, and we join the rapporteur in complimenting the Commission, stressing at the same time, as he did himself, the importance we attach to the need for tidal energy to be included in its preoccupations.

The third fundamental idea is the idea — which by now should be obvious to all — that non-nuclear energy technologies can constitute valuable and even vital aid for the Third World.

For these three reasons the Socialist Group is prepared to endorse Mr Vandemeulebroucke's report, joining with him in deploring the year's delay in implementing the programme and, of course, in reminding the budgetary authority of the urgent need to grant this programme the very reasonable and very realistic funds of 379 million ECU for the four-year period covered by the programme. This would have the incidental effect of helping to restore some sort of balance between nuclear and non-nuclear expenditure.

In conclusion, Mr President, would it not in fact be unreasonable, by draconian budget cuts, to endanger the beneficial effects of the Community programmes currently under way when, because it is particularly conscious of the vital role that research and technology have to play in our European Community, the future French Presidency of the Council has already announced in this connection a number of bold initiatives and proposals?

**Mr Seligman (ED).** — Mr President, Mr Vandemeulebroucke is much to be congratulated on this report. It is an excellent report because it doesn't bang away about nuclear power and all the usual arguments against nuclear power. It brushes over that problem and gets on with the job of looking at alternatives. But of course the title is rather a strange one because non-nuclear power really means oil, coal, gas and all the other sources of power that we have and yet it only concentrates on quite a narrow section of alternative powers. I will come back to that point in a minute.

This research programme is working in a vital area, and Parliament should definitely support it. Non-nuclear energy has enormous advantages. Firstly, it is diversified. It means that all our eggs are not in one basket, as they are with oil or even with nuclear power. Secondly, most of this sort of energy is indigenous and therefore not subject to disruption in the case of enemy action. Thirdly, it is well dispersed and therefore, in the same ways, not vulnerable. It is also renewable, and we are constantly seeking indefinitely renewable energy. We are not really making enough progress in that direction. We have got to learn better how to convert the enormous power of the sun into energy that we can use.

Another advantage of this sort of energy is that it avoids the rush into towns and provides employment in the countryside where we really want to have the employment. Finally, of course, it helps to avoid imports of oil, not only in the EEC but more importantly in the developing world. So we support this form of energy and we back the research programme aimed at making it more effective.

I am particularly interested in energy from biomass, and I think it makes absolute sense to grow energy crops instead of growing surplus products like milk and cereals, which no one wants. We need the energy, we do not need the food surpluses. I think this should recommend itself very much to farmers in the Community. It is a solution to the farmers' problems. Not only can they produce their own energy, as indeed they used to in the time of horses (25 % of their barley went to feeding their own horses), now they can grow biomass energy to feed their tractors. This is obviously to their advantage. It would be a great help to the CAP as well, because instead of producing surpluses of food we produce energy that we need.



## Seligman

I do think that the programme needs to move more rapidly from the pilot and research stage to the commercial demonstration stage. We have done so much research in this area that it is time we went on to prove to farmers and other people that they can make a living out of energy crops. That is, to my mind, the priority.

I very much doubt the figure of 13.6 % given for the proportion of total primary energy that will be supplied by these alternative energies by the year 2000 — unless, of course, you include coal, which I suppose theoretically is included. If you exclude coal, it is doubtful whether more than 7 % will come from these sources of energy. Nevertheless, that is a very important amount.

I think it is very right to study the improved marketing of coal. Coal has a very bad image as a bulky, inconvenient, dirty and environmentally harmful product. People do not like having to have it in their homes if they can avoid it. Much more research should go into making coal more acceptable in, for instance, domestic use and in other uses. So many of our problems in the EEC could be solved if we devoted more attention to disposing of surpluses by better marketing and less attention to cutting production and limiting supply. We must get on and get the stuff moving just the Japanese do.

There are many other non-nuclear energies which are not mentioned in this report, as I said at the beginning. There is ocean thermal heat, there is fuel cells, there is solar satellite energy, there is, as someone mentioned, wave and tide and wind. I think wind *is* mentioned, but not wave and tide. I would like to know why these have not been mentioned, and perhaps the Commissioner, when he answers the debate, will give an answer to that point.

**Mrs Ewing (DEP).** — Mr President, I rise because of a passionate support for alternative energy sources, living as I do in a remote part of the Community where we have plentiful supplies of all these commodities, with the exception perhaps of sunshine. Of course, that does not seem to stop us having solar energy, so the scientists say. We have plentiful wind, plentiful more or less undeveloped biomass and we have the possibility of solar energy, as well as wave and tide energy from the enormous coastline and the fairly rough seas.

In my area the Community has expended monies on pilot projects in connection with wind and biomass, but we really need now to advance from what I would call the experimental stage. I do not think we can justify remaining at pilot experimental stages when a country such as Denmark has proven the use of windmills with a very sensible state system of allowing windmill buyers and owners to use the national grid as a feedback system, getting credits and debits. I am assured, having visited windmill factories in Denmark,

that they end up by having a profit-making asset, thereby encouraging the use of wind in Denmark. There is no reason why the Danish example should not be followed. We need more expenditure to go beyond the pilot projects — of which there are two in my area benefiting from EEC funding — into the actual development of windmills as ordinary commercial items, as they are in Denmark. Some would say that they mar the landscape, but if you look at the Danish situation, I do not think that that is a fair comment. Windmills were always regarded as romantic things, and perhaps the modern one can be just as beautiful.

So far as peat and biomass are concerned, you have the example of Ireland as a country which has used peat for fuel purposes. That is not, of course, the only purpose of peat. In my area the peat is not always in places where it can be easily harvested. However, modern machinery, developed in Germany and elsewhere, has now made it quite possible to extract peat even from ground that is not flat. There are vast reserves of peat in the North of Scotland in the flat areas of Caithness that are largely unexploited, and I think the technology certainly exists. Once again, there is no lack of willing producers, but there is a lack of investment. I think it would behove the EEC well to look very carefully at the funding here, because it is in all our interests. It is in the interests of those who are worried about pollution and acid rain. It is in the interests of those who are worried from an economic point of view about the huge oil imports. It is in everyone's interests to develop these renewable sources.

We have experiments going on in Scotland on wave power. We have one in Loch Ness which seems to be a great success. Once again, although that is being proved capable of providing the necessary modern technology, it is not being encouraged. I do not know why, and I think we really must stop this negative attitude to alternative energy.

Mr Seligman made many of the points I would like to make. However, I would like to emphasize that in this type of development you are encouraging rural life, rural jobs, stable jobs and stable communities. That must be in the interests of the whole Community.

Lastly, I would like to say that the benefit to the Third World of alternative energy sources is immeasurable. Many of these technologies, which are already available in the UK and in the Community, have the concept of 'small is beautiful' and do not require vast amounts of capital to give great assistance. For instance, in Kenya the use of a wind pump has brought water to whole areas in return for a fairly small expenditure. A river turbine can be adapted for the purpose of refrigerating fish. All these technologies are available, and think of the advantage to our Lomé partners if only there could be more positive funding and a more positive attitude to developing these technologies.

**Ewing**

I think those who are in this field all over the Community should be encouraged by the total support of this Community for all these excellent sources of energy.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, I am afraid that the House is going to hear me on a great many subjects during the present week.

The Commission's proposals for a non-nuclear R & D programme, which is in front of us now, constitutes one of the important elements or outcomes of the Community R & D framework programme. Its aim is to continue and even reinforce the Commission's commitment to the development of two important sets of technologies which should help, in particular in the medium and long-term, to secure the Community's energy supply.

The first set of technologies, concerning the exploitation and utilization of renewable energy sources of various kinds, intends to enable the best exploitation of the solar, wind, biomass and geothermal sources which could make a sizeable contribution to the energy supply. By sizeable I am really referring to something between 5 and 7 % of our total energy supply in the year 2000 and more in the next century.

The second set of technologies concerns the wide range of topics falling under the heading 'Rational use of energy'. They aim at exploiting the enormous further possibilities of reducing our energy demand, that is, by reducing it by something of the order of 15 % up to the year 2000. Here we have the main axes of action in the energy conservation field: new technologies for utilizing solid fuels — by solid fuels I mean peat and lignite as well as coal — and the production of alternative portable fuels derived from coal and biomass.

The programme also includes a chapter on energy systems analysis which should serve further to develop and put at our disposal the tools for assessing the consequences of our actions and energy strategies.

Mr President, we should not fall into the trap of unlimited enthusiasm especially with regard to the energy potential of renewable energies. But all long-term energy scenarios which we can imagine must include, in addition to coal, conservation and nuclear energies and the utilization of renewable energy sources. Together with fusion, renewable energy sources will be required in the future. But they can only play their role if we proceed now to create the necessary technological know-how and if we put our industry into a position to remain competitive in this growing market of the future.

The Commission has proposed a programme of research in non-nuclear energies which it believes to have the optimum size of coverage to meet the

present needs of the Community. It is very grateful for the supportive reception given to these proposals by the Parliament, both in the report of Mr Vandemeulebroucke and in the resolution on which you are called upon to vote today. I am confident that the House will confirm its support in a strongly-worded affirmative vote.

In the present difficult financial situation of the Community, it must be expected that there will be a variety of views on our capacity to support increased research expenditures. As the House will be aware, there is evidence of this divergence of views in the discussions which have taken place in the Council. Some Member States feel that a programme of this magnitude cannot prudently be launched in the present circumstances. The Commission, of course, hopes to be successful in persuading the Council of the validity of its proposal. In this endeavour, it looks forward to the support of a favourable opinion from Parliament.

I recognize that the success of the Commission's arguments cannot be guaranteed and that it could prove impossible to achieve agreement on the programme except at a level of resources significantly lower than that proposed by the Commission. Reduction of resources must imply a reduction in the extent of our ambitions and in consequence, the Commission would have to review and reduce the objectives set for the programme. The support of Parliament for this programme is important to us both for its place in the programme decision process and for the constructive stimulus which, if it parallels that given to the previous programmes, can greatly encourage the execution of the programme. The Commission, for its part, will exert itself to execute the mandate given by the Parliament and the Council in an energetic and cost-effective way.

Mr President, I ask the House to give us that mandate.

**Mr Bernard (S).** — (FR) Closely as I listened to all the replies given by Commissioner Tugendhat, I do not believe that I once heard him refer to a problem that was certainly mentioned in the report and which has moreover been discussed by the rapporteur here before the House, as well as by every speaker in the debate: this is the problem of tidal energy.

The Commissioner cannot be unaware that there is already in Western Europe, namely in Brittany, a tidal energy installation that has been in operation for over ten years.

Is he able to give us any indications as to the inferences, from the point of view both of technology and of energy, that one may be able to draw from such experience, for I believe they could possibly provide answers to some of the questions raised during the debate by various speakers on behalf of the political groups.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, I recognize that the question of tidal energy is one of very great interest, particularly in those parts of the Community where the tides are greater than elsewhere. All of us will perhaps remember that when Julius Caesar invaded England for the first time his boats got stuck up on the beach, because he had been accustomed to Mediterranean tides rather than the tides we have in the Channel. Mr President, in the light of that experience the UK is at the moment conducting very extensive research into tidal energy, and the results, I understand, will become available to the Community. When that has been completed, the Commission will be in a position to decide what role we ought to play in a broader Community context. At the moment our view appears to be that this is the most cost-effective way of proceeding.

**Mr Seligman (ED).** — The Commission has not answered any of my questions either. I mentioned further sources of heat which have not been mentioned — ocean thermal heat, fuel cells, solar satellite energy. I also asked him to concentrate more on the marketing and the making of coal more acceptable. None of this was commented on in his reply. Would he be kind enough to do as he did on the agricultural thing — ensure that we do get written answers to these points?

**Mr Tugendhat, Vice-President of the Commission.** — I would certainly give that assurance to Mr Seligman, Mr President.

**President.** — The debate is closed.

The vote will take place at the beginning of the sitting of Friday, 28 October.

#### 7. Gatt

**President.** — The next item is the report by Mr Seeler, drawn up on behalf of the Committee on External Economic relations, on the delineation and further development of GATT and of the free trade principle underlying the GATT system and possible consequences for the EEC and GATT (Doc. 1-493/83).

**Mr Seeler (S), rapporteur.** — (DE) Mr President, I would ask you and the House to adjourn this report until tomorrow afternoon — as originally scheduled. Most speakers for the groups are not present and so cannot listen to my introduction. In addition, I think the subject requires that it be dealt with in the presence of the groups, as scheduled. I should therefore be grateful if the report could be postponed until tomorrow afternoon.

**President.** — The rapporteur proposes the adjournment of the debate pursuant to Rule 87 (1) of the Rules of Procedure. I put this proposal to the Assembly.

(Parliament agreed to the request — the sitting was suspended at 4.30 p.m. and resumed at 5 p.m.)

#### IN THE CHAIR : MR KLEPSCH

##### Vice-President

**Mr Denis (COM).** — (FR) On a point of order, Mr President, do you not think that you should call on the appropriate committee to draft changes to our Rules of Procedure for which, plainly, there is a desperate need?

The fact is that the 120 000 inhabitants of Grenada, a small ACP State associated through Lomé with the European Community, are the victims of a bloody invasion by the American superpower,

(Loud protests from the centre and right)

**President.** — There was no point of order in all that, Mr Denis.

**Mr Denis (COM).** — (FR) ... and it would appear, according to our Rules of Procedure, that we are not even to have an opportunity to express the indignation of our Parliament, which I trust is unanimous. Under these circumstances, therefore, I am persuaded that there is something wrong with our Rules of Procedure...

(Applause from the Communist and Allies Group)

**President.** — Mr Denis, the Bureau is aware of this problem. It also notes that there has been no opportunity to discuss the assassination of the Prime Minister of Grenada. In accordance with our Rules we shall shortly be holding an urgent debate on questions connected with Grenada. But for the moment we have to deal with the votes provided for on the agenda.<sup>1</sup>

#### 8. Votes<sup>2</sup>

##### FERGUSSON REPORT (DOC. 1-455/83 'ARMS PROCUREMENT')<sup>3</sup>

Entire motion for a resolution — Amendment No 72/corr.

**Mr Alavanos (COM).** — (GR) Mr President, it would be better not to resurrect a matter concerning which in the last part-session the President, Mr Dankert, offered an apology. I would like to request that we proceed normally with the vote, in other words that we vote on amendment No 1 up to paragraph 3, then put paragraph 4 to a recorded vote, and irrespective of the result, thereafter continue voting on the amendment. This is the normal practice, Mr President. However, illegitimate means are being used in an effort to avoid a recorded vote on paragraph 4, and I therefore ask you not to insist on this.

<sup>1</sup> Suspension of early payments in the agricultural sector (Request for early vote): see Minutes

<sup>2</sup> See Annex

<sup>3</sup> See Verbatim Report of 11. 10. 1983, page 67 and of 13. 10. 1983, pages 215-216.

**President.** — Mr Alavanos, in the normal way a separate vote would not be possible under the usual procedure. But in order to be as accommodating as possible I shall proceed as suggested. We shall now see what the House decides. I shall first ask the rapporteur his opinion on Amendment No 72.

**Mr Fergusson (ED), rapporteur.** — I am against this, Mr President.

*After rejection of the amendment*

**Mr. Alavanos (COM).** — (GR) I have no new argument, Mr President. Quite simply, you have no arguments at all, and I'm afraid you are acting arbitrarily. This vote has by no means rejected the entire amendment, as you have just claimed. It rejected the amendment up to paragraph 3. I call upon you to proceed with the vote on paragraph 4. There has been no vote that rejected the entire amendment, just a whole series of tricks. You even claimed you had never received an application for a recorded vote. Let's stop behaving in a way that is an insult to Parliament. I call for a recorded vote on paragraph 4.

**President.** — Mr Alavanos, your request was for precisely the opposite. You wanted a separate vote on paragraph 4, and I agreed to this, although it is not quite in keeping with the Rules. I ought actually to have put to the vote the whole of Amendment No 72 which, of course, would have been rejected with the same majority. You know that as well as I do. Since Mr Dankert promised you that there would be a separate vote, I acceded to this, but I did point out to

you earlier that the House rejected your amendment up to paragraph 3 inclusive, and paragraph 4 no longer has any bearing on the Fergusson report. Consequently I cannot now see any way of meeting your wish.

**Mr Kostantinos Nikolaou (S).** — (DE) Mr President, you are perfectly right, but you did not grant the request for a roll call vote.

**President.** — A roll call vote was requested only for paragraph 4. We acceded to the wish of the author of the request, but the House has made its decision, and I cannot now rescind a decision of that House.

*(Applause)*

ARNDT REPORT (DOC. 1-856/83 'FINANCING OF THE COMMUNITY')

*After rejection of the Commission proposal*

**Mr Arndt (S), rapporteur.** — (DE) Under these circumstances, I should be grateful if the House would decide to refer the matter back to the Committee on Budgets, as basically the position for the motion for a resolution is of course lost.

*(Applause — Parliament decided to refer the Commission proposal back to the Committee — The sitting closed at 7.10 p.m.)<sup>1</sup>*

<sup>1</sup> Agenda for next sitting: see Minutes

*ANNEX**Votes*

The annex of the verbatim report sets out the rapporteur's opinions on the various amendments together with explanations of vote. For details of voting please refer to the Minutes.

**FERGUSSON REPORT (Doc. 1-455/83 — ARMS PROCUREMENT) : ADOPTED**

The rapporteur was :

- FOR Amendments Nos 23, 35 to 39, 73 and 82 ;
- AGAINST Amendments Nos 1 corr. to 20/rev. 27 to 34, 41, 46, 51, 72, 75 to 77, 79 to 81, 83 to 85.

*Explanations of vote*

**Mr Hänsch (S) — (DE)** The Socialist Group welcomes and supports the fact that the European Parliament is also concerning itself with the problems of security, disarmament and peace. What concerns the peoples of Europe cannot and must not remain undiscussed here. However, if we say no to Mr Fergusson's report today, we shall be doing so not because, for instance, we considered this Parliament not to be competent to consider these issues.

Secondly : We fully agree also with the demand that European Community States must find common rules for the arms exports to other countries, countries which are not members of the Atlantic Alliance. But we are not satisfied with just demanding rules. The report fails to establish the content of these rules, to indicate at least the direction in which common rules are to be found. We want a clear statement that fewer arms will be exported and that they will be sold to fewer countries. Our crucial amendment No 20 did not have a majority in this House. The common rules called for in the report are therefore nothing more than the continuation and consolidation of current practice in arms exports. We must therefore reject the Fergusson report.

Thirdly : In our view, the approach of calling for common arms production in the framework of industrial policy is completely mistaken. If it really is necessary in this world to produce arms and to do so on a common basis, Europeans must decide beforehand what security interests they have and what their own European security policy is. We want security policy to determine arms production and not — as the logic of Mr Fergusson's report has it — arms production security policy. Our amendments which could have corrected this have been rejected by this House. For these reasons, we have to vote against Mr Fergusson's report.

Fourthly and lastly : the Socialist Group regrets the fact that in the weeks when hundreds of thousands in Europe are calling for peace and disarmament, an armament report is being discussed and decided upon instead of a disarmament report. For this reason too our vote is : No !

*(Applause from the left)*

**Mr Segre (COM).** — *(IT)* Already in the general debate Mr De Pasquale made clear on behalf of the Italian Communists that our opposition to the Fergusson report was not dictated by considerations of competence — indeed, we believe that Parliament is entitled to discuss any subject — but of substance. Two considerations, in particular, which concern the general ‘philosophy’ of this report and this motion for a resolution, and which are broadly similar to those set out by Mr Hänsch just now on behalf of the Socialist Group.

First, there is the fact that rationalization in the area of arms procurement — and let me say at once that we are not opposed to European cooperation in the arms industry and, in fact, in the WEU we were in favour of standardization — this rationalization is here conceived solely in terms which imply increasing the production and export of arms, terms, that is, that are directly contrary to the need to reverse the trend of the armaments race — that crucial issue of our era. Secondly, we oppose the Fergusson report because it represents an attempt to give priority to the arms trade over the political considerations which were the central theme of the Haagerup report, and thus prevent a debate on European security and its requirements, for which we have repeatedly called.

Apart from these points of substance, Mr President, there is the fact that to discuss this particular subject in these particular terms and at this particular moment would be the worst of political errors that this Parliament could commit. Western Europe, as news currently arriving of stupendous demonstrations in Bonn and Rome, in London and Brussels confirms, is in the grip of an unprecedented anxiety. After the shooting-down of the Boeing, the tragedy of Beirut, the invasion of Grenada, people throughout the world are asking themselves whether we are not approaching a ‘point of no return’, a state in which the society of nations becomes ungovernable.

The answer that we give to the world, as it looks desperately for a way of salvation, cannot be in terms of the ‘philosophy’ of the Fergusson report.

*(Applause from the Communist Group)*

**Mr Plaskovitis (S).** — *(GR)* I would like to repeat here the statement I made several times during the discussions concerning the Fergusson report on the Political Committee. We Greek socialists of the PASOK party are against the report, and we will vote against it. First of all, because we believe that the subject of producing and dealing in armaments is directly linked with the national defence of every country, and that it therefore lies outside the scope of the Community’s competence, as is made quite clear by Article 223 of the Treaty. But also because during a period of intensification of the cold-war psychology that coincides with the economic crisis and with increasing unemployment, it is quite wrong for our efforts to be directed towards yet larger-scale production of armaments; instead they should aim at the coordination of social justice and at securing the right to work for all. We believe that European Political Cooperation and the Community are faced by many serious problems, and should not have to bear additional burdens such as those which the Fergusson report tries to impose. The Greek Socialists of PASOK believe that we all have a duty to concern ourselves with peace, and not with armaments. We shall fight in any way we can to put an end to the tragic arms race. Throughout mankind’s history the stockpiling of weapons has always led to war. Let us all remember that.

*(Applause from the left)*

**Mr Pשמazoglou (NI).** — *(GR)* I shall vote in favour of this report, believing that the production and exporting of armaments are subject to controls, even though I think that amendment No 20, put forward by Mr Hänsch and Mrs Wiczorek-Zeul would have strengthened the report. I want to highlight the importance of today’s resolution for three main reasons: to begin with, it is the first step in a Common policy towards the defence and security of all the European peoples, and towards the rejection of actions that are likely to endanger peace all over the world but especially in our own area. Secondly, it establishes a cooperation that decisively promotes economic unity in combination with the development of research and industrial production on a European scale. Thirdly, it reinforces European political institutions and cooperation, and promotes active solidarity between the Member States of the Community for the protection of peace throughout the world.

**Mrs Wieczorek-Zeul (S).** — *(DE)* I am voting against Mr Fergusson's report for two reasons. He may have repeatedly stressed the need for control of arms exports both verbally and in his text but he has rejected a central proposal by the Committee on External Economic Relations which would have shown Member States a path to follow. The amendments which the rapporteur tabled himself but has withdrawn today are even more fatal and revealing. For example, his amendment No 49 and the amendment in which he called for binding rules for the limitation of arms exports to be passed. He withdrew that himself. He has also withdrawn the amendment — it really is astonishing — to the effect that a written annual report detailing all arms exports by Member States should be submitted to the European Parliament. It speaks volumes that what is said here regarding the control of arms exports is only lip-service, while its implementation is rejected.

Secondly, I am voting against it because, at a time when the peace movement in Europe is developing into the strongest movement on this continent, it would well befit this Parliament to show that it is paralleled most strongly in this House. This Parliament with its Conservative majority has thrown away the chance of showing that it stands on the side of this peace movement.

*(Applause from the left, unrest).*

**Mr Adamou (COM)** — *(GR)* Both the Fergusson report, and the position assumed by Commissioner Narjes in relation to it confirm in the most categorical way that the EEC is not just an economic organization, as envisaged in its Treaties, but first and foremost a militaristic alliance with the clear political and strategic aspirations that serve the acquisitive plans of the imperialist monopolies

Before Mr Fergusson, a similar report was presented by Mr von Hassel, who also called for a Common policy on the production of armaments within the EEC countries, under the Community's control. It is characteristic that both the von Hassel and the Fergusson reports were presented on behalf of the Political Committee. This reveals how baseless is Mr Narjes' argument that the armaments industry is part and parcel of the other sectors of industry includes support for the armaments industry as well.

If, however, the matter is an economic one, why were the Fergusson and von Hassel reports prepared on behalf of the Political Committee and not the Economic one? In our opinion the Fergusson report is nothing more than an attempt to turn the EEC into an open economic-military organisation that will impose yet more severe limitations on the national independence and self-sufficiency of the Member States, and will undermine peace and the cooperation between European peoples.

That is why we call upon everyone in this House to live up to their responsibilities and join us in rejecting this extremely dangerous report.

*(Applause from the left)*

**Mrs Theobald-Paoli (S).** — *(FR)* We should beware of trying to defend the Europe of tomorrow with the means and organization of yesterday. This is what the Fergusson report appears to be doing and in my view this must be one of the most ill-conceived documents this House has ever had to consider.

It is founded on a series of ambiguities. To introduce the eminently political topic of defence, which falls outside the Community's jurisdiction, it resorts to the rather crude subterfuge of talking about arms procurement and arms sales.

The very fact — as someone has already pointed out before me — that the document was drawn up by the Political Affairs Committee, which has no jurisdiction over industrial and commercial matters, is enough to give the lie to the whole charade. The highly political and extremely partial solutions proposed, which have precious little to do with industry or commerce, are inconsistent and unrealistic.

**Theobald-Paoli**

As for the industrial problem, it is evident that greater cooperation between European sovereign states is a vital necessity and my country is one of the first to actively seek it.

But as the rules of competition and of free access to the market — cornerstone of the Community to which Mr Fergusson's group claims to be so attached — as these rules stand at present, there is nothing in the letter or the spirit of the Treaty to say that these rules were intended to be applied to armaments.

On these matters we should refer to the only authority currently with any jurisdiction over them, the WEU.

**Mrs Hammerich (CDI).** — *(DA)* We vote against Mr Fergusson's report, even though we find much to praise in it. He says that its aim is to make Europe richer, more secure and more effective as a factor for peace and prosperity for the entire world. Yes, that is what he says, indeed. But it will be exactly the opposite if a report such as this becomes a reality. It will make ordinary people in the west, the east and the south poorer, because it calls for the use of resources for more unnecessary weapons; it will make the world less secure, because the Community is venturing out onto extremely dangerous ground; and it will be a factor in speeding up the arms race and bringing about more cold war throughout the world. And it is outside the competence of the European Community. We deplore the fact that Commissioner Narjes gives his backing to these dangerous and illegal plans, and that the French Prime Minister also appears to support the concept of common EEC arms production, and that at a time when peace movements throughout Europe are trying to halt the arms race.

**Mr van Minnen (S).** — *(NL)* I am also speaking on behalf of my colleagues Messrs Boyes, Caborn and Clywd who belong with me to the group of Euro-parliamentarians, which does not campaign against the arms trade only now and then. This resolution has no place in this Parliament. It is not just that it does not belong here in the letter, it simply does not belong here in spirit.

It is a report that incarnates a new generation of Euro-arms dealers, it is a report that creates a growing danger of war. It is a report that poisons the spirit of peace, the spirit of peace which should be our first concern within our Community. It is a report that mocks the peace movement.

And this, you will note, in the week when the citizens of Europe in mass are expressing their deep aversion to the arms race, hundreds of thousands of them at the same time. Above all in the days when in the American President Reagan with the assault on Grenada displays to what blurring of standards our armament can lead.

This Parliament which of all things has claimed to be the representation of the people of Europe has the insolence to approve a report, which is one great plea for armament. By constituting itself as promoting the interests of the European arms lobby this Parliament is alienating itself still further from its electors. That is what you have achieved by this.

**Mrs Boserup (COM).** — I am not speaking in place of Mr Capanna, I am speaking on behalf of the group of parliamentarians against nuclear weapons. And I would also point out that neither the Commission nor Parliament got anything from Mr Klepsch's report on common arms procurement of 78, so let us hope that nothing comes of this one either. It is hypocrisy for the Fergusson report to present itself as an industrial policy report. Arms cannot be regarded as conventional industrial goods which are sold for the public good. Neither can the harmonization of arms production be described as an employment policy measure. We all know that many more people can be placed in jobs by investing in other forms of industry. The Fergusson report must be regarded as an extremely clumsy attempt to launch a common industrial policy. It is a fact that individual countries want to defend themselves. They have made the appropriate arrangements by democratic processes in their own countries. But to produce arms with the aim of selling them has nothing to do with defence. Peace cannot be secured by the sale of arms. You run the risk that the same arms may be used against you, which is something a Member State represented in this chamber has experienced. In the name of international solidarity and as a representative of a party which has always had arms reduction on its programme, I vote against this report.



**Mrs Van Hemeldonck (S).** — *(NL)* In common with the other members of the Socialist Group and with the Flemish Socialists I shall be voting against this resolution. I should invoke legal grounds, for I am convinced that the Commission should not have dealings with the work of the independent European programme group IEPG.

But I would like above all to express my deep indignation, especially in this United Nations week for disarmament. Several days after millions of Europeans have demonstrated for peace the militarist lobby in this Parliament want to push through this text. I weigh my words carefully when I say that they are the accomplices of powerful military and industrial groups who want to drag Europe into the madness of the arms race.

At the end of September I visited an exhibition of electronic components for the arms industry. Two facts attracted my attention there. The first was that all the large multinationals were taking part, multinationals who have their defenders on the right of this Parliament as is only too well known and this is the evidence of where their industrial interests lie. The second, the high technological devices in the field of optics, communications, metal detection, sources of and radiation of heat, could all be applied for peaceful uses in industry and . . . .

**President.** — Your speaking time is over, Mrs Van Hemeldonck. I now call Mrs Baduel Glorioso.

**Mrs Baduel Glorioso (COM).** — *(IT)* As a member of the European Parliamentary Group for Nuclear Disarmament and World Peace I shall be voting against the Fergusson report, for three reasons. First, in the face of the invasion of Grenada and our governments' intention to deploy the Euromissiles, this report goes directly against — as Mr Segre and Mr Hänsch have already pointed out — the practical, moral and political efforts of the European peace movement which is struggling for peace and for balanced and controlled disarmament. Secondly, because this report sounds more like a document of the Trilateral Commission than of the European Parliament, since it calls more or less openly not so much for closer industrial cooperation among the European countries, as for closer cooperation in arms production among Europe, the United States, Canada and Japan. Thirdly, because this report goes along with the theory that the new development model should be based on arms production, a theory which we firmly reject. Arms production, as the Thorsson report submitted to the United Nations in 1982, the writings of Mary Kaldor and many others demonstrate, generates inflation. Not only because it wastes precious raw materials, brain-power and skilled labour, because it diverts investments needed for development and for putting an end to the crisis, but also because the prices of the products are not controlled and often not revealed. It is a type of production that uses little labour, and in fact the European trade unions concerned are looking at possibilities of retraining.

Lastly, technology in the armaments sector is 15 years ahead of what can be used in production for civilian purposes. That disposes of the fundamental argument on which the Klepsch report was also based. For these reasons I shall be voting against and I hope that at this politically delicate moment the European Parliament will not adopt the Fergusson report.

**Mrs Lizin (S).** — *(FR)* I shall be voting against the Fergusson report not so much for what it says explicitly but for what it contains implicitly.

It provides in fact a dramatic demonstration that those who hold the reins in Europe today now regard the armaments sector as a sector of the future, a sector that is likely to be one of the mainstays of future industrial development in our part of the world.

The encouragements to increased profitability and joint research in a sector such as this cannot be regarded as totally disinterested statements. On top of this we have the excessive arms build-up in Europe, an increase in military conflicts, the death and suffering of men, all this as the result of research conducted by other men who have the benefit of knowledge, but not the benefit of reason.

**Lizin**

In Brussels we had an interesting experience which evoked protests from many sides : this was an exhibition of advanced technologies as applied to armaments and security systems. Screening on entry and a total ban on publicity, because of course there was a lot to hide there. But, hide from whom ? From those Mr Fergusson wants to encourage ? No. They were hiding these things from those who stand for democracy.

On Sunday, over 350,000 demonstrators turned out in Brussels to urge us to put a stop, before it is too late, to Mr Fergusson and all those he is seeking to promote, that is to say the dealers in mass death and destruction.

On behalf of these millions of Europeans let us reject Mr Fergusson and offer them peace.

*(Applause from the Socialist Group)*

**Mr Kyrkos (COM).** — *(GR)* The voting on the Fergusson report is taking place at a characteristic point in time. Europe has taken to the streets in an unparalleled mobilisation of its peoples, transcending ideological or other differences to block the way for Pershing and Cruise, to make it possible to dismantle the SS 20 missiles, and to keep open the path to nuclear disarmament in Europe.

Now is the time when Parliament will either align itself with the sentiments of ordinary people on our continent, or isolate itself from them with great negative consequences for its political role and authority. Now is the time for us to reject anything that leads to further intensification, to further militarisation, to nationalism, violence and the ideal of war.

Mr Fergusson urged us to vote in favour of his proposal, to boost the development of advanced technologies in Europe. But if we want technology to develop, let us turn our investments towards research and peaceful industrial development. Because if we make weapons, then these obviously have to be sold to somebody or other, and this means that Europe, with its high ideals, will be encouraging other peoples in mutual slaughter so that the armaments market can be extended. At the end of that road lies the doom of civilisation.

Fellow-Members on all sides of this House, in the name of the future of our peoples we call upon you to join us in rejecting the Fergusson proposal.

**Mr Skovmand (CDI).** — *(DA)* The aim of the proposal we are dealing with here is to turn the European Community into a superpower, into a union, as Mr Fergusson himself put it in his speech. The intention is, by enabling the arms industries in the individual countries to support one another, to ensure that the Community in a critical situation can act from the same strength as the superpowers, the USA and the Soviet Union. It is significant that this very week, which the UN has designated as arms reduction week, Parliament wants to launch an armament promotion scheme. That is an attitude of mind which a large majority in my country would reject. The idea is even more repugnant, since it is also the intention to use the arms as an element in technological development. Research and industry in the Community are to be strengthened by producing deadly weapons in even deadlier versions. This is an altogether hideous and unpleasant proposal which I must urge you to vote against.

**Mr Alavanos (COM).** — *(GR)* There have been a series of arbitrary actions in connection with the Fergusson report. First of all, there was the notorious arbitrary action on our amendment concerning the European Parliament's attitude to European missiles, beginning with the mysterious disappearance of the document and ending with today's subterfuges by the present President. This raises a question : why is Mr. Dankert, who was personally shown up in connection with the vote on amendment 72 to the Fergusson report, not here now ?

There is, however, a second and even greater arbitrariness here. The fact that an overwhelming majority in this Parliament is plainly and flagrantly contravening the public mandate, leads me to ask : How is it possible for our West German Christian Democratic colleagues to vote for a report that will result in furthering the arms race, that ignores the demand of the European people to abolish nuclear missiles and progress towards disarma-

**Alavanos**

ment, especially when all the opinion polls show that a majority within Mr. Fergusson's own party are against the deployment of missiles in Europe? How is it possible for colleagues of the New Democracy and Mr. Pasmazoglou to vote for this report when weapons produced by European industry are equipping the military confrontation in the Aegean?

Mr President, I would like to say that the problem is not ...

**President.** — Your speaking time is over, Mr Alavanos.

**Mr Blaney (CDI).** — I speak also as a member of the Parliamentarians for Nuclear Disarmament. I speak as a Member representing a country that is neutral, always has been and, I hope, will continue to be in the future. I talk as a representative of a country, the only country of this Community, that is not a member of NATO. I believe that both our neutrality and our non-membership of NATO will remain for as long as we are occupied by another member of this Community. When we joined this Community we joined it as an economic entity and not as a security or a defence community. The Fergusson report would like to involve us and the Community in a group — the IEPG — intended to coordinate arms production. My country does not want to be dragged through the back door into a security community. We do not want our economic development based on the arms industry and there are, as we know, lots of other peaceful activities in which we could well join. For these reasons I am against and will so vote.

**Mr Veronesi (COM).** — *(IT)* I belong to the European Parliamentary Group for Disarmament and World Peace. The general reasons why my group is opposed to the Fergusson report have already been stated by its spokesman. I feel the need, nevertheless, to declare two personal reasons, suggested by the debate, why I shall be voting against. The first is that I regard it as an intellectual outrage to claim that research on new arms promotes technological progress. There are many other needs, such as health, the environment, underdevelopment, hunger ...

*(Applause from various quarters on the left)*

... which can and should stimulate research.

The second reason is of a moral nature. To produce ever more murderous arms inevitably means teaching young people to use them and conditioning them to look for an enemy to be destroyed and killed. In a Europe that in its overwhelming majority considers itself Christian, that is another outrage.

*(Applause from the Communist Group)*

**Mr Denis (COM).** — *(FR)* Mr President, as a French Communist Deputy, and also as a member of the Parliamentarians for Nuclear Disarmament, I follow the example of my friend Mr Chambeiron in reaffirming our fundamental opposition to any debate in this House on European defence. It is for this reason that we shall be voting against the Fergusson report, without even troubling to table any amendments. The fact of the matter is that any idea of détente or disarmament is becoming increasingly intolerable to the new crusaders of the Right. While so many young Europeans dream of seeing a peaceful Europe rich from the harvests of the future, these others dream of a Europe bristling with nuclear missiles and dotted with minefields. We are not talking here about the security of Europe at all, quite the contrary, and this is confirmed by the United States' heinous and bloody aggression against Grenada, a small ACP State, to whose people we owe our solidarity ...

*(Loud applause from the left)*

This shows in what contempt the world's greatest military power holds its European allies. I give due credit to West Germany and the United Kingdom who are now critical of the invasion, following France's condemnation of it. But, tomorrow, President Reagan will hold the sole power, over the heads of his allies, to decide to launch first-strike missiles which he is preparing to install on European soil.

**Denis**

As for us, we are on the side of the millions of Europeans who are campaigning during this month of October, in France and elsewhere, for this Disarmament Week, for peace...

**President.** — Your speaking time is over, Mr Denis. I now call Mr Enright on a point of order.

**Mr Enright (S).** — My point of order is that it was very unfair indeed to Mr Denis to cut him off in mid-sentence when the machine was not working and it stayed at 53 seconds throughout. Therefore, could we make sure the machine works properly if you are going to cut people off in mid-sentence?

**Mr Vandemeulebroucke (CDI).** — *(NL)* I shall also be voting against the proposal of Mr Fergusson and in this I have no problems concerning the competence of this European Parliament; I think that Parliament above all must speak out. But what I do have problems with is with the whole philosophy which is hiding behind the proposal.

One is at first inclined to agree by the fact that the Fergusson report asks for a coordinated approach and strategy with reference to the trade itself in war material. In itself this might be praiseworthy, especially as thereby one could aim at the shrinking of the arms trade, and workable and efficient restrictions placed on the practice of unlimited trade. But this aspect is not in general what is being said, and all amendments for the reconversion of the arms industry are here rejected without ceremony. Above all the whole idea is to link everything together on the same lines in the hope of obtaining a competitive position against the United States and Japan. This naturally assumes that the European dependence in respect of NATO is going to increase still further and that evidently there is no need for a European peace policy and our own foreign policy directed toward peace. In addition the Fergusson proposal puts forward that Japan should be brought into any discussion which means that it seems that Japan has already one leg in NATO.

We simply want to have nothing more to do with this hellish spiral of a feverish arms race and nothing to do with the idea of directing yet more armaments to the third world countries under the mask of industrial policy and the creation of job opportunities. We should rather be moving in the direction of a peace policy and there the Fergusson proposal has not the slightest inclination. Therefore I shall be voting against this proposal.

**Mr Enright (S).** — I speak as a member of the Parliamentarians for World Order, and I should first of all like to say that I think it an absolute disgrace that Mr Fergusson, otherwise known as 'stop me and buy bombs', has not been present during these explanations of vote as the rapporteur — he has just recently reappeared at the rear. I think it disgraceful that he is not sitting there in his seat and listening...

*(Cry of 'Apologize!' from the right)*

I will not in any way apologize to somebody who has thrown away the chance of writing a report on a common industrial policy, of saying that ICL, Olivetti or British Leyland should stop exporting jobs to Japan. He could have put a political input there and instead has decided to rewrite myths and legends and produce Europa arising out of the earth, fully armed, contrary to all the ideals of this European Community. I hear often enough from his colleagues, as we go round talking to Hansard Societies, that the great product of the European Community has been the peace it has brought to Europe. And yet what is he doing? He is going around trying to peddle arms throughout the world to create war elsewhere. That is a disgrace, and we have seen what can happen in Grenada — what happened yesterday. We must not allow Europe to behave like the United States.

*(Mixed reactions)*

**President.** — I can assure you, Mr Enright, that the presidential clock shows the right time!

**Mr Bonde (CDI).** — *(DA)* The weapons talked about in the Fergusson report are supposed to be for the purpose of protecting a society based on the rule of law. Why then do they not make use of Article 236 of the Treaty of Rome and amend the Treaty to cover arms production? Why are the provisions of the Treaty being violated? It seems to me that the right wing of this chamber has the same cavalier attitude to the Treaty of Rome as certain other countries are showing towards the principles of national self-determination at this time in Grenada.

It is and it remains illegal for the European Community to involve itself in arms production, and it is no less illegal when arms production is called something else, such as industrial policy. I fear the slippery path which was laid down with the Genscher-Colombo talk about the economic aspects of security policy, the slippery path which will lead on to the subsuming of arms production under the cover of industrial policy. The next stage will be to use arms under the pretext that they are covered by the regulations on freedom of movement for undertakers.

I do not want to be a party to the final stage, I do not want to be a party to the first stage. I do not want to be a party to the process of speaking with one voice in the Community, and I do not want to be a party to speaking from the barrel of a gun — that is the logical consequence of the Fergusson report. I therefore vote against the Fergusson resolution.

**Mrs Gredal (S).** — *(DA)* Let me say straight away that it is quite incomprehensible that in this chamber we should be debating a report on arms production, arms research and arms sales as an element of a common industrial policy. Such a debate is not only quite inappropriate at a time when the populations in all European countries feel more and more that peace is threatened, but, in the opinion of the Danish Social Democrats, the debate does not even belong on the agenda of the European Parliament. The Treaty of Rome makes it as clear as anything possibly could that the institutions of the European Community must remain within the areas of competence assigned to them, and it is also stated that the production of and trade in arms are not activities in which the Community can engage. These questions should be reserved for cooperation within the NATO context, not that of the European Community. This debate, both in its content and in its purpose, is out of step with the realities. It is much to be deplored that the Community has not been able to work out an industrial policy, but to launch a common industrial policy through common arms production, through a European bureau for defence analysis and through directives on arms exports is both illogical and morally reprehensible. It is outrageous to say that military production increases employment, when more serious analyses have shown the opposite to be the case.

**Mr Halligan (S).** — I wish to support those members of the Socialist Group who have voiced their objections to the Fergusson report on the procurement and sales of arms. I wish to say that I will be voting against it as a member of the European Parliamentary Group for Disarmament and for World Peace, and also as a member of the Irish Campaign for Nuclear Disarmament.

I will vote against this report too because, as I have said in the debate, it compromises the neutrality of my country, which is the only one of the 10 Member States which has adopted such a policy. The fact that the House has rejected an amendment which could have underpinned this position is further proof of the necessity for voting against this report.

I wish to support also the views which have been expressed with great cogency that the Parliament has, in fact, no legitimacy or competence to be either debating or voting upon this report. This is a matter of common defence policy, as is quite clear, not of common industrial policy, particularly because it has been presented by the Political Affairs Committee and not by any of the committees dealing with economic or industrial matters.

This House should this week be supporting peace. It should be carving out a very clear identity for Europe in the area of peace, separating it from the military madness of the

**Halligan**

two superpowers. It should be strengthening Europe's capacity for peace, not for producing and selling arms. We should be separating ourselves from the imperial madness of the United States, which we have seen in the last week. For these reasons, I would ask this House to vote against this report.

*(Applause from the left)*

**Mrs Viehoff (S).** — *(NL)* This Parliament should be making a contribution all of its own to peace and security in the world. The unique form of development and cooperation should be developed further and we should be able to play a role in the detente between East and West. But what do we have proposed here? A common arms industry! To come forward with such a proposal at a time when the people are worried and troubled by the increasing social, economic and political tensions in the world is bewildering and a blunder of the first water. The arms race is a danger to our future, the enormous sums which are poured into it are an irresponsible investment, in view of the major unemployment in the western world and the desperate needs of the Third World, where hundreds of thousands are starving of hunger every day, including a child every two seconds! The setting up of a common arms industry which will directly lead to arms sales means a common responsibility for the continuing of wars which are raging in the world with all the misery and dangers which come with them. Mr President, I will not carry that responsibility. I shall vote against the proposal.

**Mr Griffiths (S).** — As a member of the Group of Parliamentarians for Peace and Nuclear Disarmament, and as a member of the Group of Parliamentarians for World Order, I would like to oppose the Fergusson report. Firstly, on the very practical constitutional ground that Mr Fergusson has exceeded the powers this Community has in trying to entrust it with a common arms policy. This is most appropriately conducted in the framework of NATO — and there are, of course, two members of this Community who are not members of NATO.

I would also like to oppose it on some very practical political grounds. Firstly, all the amendments concerned with highlighting the possibilities of alternative, socially useful forms of production were rejected. Secondly, all of the specific practical ideas to limit arms sales abroad were also rejected, and that, I believe, cast doubt on the good intentions of Mr Fergusson in his restrictions on arms sales.

**Mrs Squarcialupi (COM).** — *(IT)* I am also going to vote against the Fergusson resolution and I shall do so also on behalf of the sisters and the brothers and the priests who took part in the great march for peace in Rome, thus demonstrating that there are many common causes, other than that of armaments, for which they are ready to fight. It is indeed immoral to propose that our priority need is to equip ourselves with rifles, cannons, tanks and more deadly missiles, provided only they are at an advantageous price! I shall also be voting against this resolution because I fear that it represents a sort of militarization of the Community spirit: in fact, I note that in a document on environmental protection the Commission has inserted an article which allows the war industries to pollute the environment. It is an early and truly alarming sign. I am further voting against this resolution because I remember that, when I was a child, the dictator Mussolini used to say that we should prefer guns to butter.

There are already butter mountains in the Community and they cost the citizens of Europe a lot of money; don't let us have guns as well! May I also say that if the rapporteur was almost permanently absent from the Chamber during the explanations of votes, so was the Commission, which after all is supposed to implement this brilliant resolution... It would have done better to be here and hear the voice of opposition, the voice of Europe's people.

*(Applause from the left)*

**Mrs Cinciari Rodano (COM).** — *(IT)* I do not wish to add to the arguments most ably put forward on behalf of the Communist Group by Mr Segre ; but as a member of the European Parliamentary Group for Nuclear Disarmament I should like to call on Members to reflect upon the grave responsibility that they are taking upon themselves. Just at the moment when Grenada has fallen victim to brutal aggression, when hundreds of American marines and French soldiers have lost their lives in Lebanon, when millions of people throughout Europe have come out into the streets to demand disarmament, this Assembly, in adopting the Fergusson resolution, is cutting itself off from the feelings and desires of the overwhelming majority of the European electorate . . .

*(Applause from the left)*

I should also like to ask Mr Fergusson whether he has reflected where the arms which killed his compatriots in the Falklands were manufactured. Arms, you see, are a little different from other commodities : they serve to kill.

Finally, I shall be voting against this resolution because the arms trade, at least as far as our country is concerned, is closely bound up with drug trafficking and with the Mafia and organized crime, posing a serious threat to our democratic society.

*(Applause from the left)*

**Mr Nordmann (L)** . — *(FR)* The countries we represent here have no aspirations to hegemony, and it is not the armaments of Europe that are threatening the peace.

Faced with the twin menace of Soviet imperialism and Islamic fanaticism, we cannot be without arms. Today the spirit of Munich is again proving to be the gangrene of Europe.

The essential question is whether it is possible to make the task of defence less burdensome and more effective. That is the crux of it. If, leaving aside specific points of dispute, the Fergusson report can help to make an indispensable task more bearable, it will not have been in vain, for, where security is concerned, ostriches are far worse than doves or hawks.

*(Applause from the centre and right)*

**Mrs Charzat (S).** — *(FR)* On behalf of the French members of the Socialist Group, I shall be voting against the Fergusson report.

The founders of the European Economic Community would never have subscribed to such a report, falling as it does outside the jurisdiction of the Treaty of Rome. A common industrial policy in relation to armaments has nothing to do with industrial policy, but with defence policy.

France considers that the only European body competent in matters of defence is the Western European Union. As regards implementing a common industrial policy, covering in particular the advanced technologies, this is something that France has been urging for a long time. Unfortunately, it was not France that rejected the first serious move in this direction : the proposed merger between Thomson and Grundig.

In our view, two institutions — the EEC and the WEU — in certain clearly demarcated areas totally separate, yet complementary, have it in their power to consolidate the European area and give a boost to the idea of European autonomy. For this to happen, the EEC has to halt its regression to a free trade area and by a Community programme of renewal, achieve its technological transformation.

The WEU would be better able to represent specifically European interests in the area of armaments production cooperation, on the understanding that its members agree to abide strictly by the terms of the Treaty of Brussels.

**Mr Romualdi (NI).** — *(IT)* Members representing the Italian political Right will be voting for the Fergusson resolution because we are convinced that trying to coordinate arms manufacture and sales does not increase the risk of war, as the extreme Left and others have, with highly irresponsible demagoguery, been saying. Peace will not be preserved by those who go on marches, whether or not they are genuinely convinced that they are thus contributing to the destruction of war arsenals and the advent of universal brotherhood. Let me say this to Mr Hänsch, Mr Van Minnen and the others: while marchers go out in the streets and shout, factories under various political regimes continue to work full out to supply the world arms trade.

If peace can be saved, it will be so by promoting security, which means submitting to the maximum possible responsible regulation what is, unfortunately, an ancient and irrepresible field of human activity. That activity is largely devoted not only to provisioning, with ever increasing danger, the arsenals of nations large and small, including some of the smallest, but also — as Mrs Cinciari Rodano has just reminded us, albeit in a mistaken sense — to supplying some of the dirtiest private trafficking.

**Mr Pfennig (PPE).** — *(DE)* I should like to propose that in future the chair indicates on the screen, after perhaps every ten or fifteen contributions, how many speakers are still on the list, because otherwise it is completely impossible to keep track here.

**President.** — Mr Pfennig, that is a very good suggestion but it does not necessarily help us because several colleagues were not present. The figures, therefore, will never be exactly right.

**Mr Konstantinos Nikolaou (S).** — *(GR)* I wish to state explicitly and categorically that I shall vote against the Fergusson report for the reasons put forward a short while ago by my colleagues Mr Plaskovitis and Mr Kyrkos among many others, and for the reasons put forward by Mr Chambeiron on 14 October, when he asked for the deletion of the Fergusson report from the agenda for October's first part-session granted that according to the Treaty of Rome the report does not fall within the scope of this organization's duties. I am making this categorical statement because while I was presiding during the debate on the Fergusson report, I supported the view — as was my duty — that the debate should take place as decided unanimously by the House, a fact that was held to my discredit by a number of colleagues on my own side. For this reason I repeat that as an individual and a Member I stand against the Fergusson report, but when presiding I am at all times bound to abide by the Rules of Procedure of this organization.

**Mr Ripa di Meana (S).** — *(IT)* Unlike most of the Socialist and Social-democratic Members, I shall be voting for the resolution drawn up by Mr Fergusson, whom I should also like to congratulate on a most thorough and interesting report.

*(Applause from the centre and right)*

A contrary vote can only be attributed to hypocrisy or political blindness. Some of the Community countries are among the world's most important arms manufacturers and traders — and the consequences of their activities are often destabilizing. But there are, unfortunately, no real prospects that this production and supply of armaments will cease in the foreseeable future. This being so, it is no service to the cause of Community Europe to leave this activity to the free play of unbridled competition.

I can only add that I am astounded that those who proclaim themselves fervent pro-Europeans can today, by voting against the resolution, refute their professed convictions: they are blocking the way to ending Europe's dependence on arms manufactured and sold by the United States. And that is a medium-term objective to which this Parliament is committed.

*(Applause from various quarters of the centre and the right)*



**Mr Kirk (ED).** — *(DA)* Arms are produced in Europe, in the Soviet Union, the USA, Canada and in neutral countries, such as Sweden, and these arms are exported. This is a fact. I cannot therefore quite understand the explanations of vote we have heard from the Socialist Group. Who was it that sold fighter planes to Iraq recently? Was it not the socialist government in France? On the Danish conservative side, we have approached this report from the viewpoint that the people employed by firms which produce military equipment should be treated in exactly the same way as people employed by firms producing home freezers and the like. We have therefore supported everything that could contribute to removing national forms of discrimination in the Community. But we have had to oppose the report on the matter of arms exports. We cannot, like certain members of the technical group in the European Parliament, go along with a European convention on arms exports. We are opposed to that. But we do not think that the report as such argues for an increase in arms. We think that, in point of fact, it takes a realistic view of the facts which exist in Europe. But, insofar as it concerns arms exports, we are opposed to it. I must therefore say with regret that we have to vote against the resolution, since the amendments which sought to deal with the arms sale question were not adopted.

**Mr Schinzel (S).** — *(DE)* — We have now been speaking about this Fergusson report for two hours. The potential for nuclear destruction in the world has increased by four Hiroshima bombs in that time. In the same period, approximately another 300 m DM has been spent on arms, in the same time more than 3600 children have died of starvation, because those people who support this report would rather plead for the money to be spent on arms. Our primary task, as a Parliament, is to ensure that ways are found to help to safeguard peace by peaceful means.

*(Applause from the left)*

This report points exactly in the opposite direction. It documents the cynicism of the rich who are worried above all about how they can push up arms production, how they can push up the arms business. It does not show us a path to peace, it shows us a path to the destruction of the human race. For that reason, we must vote against it.

*(Applause from the left)*

**Mr Fergusson (ED), rapporteur.** — As rapporteur I was accused several times of being absent from this Chamber during the explanations of vote. I was present most of the time, though not in my seat.

Firstly, it is in order for me to commend the overall spiritedness of the debate we have just had, although so little of it was, in fact, taken up with genuine explanations. Secondly, I would like to record my regret that so many of those who contributed were not present for the original debate. Thirdly, I thank you for the patience you have shown throughout this time.

**Mr de Courcy Ling (ED), in writing.** — This is not a very coherent report, but I shall vote for it because it has valid intentions. One such intention is that the nine European countries of NATO who are also members of the EEC should assert themselves more effectively in matters of European security. In the debate yesterday, I expressed my conviction that the United Kingdom and France should, before the year 2000, pool their resources in the development of their independent nuclear deterrents.

Having listened carefully to the debate, I have also noted the frustration of many Members about the failure of the nuclear disarmament talks so far in Geneva and the widespread desire for nuclear arms reduction in preference to nuclear arms escalation to which Europe at present appears to be condemned.

**Ling**

We must all pray that after the deployment of Cruise and Pershing missiles on the territory of certain Member States at the end of 1983, if not sooner, the Soviet Union will prefer reciprocal measures of nuclear disarmament to a mindless and ineluctable process leading to mutual extermination.

Meanwhile, let no one say that the British and French independent nuclear deterrents are not included in the Geneva talks because they are negligible. On the contrary, they have a political importance out of proportion to their mega-tonnage. They ultimately guarantee our national independence; and I trust that before long they will enable Britain and France to play a manifest, active and successful part in bringing about a nuclear arms reduction agreement. Let our leaders in Britain and France look to the example of Mr Harold MacMillan whose diplomacy was material in achieving the Partial Nuclear Tests Ban Treaty signed in Moscow in October 1963.

**Mrs Ewing (DEP), in writing.** — I believe that this is an attempt to introduce a defence issue into our deliberations by a back door. Defence is clearly outside the scope of the Treaty and to discuss this can only bring the EEC into disrepute in the eyes of that ever increasing number of people who are anxious for arms reduction. I therefore vote for Amendments 1 to 19 tabled in the name of Mr Boyes and others.

**Mr Hermann (PPE), in writing.** — (FR) I shall be voting for this report because, contrary to what has been suggested in this House, it is not a matter of encouraging recourse to arms but of making less costly the vital task of defence, to which every citizen and every taxpayer in the EEC contributes.

I would add that this report testifies to a commendable desire to put a stop to the anarchy which prevails in arms sales and exports.

This report points the way towards a European defence policy.

I wish to express my condemnation of the way in which this report has been misused and misrepresented as being warmongering and contrary to the peace moves which are among the main priorities of our group.

**Mr O'Mahony (S), in writing.** — I deeply regret that this report has been before Parliament at all.

While the substance of the report is nominally concerned with the creation of a common European arms procurement and manufacturing policy, the real intention behind it is to move us closer to a common European Defence Pact. As such, I reject it. The Community has no mandate to move in this direction or by so doing, to ignore the reality of Irish neutrality.

In addition, it is an outrage that this Parliament should consider a proposal to add to arms stockpiles at a time when the world is already grossly over-armed and threatened with extinction as a result.

**Mr Ryan (PPE), in writing.** — The Irish Fine Gael members of the Christian Democratic Group will abstain from voting on the Fergusson Resolution.

We regret having to do so but Parliament's obstinacy in rejecting our pleas for deletion of all references to the Independent European Programme Group — a North Atlantic Treaty Organization Body — leaves us with no other option.

It is not possible for Ireland, which is not a member of the North Atlantic Treaty Organization, to be a party to a resolution which calls on the Commission and Council of the European Communities to use non-European bodies to achieve European objectives. We are not members of NATO and I want to make it crystal clear that Ireland will not be bullied or cajoled into joining any military alliance.

Ryan

Our not being a party to the adoption of the resolution should not be interpreted as a negative approach to a common European arms procurement policy, the implementation of which, by strengthening a common industrial policy, would give Europe increased employment opportunities and possibilities for greater efficiency and technological and electronic progress. We would have wished to join in support of the resolution insofar as it endeavours to put curbs on national arms sales by some EEC Member States, particularly to the Third World and to areas of actual war or tension. Such sales are a scandal.

\* \* \*

ARNDT REPORT (DOC. 1-856/83 — FINANCING OF THE COMMUNITY):  
REFERRED BACK TO COMMITTEE

## SITTING OF THURSDAY, 27 OCTOBER 1983

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## IN THE CHAIR : MR DANKERT

*President*

*(The sitting was opened at 10 a.m.)*<sup>1</sup>

1. VOTE<sup>2</sup>  
BUDGET 1984

**President.** — The first item on the agenda is the vote on :

- the draft amendments to Sections I (European Parliament), II (Council), IV (Economic and Social Committee) and V (Court of Justice) of the draft general budget of the European Communities for the financial year 1984 ;
- the draft amendments and proposed modifications to Section III (Commission) of the draft general budget of the European Communities for the financial year 1984 ;
- the motions for resolutions contained in the reports, drawn up on behalf of the Committee on Budgets, by Mrs Scrivener (Doc. 1-900/83) and Mr Pfennig (Docs. 1-895/83, 1-896/83, 1-897/83, 1-898/83 and 1-899/83) on the draft general budget of the European Communities for the financial year 1984.

Before we begin the vote on the draft general budget for 1984, I should like to remind the House of what is stated in Article 203, paragraph 9, of the Treaty establishing the EEC :

Each institution shall exercise the powers conferred upon it by this Article, with due regard for the provisions of this Treaty and for acts adopted in accordance therewith, in particular those relating to the Communities' own resources and to the balance between revenue and expenditure.

Parliament is therefore obliged to respect, at each stage of the budgetary procedure, the limits of available resources. It is also important to recognize that, under the budgetary procedure, the ultimate expression of Parliament's will is the vote on the amendments. The author of an amendment must therefore be certain that the adoption of the amendment is compatible with keeping expenditure inside the bracket of own resources. The vote cannot take place unless Parliament is assured of this fact, and where necessary such an assurance must be sought by the

rapporteur. I therefore ask the rapporteur, Mrs Scrivener, to take the utmost care to ensure that Parliament does not exceed its rights.

Last night the Committee on Budgets tabled seven compromise texts which have been distributed in all the languages and which will therefore be put to the vote.

**Mrs Scrivener (L), rapporteur.** — *(FR)* I just want to say, Mr President, that we shall of course ensure that the limit of 1% is not exceeded. Let me add in this connection that apart from a general agreement with the institutions there has also been agreement with the committees and the political groups.

If I happen to realize that this is not being done, Mr President, I hope you will allow me to request an adjournment. Naturally, I do not think this will be so, since let me repeat that there has been an agreement on this particularly difficult budget and we all have a sense of responsibility.

*(Applause)*

**Mr von der Vring (S).** — *(DE)* I am very sorry, Mr President, but can we have a five-minute adjournment? The meeting of the Socialist Group has run on for five minutes too long and I still have to get some people into the Chamber.

*(Laughter)*

**President.** — We could perhaps use the time to test the voting equipment, since it broke down last year.

## SECTION III — COMMISSION

*Establishment plan*

**Mr Adam (S).** — Mr President, I rise on a point of order regarding this amendment. Two weeks ago Parliament took a specific decision that we would approve an increased number of staff for the Joint Research Project. Subsequently, the Committee on Budgets has seen fit to deny that particular amendment and I challenge the right of the Committee on Budgets to recommend an action to this House which is contrary to a decision which we took a fortnight ago.

*(Cries of 'Hear', 'Hear')*

## Title VI — Article 631

*After the vote on Amendment No 86*

**President.** — Amendment No 238, by Mr Papapietro, is identical to Amendment No 86 which has just been put to the vote, and it therefore falls.

**Mr Langes (PPE).** — *(DE)* The figures are the same but the justification is not, and the Committee on Budgets therefore felt it could support Amendment No 238, by Mr Papapietro. That is why there is a misunderstanding on your part.

<sup>1</sup> Approval of minutes — Documents received — Referral to committee — Modification of referral: see Minutes

<sup>2</sup> See Annex.

**President.** — The remarks can still be voted on, but there is no point in voting on the justification.

**Mr Bangemann (L).** — *(DE)* If you had pointed out at the vote, Mr President, that with the vote on the Vandemeulebroucke amendment the other amendment was also going to fall, we should have voted in favour of the Vandemeulebroucke amendment. Since you did not do so, however, we assumed that you would ask us to vote on the Papapietro amendment, which we wanted to vote in favour of. For this reason I ask you to repeat the vote on the Papapietro amendment.

**Mr Lange (S), Chairman of the Committee on Budgets.** — *(DE)* With regard to the forthcoming votes I should like to point out that the justification will not be voted on and that we shall be voting solely on the figures, not on the justification. So far we have been lucky that the figures have been adopted and not rejected. The point is that we are voting only on the remarks and not on the justification.

**President.** — That is clear, Mr Lange.

*Item 9632*

*PMs 301-305*

**Mr de Courcy Ling (ED).** — My point of order, Mr President, is to confirm that I withdrew Modifications Nos 301, 302, 303, 304 and 305 on condition that you accept — the Chair agreed to this on Tuesday and the Council has said that it accepts the idea — a consolidated modification which calls for no additional expenditure, but simply a token entry under commitments for the financial protocols with Algeria, Morocco, Tunisia, Egypt, Jordan, Lebanon and Syria. You have that in writing, Mr President.

**President.** — Thank you.

*(The sitting was suspended at 1.45 p.m. and resumed at 3.30 p.m.)*

## IN THE CHAIR : LADY ELLES

*Vice-President*

### 2. GATT

**President.** — The next item is the report (Doc. 1-493/83) by Mr Seeler, on behalf of the Committee on External Economic Relations, on the delineation and further development of GATT and of the free trade principle underlying the GATT system and possible consequences for the EEC and GATT.

The following oral questions are included in the debate :

— by Mr Moreland and others (Doc. 1-862/83) to the Commission :

Subject : Canadian Provincial Liquor Boards

Will the Commission state :

1. If it is true that the Reagan administration threatened retaliatory action if changes by Ontario on imported wines (in the case — from California) were not removed ?

2. If it is true that the Ontario Government has agreed to remove the handling charge on imported wines ? If so, is this total removal without qualification ? Will the Commission protest if this removal is replaced by subsidies to the Ontario wine industry ?

3. If it is true that despite the 1979 Provincial Statement discrimination still exists against spirits in the Liquor Commissions of a number of products especially against scotch and brandy ?

4. If it has made strong protest against the minimum listing system of a number of provinces which effectively makes it impossible to promote new alcoholic products or, specialized products or many European beers, ciders, sherry or better quality wines ?

5. If it agrees that the whole liquor brandy system is restrictive particularly to imported alcoholic products and that following the US example stern action is necessary which could include retaliating action on European imports of Canadian rye whisky ?

— by Mr Piquet and others (Doc. 1-863/83) to the Commission :

Subject : American measures on steel

After President Reagan's decision to limit imports of special steels from the EEC for 4 years, a decision which affects European sales to the United States worth more than 150 million dollars, does the Commission intend to propose to the Council not just that it raise this matter at GATT but that it begin formal proceedings against the United States under GATT ?

Does the Commission not consider it necessary, at the same time, to draw up a series of draft reprisal measures to be taken if the United States maintains its position ?

What does the Commission think about the 1982 steel agreement between the EEC and the USA in the light of the way it is now being applied by the United States authorities ?

Finally, how does the Commission propose to keep Parliament informed on this matter so as to mobilize public opinion in this battle against the current American concept of trade relations based on unilateral decisions which violate EEC-US agreements as well as GATT rules ?

**President**

— by Mrs le Roux and others (Doc. 1-865/83) to the Commission :

Subject : Sales of dairy products to Egypt by the United States

After the 'warning shot' of sales of American wheat to Egypt, the Commission has now accepted the unilateral limitation of cereal exports and the authorization of imports of American wine. These tokens of goods will have only served to step up the aggressiveness of the United States, which has now concluded a contract to sell Egypt large quantities of dairy products (18 000 tonnes of butter and 10 000 tonnes of cheese) on preferential terms which are incompatible with GATT regulations.

In its reply to Oral Question H- 109/83,<sup>1</sup> the Commission 'assures Parliament that it is ready to react with the greatest firmness if the United States again uses subsidized sales to take over traditional Community markets'.

Is the Commission prepared to respect this commitment by putting into effect the counter-measures which are called for?

— Question by Mrs Poirier and others (Doc. 1-866/83) to the Commission :

Subject : Authorization of importation of American wine

On 26 July the Community and the United States signed an agreement in the form of an exchange of letters on trade in wine.

This agreement opens Community frontiers to American wines which will be exempt from the normal certification procedures.

1. Can the Commission explain why it has decided to authorize such imports?
2. What induced the Commission to hold up to ridicule its own rules on wine-making by authorizing the importation of wines 'manufactured' in complete disregard to the Community's quality standards?
3. Does the Commission seriously believe that this concession will halt the American commercial offensive on the agricultural markets?

**Mr Spencer (ED).** — Madam President, when we were discussing the agenda earlier in the week, we were told that this debate had to take place on Thursday because we needed the presence of Commissioner Haferkamp. Unless my eyes fail me neither Commissioner Haferkamp, nor indeed anyone from the Commission is present. Would it not be helpful if we adjourned until we did?

**President.** — Mr Spencer, I take note of your remarks, but of course I do not know how long an adjournment that would require. I could find out from the services whether he is in the building or not. In the meantime I think we should start the debate, as it is on the agenda and was not changed this morning when the agenda was adopted.

**Mr Seeler (S), rapporteur.** — (DE) Madam President, ladies and gentlemen. This report, which I am presenting on behalf of the Committee on External Economic Relations, is one of a series dealing with fundamental questions of current world trade. It considers the further development of GATT in the light of the changes which have occurred in world trade conditions. Nevertheless, some 25 % of the European Community's GDP is earned from exports. There can be no clearer indicator of the importance to our Community of a system of world trade which operates smoothly. Together with the budget, which we discussed this morning, and agricultural policy, external trade is one of the few areas in which the Community and thus Parliament too already have real powers.

Our report attempts to redefine free trade in the context of the world economy as it appears at present. The same goes for protectionism. This is often condemned outright as a scourge, often by the same speakers who in the same breath call for help and protection for the textile, steel or ship building industry, for example. Here too, and my report attempts to do this, we must establish the limits within which protectionist measures are reconcilable with the principles of present-day world trade, and which measures need to be resolutely opposed. It became clear at the Geneva GATT conference in November of last year that the GATT rules need to be developed further if they are to continue to provide a stable basis for world trade in future. At present some 40 % of world trade is subject to a greater or lesser degree of protectionism. This is due to the worldwide economic crisis and to the fact that GATT has proved to be primarily an instrument of short- and medium-term economic policy. In the next few years there will be a marked change in the structure of world trade and the world economy. The era in which a small number of traditional industrialized nations supplied capital and consumer goods to the rest of the world, whose role was to supply raw materials, and supply them as cheaply as possible, is drawing to a close.

More and more countries will be producing industrial goods, and the division of labour will continue. The strict division of trade between industrialized nations on the one hand and developing countries on the other hand will also change. Trade among developing countries will need particular encouragement and regulation by GATT. But the supreme objective of all our efforts must still be to promote the continuous development of growth and prosperity for everyone. To date

<sup>1</sup> Proceedings 1-299 of 18 May 1983, p. 196.

**Seeler**

the best means to this end has been free trade, and so our report unequivocally endorses the further development of free trade which must, however, be regulated and organized by GATT in a form which can cope with present and future conditions.

I should like at this point to make a clear and forceful plea on my own account against a protectionist world economy. Anyone familiar with world history over the last hundred years knows what happened when in the last third of the nineteenth century the industrialized nations progressively abandoned the principle of free trade in favour of a principle of national protectionism. The consequences were crazy protective tariffs on industrial and agricultural products, worldwide policies of conquest and colonial expansion to secure markets for the industries of individual countries and finally a world war in which one of the stakes was economic influence and power.

Free trade, however, needs to be carefully regulated and delineated. Just as the free market economy is determined and limited by the social principle on the home market, this principle should also, in my view, apply to world trade. And free trade organized on the basis of this social market economy in no way precludes protective measures and aid. If jobs are to be preserved and competitiveness restored in specific areas of industry, it is just as admissible to give tax concessions or other financial aids as to impose quantitative restrictions on trade.

But all measures of this kind must be designed to restore competitiveness and must therefore be introduced for a limited time only. Any measure preserving industrial structures which does not have this objective is at variance with the principles of GATT and is thus unacceptable. On the other hand, protectionism may be a deliberate policy more aimed at preserving certain sectors of industry irrespective of their competitiveness. The European coal industry is an example. But for the injection of massive public funds, the coal industry would have been killed off at the end of the sixties by competition from oil which at that time was cheap. We know now that it was necessary and politically right to preserve the coal industry although it was not competitive.

European agriculture is another example of protectionism on grounds of political desirability. Admittedly this system of protectionism has long since lost its point, because it lacks any structural direction. Money for the farmers, at any cost, is not a sensible policy. A meaningful industrial and structural policy thus needs to be devised for the European Community. This includes improved cross-border cooperation by the various sectors of industry and a stronger export capability on the part of small and medium-sized undertakings. But it also includes the intensive promotion of research, the exchange of new knowhow

and the provision of venture capital. Only in this way can European industry constantly improve its competitive position on world markets with new products.

But we also need a structural policy based on foresight and prevention, i.e. we must monitor industrial and technical developments and watch world markets in order to adjust to them in good time. This kind of adjustment process is far better for those concerned and less costly for a country's economy than the abrupt collapse of whole groups of companies.

Another word or two on European external trade policy: external trade is a Community matter, but it continues to be very strongly influenced by national interests. A European industrial and structural policy must thus be accompanied by the smooth development of a Community external trade policy based on common principles. These include the replacement of national import and export regulations by Community regulations and replacement of traditional trade agreements by the well tried formula of cooperation and association agreements. In the interests of the developing countries it would be a good thing to differentiate the system of generalized preferences more sharply and in the long term to replace it by a liberalization plan for trade with the favoured nations.

There is not time, in a brief introductory speech, to cover all the questions raised by the much needed further development of GATT. I did, however, want to help dispel some of the unthinking misconceptions which often surround the notions of free trade and protectionism. For us in Europe free trade is vital, and we must thus have a clear understanding of its scope, but also of its limits. The same goes for all protective measures which are necessary or dictated by political desirability. Both the motion for a resolution and above all the explanatory statement contained in this report attempt to give some answer to these questions which are of such vital importance to prosperity, progress and the preservation of jobs.

*(Applause)*

**Mrs Wiczorek-Zeul (S).** — *(DE)* Madam President, ladies and gentlemen, on behalf of the Socialist Group I should like to thank our colleague Mr Seeler for his report, and at the same time express my regrets that this discussion is taking place in so small and so restricted a circle and at such a point in time. I believe that this House would do justice to the subject by discussing it in a truly significant forum, on an important day and, furthermore, when a representative of the Commission was present. For, as Mr Seeler quite rightly said, this subject concerns firstly the powers of the Community and secondly a multitude of jobs which number many millions and are governed in our Community by principles and regulations conditioned by the GATT system.



**Wieczorek-Zeul**

We welcome Mr Seeler's report for a number of reasons: firstly because a report emanating from this House for the first time makes clear that free trade cannot be the be-all and end-all, but that it is a means whereby fair conditions can be achieved in this world, jobs secured and prosperity assured in the various regions of our world. This report shows realistically and objectively that there is no automatic relationship between increased trade volume and development, for example, in some of the developing countries. Account is also taken of the real obstacles to free trade which largely exist and which, as Mr Seeler has just said, are always raised with a very one-sided effect whenever certain industries are threatened. The report also states quite clearly that when trade conditions are distorted and unequal, this system of free trade works to the advantage of the stronger rather than the weaker party. I would ask you all to consider whether we should not find new means of including the developing countries, for we must remember that most of the developing countries are not members of GATT and do not regard GATT as their platform.

Our second reason for welcoming this report is that it sets out for the first time criteria for a meaningful Community external trade policy and structural policy, to be voted on by Parliament. We should also be glad if something else could be achieved through GATT, on which we as the Socialist Group have tabled a whole series of amendments; namely free trade union activity, firstly because trade union rights are human rights, and secondly because distortions of competition occurring in the free trade system need to be contained and eliminated. Lastly we should like to see stricter supervision of undertakings, specifically the multinationals, which alone account for 80 % of world trade, and in connection with this we should like to see the OECD and ILO conventions more strictly adhered to.

**Mr van Aerssen (PPE).** — *(DE)* Madam President, ladies and gentlemen, the Group of the European People's Party supports Mr Seeler's report and, in my view, this report is the fruit of joint efforts within the competent committee which sought to provide pointers for the further development of the international agreement on trade and tariffs.

I hardly need say on behalf of my Group that for us the international agreement on trade and tariffs, GATT, occupies the key position from which world trade can be guided along just and equitable lines.

After the war my country devised an economic system, born of bitter experience, which we call the social market economy. Together with fellow members of my party I believe that we should develop this system further into an international system, an international social market economy. We shall shortly be putting proposals on this before this House and

the Committee. We are very grateful to Mr Seeler for taking up the idea, even though he belongs to another party.

I should like to say again, quite clearly, that GATT cannot go on indefinitely being applied as it has been so far; we must above all ensure that it is further developed in a way which allows for anticipation and crisis management. It is vital that GATT should not only react, but above all should anticipate. At present it has no such facility for crisis management. This important point is also touched upon in Mr Seeler's report in general terms.

My Group believes that such a development can clearly only come about if there is also an institutional dialogue with our largest world trading partner, the United States of America. We need prior consultation, prior clarification, we need this form of anticipatory management. We cannot always wait until the chestnuts are already in the fire before acting and trying to solve the problem. We must be able to anticipate events. The necessary instruments are available, as the report makes clear. The report also states clearly that we require a system of crisis management for agricultural policy also; we cannot simply argue the toss each time in the arbitration committees as to who is right and who is wrong. We must act with foresight to prevent things from getting to that point in the first place.

Let me sum up once more on behalf of my Group. We consider it important that the Seeler report should be used as a weapon against the crucial abuses committed in this world against world trade and against GATT. These include the conditions attached to export terms, the inability of some national governments to comply with the international rules of GATT, a certain instability of raw materials markets, and attempts to undermine GATT by means of bilateral agreements. My Group will never condone such abuses; we shall do everything within our power to preserve this multilateral framework.

If in the near future we consider the Seeler report again — and it is not a nine days' wonder, but a review of an ongoing problem — I think it is important that during this institutionalized dialogue with our friends in the USA we should also discuss the excessive fluctuations in exchange rates in GATT and the OECD. Indeed, the Americans have already suggested this. My Group will support Mr Seeler's report.

**Mr Spencer (ED).** — Madam President, I shall start with some of the smaller matters in the text. My group will seek to delete paragraph 13 with its reference to a delegation from this Parliament to the next GATT conference, not because we are against the idea but because we think the modalities, the details, the constitutional implications need to be looked at in a way they have not been looked at in Mr Seeler's report

## Spencer

to date before we express any view on the matter at all. We will also, I have to tell him, be seeking to delete Article 28 with its extensive discussion of an industrial policy for Europe, not because we are against it but because its inclusion in a report that already runs to 11 pages seems to us to fall rather short of the standards of conciseness that we have come to expect from a Hanseatic rapporteur.

We shall also be seeking to delete the references in indent O to the Spencer report on steel because that has not yet been considered by Parliament and to the Caborn report on multinational enterprises because that has been considered by Parliament. Indeed it has been reconsidered by Parliament and it seems wrong to ask to make historical references to a report that Parliament, by its later actions, clearly no longer supports.

We take some exception to the references in paragraph 17 of the text to the possibility of protection on the grounds purely of political desirability. That seems to us to open up an easy way, not towards a social market economy but towards an easy licence for protectionism, on the grounds that if it costs you jobs you may protect. We understand the pressures that lead to that kind of text but it was for exactly that reason that we sought and, I think, found in the committee the formulation that the trading system should be governed by fair competition which respects the principles of the social market economy. We will stand by the Seeler report in that facet of its actions. We still feel unhappy and will seek to amend paragraph 17 as it currently stands.

This question of job losses in Europe which is really at the centre of our concern for GATT and for free trade leads us straight to the problem of free trade or fair trade which the rapporteur tackled. It is increasingly our belief that free trade has to be seen to be fair if it is to be politically defended in Europe and elsewhere. We have to have both free trade and fair trade; they are not alternatives. We should not delude ourselves. We do not currently have absolute free trade. Obviously the kind of free trade that we normally refer to is in a certain kind of industrial goods.

It does not apply to agricultural exports, services or across substantial areas of the world. And yet the free trade that we have had since Bretton Woods in 1944 has served us well, so well indeed that some people have come to take it for granted.

It is not the result of the unrestrained play of market forces. It is very much the result of the carefully constructed institutional balance that underpinned world trade that was constructed at Bretton Woods and later. It seems to me no coincidence that the defences against protectionism are at their weakest where currency instability is at its strongest; that US

protectionism rises with a strong dollar and that European protectionism is at its most shrill when we face a super competitive Japanese yen. Currencies by and large no longer reflect purchasing power parities, which was the assumption of the original world trading system. They are no longer necessarily a reliable means for conveying the markets' messages about absolute or comparative advantage. We live in an area of instant information exchange, of currency trading that goes on 24 hours a day, of transnational companies — all these things undreamt of when the system which we now take for granted was set up three decades ago.

We have, I believe, to look again at the assumptions that underlay Bretton Woods; the comfortable assumptions of all the nations who established it that they shared certain values. Since that assumption was first made we have had huge new entrants to the world trading system who do not automatically share those values. We draw attention to the problems of the Japanese, which have led to the Article 22 case about the general propensity of imports into Japan. We draw attention in one of our amendments to the problems of newly industrialized countries with super competitive industries enclosed in so-called underdeveloped economies. These things have to be looked at again and looked at clearly.

What is going to happen? We have had the near farce of last year's GATT ministerials. We have had the high prose of the Williamsburg Declaration, followed some 6 weeks later by new import restrictions on specialty steels. We have had the consistent presentation of perorations about free trade. The perorations are intact. It is just that they no longer bear much relation to the facts.

Mr Welsh will be expounding the ideas for reform of the system, no doubt much more eloquently than I could, in the amendment that carries our joint name. I do believe that the great trading powers of the world at the moment face a clear choice. They may either go the road of thorough-going reform of GATT and the associated institutions of the world trading system or they must face a sharp deterioration, a sharp decline into a world separated into regional trading blocs. I would say to our American trading partners that every use or abuse of Section 201 or 301, of the American genius for legislation and legal action, will produce an equal and opposite European reaction. We have a choice. We may either sit down and logically seek to redesign the world system on which our joint prosperity rests, or we may watch numbly while we shout at each other and the world declines into a system of regional trading blocs. I believe the choice is clear. I believe that the Seeler report is a first step, although I hope that the rapporteur will be able to accept the Welsh amendment, which will make it two steps rather than one.

**Mrs Poirier (COM).** — (FR) Madam President, our discussion of this report is concerned with the rules and principles of international trade. We still need to define our objectives which must, in our opinion, be dictated by the need to find a way out of the crisis which our countries are experiencing.

The principle whereby world trade is the essential means towards promoting growth appears to us particularly inadequate, since it completely underestimates the importance of home markets. For negotiations within GATT have not led to progress on matters which are of decisive importance for the future of mankind: the overall stagnation of the economy, of trade in all the capitalist countries over the last few years is one unsolved problem: others include the place of the developing countries in world trade, and how to satisfy their demands. The multinational companies, the large financial and industrial groups which play a considerable part in world trade are primarily concerned with speculation and profits.

No — to promote world trade, in the interests of all sides, what GATT should do is recommend that national export credits in the industrial sector be allocated on the basis of economic criteria such as employment, skills, research and shorter working hours, in conditions likely to favour both investment which will create skilled jobs and, at the same time, investment which will increase productivity by the introduction of new technology.

GATT ought to promote growth, since growth is the *sine qua non* for improved world trade.

We also think that the existence of a common trade policy should prompt the EEC to shoulder all its responsibilities towards the countries of the Third World, but also towards the United States and Japan in particular, which, despite a few fits and starts, it is not really doing. Why, in its relations with the USA, does the Community often tend to give in to American pressure? More generally, there has been an accumulation of disquieting facts recently: the USA has given clear warning that it intends to capture the EEC's traditional markets by dumping, as it did recently by selling flour, butter and cheese to Egypt. There was the renewed declaration by Mr Reagan's special representative Mr Broke, that the USA would be following a policy of confrontation with Europe. Unacceptable, disgraceful pressure has been put on the European governments, sometimes successfully, to stop the EEC from introducing a tax on oils and fats, for example. There is the question of steel, referred to earlier, where, despite the 1982 agreement between the EEC and the USA, we see President Reagan deciding to restrict the access of European special steels to the American market.

Surely this causes us to have doubts as to the efficacy of this agreement which was, however, presented last year as a victory for Europe?

In view of all this, I should like to put the following question to the Commission: is the EEC's response forceful enough? It seems doubtful, and I will justify my own doubt by just one example: despite all these pressures, all these measures which contravene the rules of GATT, the EEC has just opened its frontiers most graciously to an American wine produced using methods which are banned in France. So all we do is express our disquiet and demand compensation, whilst, for example, the recent Commission decision to finance the export of wheat and flour to Egypt shows that we do have ways of effectively resisting these pressures. This is a first step which should, in our opinion, be taken in other areas also.

We all know that if we give in to economic blackmail — letting ourselves be outbid by the USA — we betray our own interests.

One last comment on the countries of the Third World. We consider that the principles of GATT, and primarily the reciprocity of advantages, should be applied to these countries, but that their own particular interests and claims should be scrupulously respected. The stalemate in the North-South dialogue, the disappointing outcome of the final negotiations of April 1979 in the Tokyo Round, when all the Third World countries categorically rejected the agreement, show how much still remains to be done in truly promoting cooperation and trade in the best interests of humanity and the future of Europe.

**Mr Jürgens (L).** — (DE) Madam President, ladies and gentlemen, it is important that the European Parliament should discuss the future development of GATT at a time when nationalistic and protectionist tendencies are on the increase and one is aware of the pressing need for a Community industrial policy. I think Mr Seeler has dealt excellently with these issues in his report which is a true credit to the Hanseatic spirit.

If we consider that 25% of the European Community's social product is earned from exports, 50% of which are to non-Community countries, these figures speak for themselves and show clearly the decisive importance of world trade for the European Community. But they also show that no member of the European Community can solve its problems on its own. The more Community spirit we show, the more successful our European Community will be in solving its problems. Under the EEC Treaty the European Community has a clear duty to further the harmonious development of world trade.

I should also like to underline the point made in this report that agricultural products and materials must not be subsidized to the extent that they take an excessive share of the world market. It seems to me impor-

## Jürgens

tant that this report also points to shortcomings in our agricultural policy and its system of open subsidies, but points out at the same time that other countries use less clear-cut methods to grant extensive subsidies and thereby influence the world market.

However, the world trading system must also allow the Third World to develop. If we can gradually help the developing countries to help themselves, to process their raw materials into finished and semi-finished goods and thus market them better, jobs will be created in these countries too; their purchasing power will be increased, above all their trade volume will increase and in world trade terms they will become importers. We in Europe are trying to create, stabilize and preserve jobs. As Mr Seeler's report shows us, these jobs depend largely on foreign trade. Only if living conditions in the Third World improve, if world trade is extensively liberalized and proceeds smoothly, and if the Third World is made part of the world market — only then can the problems of the industrialized nations of this world be solved.

The Liberals pay tribute to the work done by Mr Seeler and endorse his report. My Honourable Friend Jochen van Aerssen placed great emphasis on the part played by his party in introducing the social market economy in Germany and I would just like to add à propos of this that the Liberals were advocating free trade and a free market economy even before the CDU was founded.

**Mr Gérard Fuchs (S).** — (FR) Mr President, ladies and gentlemen, beyond all doubt the growth we have enjoyed for over twenty years is due in large measure to the liberalization of world trade. Nevertheless, free trade should not be considered as a cult and an end in itself. Particularly at a time of crisis we should of course assess its advantages, but also its disadvantages, and take our decisions on the basis of its true effects.

The motion for a resolution contained in Mr Seeler's report stresses the advantages of free trade. I, for my part, would like to remind you of some of its drawbacks and hazards. Firstly, unconditional free trade between partners of different levels of development leads in reality, as we well know, to inequality in trade relations. This is true, for the most part, in trade between North and South. Whence the legitimate desire for trade concessions which may not be reciprocal, as is the case at present under the Lomé Convention. Whence the desire also for a measure of prudence over trade in services, where the initial resources of the various world partners are clearly very unequal at present. But this may also be the case with trade between our Community and the United States or Japan, particularly in the areas of advanced technology where we must, I think, realize that we shall not make up the ground we have lost unless we introduce a number of temporary but powerful protective mechanisms.

Secondly, the sometimes brutal creation of a new worldwide division of labour as a result of unchecked liberalism may have repercussions which are totally unacceptable in social terms on life and employment in certain sectors or whole regions. Here too measures, even temporary measures, need to be taken.

Thirdly, any system of free trade which was not also respected by our most powerful partners — I am thinking particularly of the United States — would very quickly place us in a position of *de facto* subjugation totally at odds with our objective of greater independence for our Community. Faced with a partner who, as we know — and have had reason to remember in the last few days — often takes considerable liberties with the principles he invokes, we ought to equip ourselves in such a way that we can do battle on equal terms.

Lastly, on monetary matters, I should like to refer briefly to what Mr Spencer has said. Presumably I can only rejoice at what is certainly a *volte face* on the part of Mrs Thatcher and her recent approval of the proposal for a new Bretton Woods recently made by the President of the French Republic.

In conclusion I would say that what we need is not absurd protectionism, not unchecked liberalism, but a jointly devised system of trade. To this end I have tabled a number of amendments, and my vote will depend on whether or not these are approved.

**Mr Welsh (ED).** — Madam President, having just listened to Mr Fuchs' concluding remarks, I feel I should say to him that one should never try to see what one wants to see in people's words. One should actually look and see what they said. I think the gloss that he put on what Mr Spencer said pays more tribute to his powers of imagination than to his powers of interpretation.

I would also like to say how much I personally appreciate the work the rapporteur, Mr Seeler, has done on this report and particularly his courtesy in accommodating in his final text the views of many of us who take a particular interest in these matters. It is, if I may say so, the great virtue of the Committee on External Economic Relations above all that rapporteurs, whatever their political colour, approach these matters in this very civilized way.

My honourable friend, the Member for Derbyshire, has spoken for our group on this with his characteristic eloquence and verve, and I would not seek to add anything to what he has said. I will address myself simply to the amendment which is in both our names and which concerns the future of GATT. I would like, if I may, Madam President, to spend a moment explaining how I came reluctantly to the conclusion that if the open trading system is to survive, a rather more radical approach is needed to its problems than has yet been displayed.

## Welsh

I think I finally came to this conclusion when I was in the United States last month with the delegation to the United States Congress. In a series of discussions with our Congressional friends, many of whom are staunch defenders of the open trading system, it became clear that they were now committed to a unilateral interpretation of the provisions of the GATT agreements which would simply not be acceptable to many of us over here. My friend, Congressman Sam Gibbons, said: 'Michael, we are going to pass legislation this autumn which is going to outlaw subsidies', That means that the US Congress itself is planning to pass laws which determine what a subsidy is. However much I may approve of the spirit that leads them to do this, I do not think that as a European I can accept their right to do so unilaterally.

I am also aware that when Mr Blumenfeld presented his distinguished report on the Community instrument, some of my very own colleagues in this group were tempted to move amendments which would, in fact, arrogate to the Community the unilateral power to make decisions on trade issues. The fact is, Madam President, that if every country in the world is going to be permitted to pass domestic legislation which puts its own gloss and determination on the GATT code, we are going to get anarchy. We are going to find ugly concepts such as those of bilateralism and reciprocity creeping in to the open trading system. It is no longer going to be a question of multilateral discussion of multilateral issues and non-discriminatory treatment. It is going to be a question of each sovereign State trading off its own particular piece of domestic legislation against those of the others. That way lies the destruction of the system that has brought the greatest degree of prosperity and growth to the world that we have ever experienced since the end of the Roman Empire.

I believe that if we are to preserve the multilateral trading system, we have to consider seriously converting the GATT into a binding international treaty. I say that with full awareness of the consequences and full awareness that the GATT secretariat itself would oppose it. However, it seems to me that until we have a GATT that is binding and that has its own independent determination procedures, which every one of the contracting parties undertake to respect, then the system of policing international trade will be imperfect and nation States will be tempted to take their own unilateral measures.

I do not suggest, and we do not suggest in our amendment, any new departure. We are suggesting the incorporation of the existing articles of the general agreement, along with the codes that have been negotiated and assented to in subsequent rounds, into a binding agreement. We do not seek to enter into new territory but merely to consolidate and confirm what is there already.

I hope that the amendment that Mr Spencer and I have tabled will at least concentrate people's minds on this particular problem. I hope that they will ask themselves whether the time has not come to admit that the present system of consensus has failed and that we need a binding agreement in its place. If we do that and if, perhaps, the Commission could have the imagination to explore that path, there may yet be hope for the open trading system which has given such inestimable benefits to the world.

**Mr Moreland (ED)** — Madam President, my remarks will concern solely the oral question relating to the Canadian Liquor Board which has been tabled with this debate and which has been laid before this House by a number of Members of our delegation to the Canadian Parliament.

It is an example of the problem of discrimination against imports not by a national government, but at a secondary level of government, in this case the Provincial Governments of Canada. Alcohol tariffs are negotiated with the Federal Government of Canada, but then the Provincial Governments apply what are effectively additional discriminatory taxes on imports, primarily to protect local versions of wines, beers and whisky. They operate this by their unique and extraordinary method of selling alcohol through State-controlled liquor outlets. I am sure that the idea of State-controlled liquor outlets would make even the most left-wing Members of this Parliament wince! I can give those Members perhaps the further satisfaction that we have the extraordinary situation of State-controlled liquor sales made by governments which are nearly all Conservative governments.

In 1979 an agreement was reached through pressure from the European Commission whereby the Provinces during the multilateral trade negotiations indicated their intention to phase out the mark-up differentials between domestic and imported spirits over a period of eight years and to make no increase in the discrimination on wine. This was barely satisfactory because the Commission at that time should have insisted on an end to the discrimination, not just to 'no further discrimination'.

Nevertheless, this agreement has effectively been broken. A number of Provinces still discriminate against imported Scotch, gin and cognac. The Ontario Government has actually increased its discrimination against wine. This discrimination is not just in terms of the additional mark-up but they impose points of sale restrictions, sales quotas and they ensure that many imported wines are sold through a very limited number of outlets. Recently, ostensibly as a great concession to the Community, Ontario dropped its handling charge on imports. However, at the same time it increased its mark-up on imported wine to 123 % as opposed to 45 % on their domestic wine.

**Moreland**

This was particularly discriminatory, I might say, against Italian wine imports.

The handling charge concession that I mentioned was obtained not by the European Commission, but by pressure from the Reagan Administration on the Canadian and Ontario Governments on behalf, of course, of the Californian wine interest. What has the Commission done over the last few years? A few letters of complaint, a few critical words from the Commission's representative in Canada; but surely we have not really been in touch enough on this particular issue. Indeed, I can tell Parliament that there are many Canadians who are surprised that Commission has not been tougher and talk even about retaliating on our imports of Canadian rye whisky. Even the Toronto Globe and Mail said recently in the context of this issue: 'It is high time some honest respect was shown by Ontario and Canada for GATT.' Canada, after the United States, is our most important market for alcohol imports. So, my message to the Commission is, come on, stand up for Europe's wine, beer and spirit interests and press the Canadian and Provincial Governments harder.

**Sir Fred Catherwood (ED).** — Madame President, I congratulate with others, our rapporteur on this excellent report. I simply want to look at the problems that we have because of the fact that GATT is not a treaty, but an agreement dependent basically on European/American cooperation. The delegation to the United States found that protectionist feelings were increasing strongly thereby putting at risk the whole of this system on which our prosperity since the war has absolutely depended.

Part of the problem is the overvalued dollar — overvalued by about 25 % — which has produced this very rapid rise in imports and a trade imbalance in America which has made them feel extremely vulnerable and therefore protectionist. That in turn is because the currencies are now not included in the negotiations. GATT rounds which take years to negotiate and finally come up with 3 % cuts are overtaken by swings in interest and exchange rates which are far outside the negotiating framework. It is really like setting an 80 kph limit for Cadillacs and a 200 kph limit for Hondas and wondering why the Hondas win. So we in the Committee on External Economic Relations are considering this whole question of currency instability so that we can see what the problem is and try to put it back into the negotiation framework.

The other thing that came out very powerfully in the delegation's visit to the United States — and that was why I was sent with the delegation — was the question of agricultural trade. The United States now feel extremely vulnerable with regard to their share in world markets, on which 20 % of their exports are traditionally dependent, and those exports have been

profitable. They are now unprofitable and they are, so the United States feels under threat. Therefore, the United States' farm lobby has swung from being strongly in favour of free trade to a strongly protectionist lobby and so tilted the balance in the United States against free trade.

So we have put to the United States the proposal made by this Parliament in July, which is, as Mr Jürgens has said, that since there are other countries that have subsidies quite as big as ours, and the United States has enormous subsidies that are now substantially bigger than ours, we should negotiate these subsidies downwards with the United States so that they were reduced on both sides. In fact, I was sent with the delegation to find out whether they wanted to do this. They have an internal deficit of 200 000 million dollars and an external deficit of 100 000 million dollars — the biggest deficit that any country in the world has ever had. Therefore, they want to reduce that deficit. The only part that is reducible is the farm trade subsidies. So when we saw the Secretary for the Treasury, he said that they should be reduced yesterday. When we saw the Secretary for Commerce, he put it in a more reasoned way, but it was quite clear that it was in the United States' interest to reduce those subsidies. Even Secretary of Agriculture Block, when we saw him, said that it was in their interests to have the subsidies reduced as long as one of his colleagues had to make the running and it was not left to him to take the initiative because of the farm lobby in the United States.

So I now commend to Mr Tugendhat and to Mr Dalsager, both of whom fortunately are here, the total solution to the budgetary and agricultural problem which is to go along with what the Parliament recommended on 7 July. If we did that and achieved a mutual forced-reduction treaty with the United States, we should no longer have a budgetary problem; farm prices on world markets would rise; our farmers would be able to export without subsidy because the United States would similarly have done away with their subsidies, and I think that both of those gentlemen would have a very much easier life. So, I strongly recommend it to both of them. Moreover, it will also help their colleague Mr Haferkamp in his negotiations.

IN THE CHAIR : MR KLEPSCH

*Vice-president*

**Mr Tugendhat, Vice-President of the Commission** — Mr President, I shall seek to cover all those points before I sit down.

I must begin by saying to Sir Fred Catherwood that he sketches a very seductive future, though I cannot help

**Tugendhat**

feeling that some of the people who were questioning me yesterday about agricultural exports — I do not see Mr Maher behind me at the moment — might take a slightly different view of the matter, and I am not quite sure where the majority in Parliament...

*(Interruption of 'We have a majority!')*

... You have indeed. The trouble is there are sometimes different majorities on different subjects at different times. At all events, I must not allow myself to get sidetracked into these matters.

I address myself at the outset to Mr Seeler as the rapporteur. The Commission welcomes the opportunity to have a thorough debate on trade policy by the year following the GATT ministerial meeting and at a time when the follow-up is about to take shape. I thank him for raising this matter today.

I would also like to thank the Parliament for its support of our efforts to reduce protectionist action and for stressing yet again the vital interest of the European Community in a properly functioning world system. I think this is a point which those who advocate individual measures of protection often overlook and which one cannot mention too often.

Both the report and the motion for a resolution contain a wide range of suggestions. These are, I think, very helpful. They call to mind the very fruitful exchange of views between the Commission and Parliament during the run-up to the GATT ministerial meeting.

The report rightly points to the overlapping of trade-policy issues with problems of agricultural, industrial and, indeed, development policy to name but a few. This is bound to be reflected in the GATT. It is realistic, I think, to assume that not all we would wish from a trade-policy point of view can be achieved politically in the light of these other considerations. I have to warn, therefore that it is perhaps unwise to raise undue expectations at this stage, as, we feel, has been done, in for instance, paragraphs 5, 18 and 20 of the draft resolution.

Paragraph 5 categorically states that 'new tariff barriers should not be allowed'. It is obviously right that such measures should be restricted as far as possible. On the other hand, the report correctly points at legitimate considerations of social, economic or structural policy which must also be taken into account. Paragraph 17, for instance, is an example of that. Likewise, with regard to the systematic elimination of existing trade barriers, much would have been achieved if existing rules were properly applied. Moreover, GATT is foreseeing restrictions only in exceptional cases such as, for instance, anti-dumping procedures.

Paragraph 18 considers export subsidies as incompatible with GATT rules. The Commission would point out, however, that GATT provides precise rules in this respect. Insofar as these are properly applied — for

instance, in the agricultural sector — export subsidies are in conformity with GATT.

Paragraph 20 urges a liberalization plan for world trade. This can, I think, only be a long-term objective. As an important step in this direction, the Commission, as I think the House probably knows has proposed an acceleration of tariff cuts agreed upon within the Tokyo Round when the extent of economic recovery allows it.

Without wanting to refer to all the issues raised, I would not wish to end this section of my speech without mentioning a few points on services covered in paragraph 10 and dispute-settling procedures in paragraph 11.

Like Parliament, the Commission attaches great importance to including services within GATT. Preparations within GATT have to be pursued vigorously in this respect. Studies within the Commission — and we have had an inter-service group for this purpose — have made clear, however, that at least some provisions of GATT in its present shape cannot as such be applied to the services sector. More work will be required. As far as the dispute-settling procedures are concerned, the existing rules do seem to be sufficient for the Commission.

We will certainly examine the many suggestions contained in this report and take due account of them in the context of action following on the GATT ministerial conference of last year. But there is a point which we do feel very uneasy about and which I feel I have to mention specifically, although it grieves me to disagree with Mr Michael Welsh, and that is Amendment No 15, tabled in his and Mr Spencer's name. The essential point that I want to make to Mr Welsh is that the GATT is based on consensus and his amendments, as I am sure he fully realizes and indeed I am sure it was in fact his intention, transform the GATT into a supra-national institution.

Now the GATT has been going for some time. Perhaps it is not a very happy omen that it began in Havana. I do not know. But we can think of cigars as well as other good things that have come out of that city. It has been going for a very long time and I really do not think that it is a good idea to seek dramatic change of this sort. I do not think it would be acceptable, either within the Community or among our trading partners, and I do not think that it would necessarily best serve the aims that Mr Welsh has. So, it is not with Mr Welsh's aims in his approach to world trade that I disagree — far from it — but I do think that the means that he suggests here are not conducive to achieving those ends.

Mr President, as you said, we are also taking a couple of oral questions. In particular, I should like to start with the one by Mr Moreland on the Canadian Provincial Liquor Board practices. It is correct that the US

**Tugendhat**

Administration, as well as the Community, have exercised strong pressure on the Ontario Government to remove the handling charge on imported wine on the grounds that this handling charge was introduced after the Canadian provinces had committed themselves in 1977 not to increase discrimination on imported wines. The handling charge was indeed removed with effect from 15 August 1983 for all wines and the same time the mark-up was re-established at the level applied before the introduction of the handling charge. A minimum price system is imposed on all wines — \$18.60 for a 12 litre case and \$13.95 for a 9 litre case at the wholesale level. The Commission has made a formal approach to the Canadian authorities stating that the combined effect of the minimum price introduced by Ontario and the discriminatory mark-ups does seriously worsen the competitive position of imported wines in the price range of up to 6 Canadian dollars a bottle. The Ontario action is therefore contrary to the Provincial Statement of Intentions given in the multilateral trade negotiations.

The Canadian tariff for wine is bound in the GATT. A withdrawal of concessions is therefore subject to GATT procedures. The Canadian authorities are consequently being urged to proceed to a notification to GATT according to the established procedures. The Provincial Statement of Intentions of 1979 provides for an eight-year transitory period for the removal of discriminatory measures. A mid-term evaluation of the situation shows that while a certain number of discriminatory measures were removed a range of discriminatory practices continue to exist. The Community has repeatedly taken up these issues and is pressing Canada to establish a programme of elimination of discriminatory measures so as to make sure that the statement is fully implemented after the eight years. The Liquor Board definitely constitutes a considerable obstacle regarding access for foreign alcoholic beverages to the Canadian market. The Commission therefore does not preclude recourse to any measure compatible with its international obligations. That is our reply to Mr Moreland.

I said also that I would seek to reply to the question raised by Mr Piquet and a number of other Members concerning the American measures on special steels. The Commission considers the recent unilateral United States measures on special steels to be contrary to the GATT, to the 1970 OECD consensus and to the spirit of Williamsburg — in other words a fairly comprehensive denunciation. Those measures undermine the credibility of the American administration's pledges to check protectionism. The Commission has accordingly, with Council's approval, requested consultations with the American administration under Article 19 of the GATT. A first round of consultations took place in Geneva on 28 July at which the Commission representatives formally claimed compensation from the United States authorities and submitted a list of the products on which the Community was seeking compensation. The

American side was informed that the Community reserved all rights under GATT should satisfactory compensation not be offered. Since then there have been further consultations with the United States under Article 19.

As a satisfactory outcome could not be reached within the 90 days prescribed in GATT, the deadline was extended to the end of November 1983. So far the United States has offered compensation in respect only of the Community special steels products liable to increase duties. This the Community did not consider to be a sufficient offer.

The United States has not yet proposed any compensation in respect of the quota products. The Commission's departments, backed by the Council, will leave no stone unturned to get the problem of compensation resolved by the end of November. If a satisfactory arrangement is not arrived at by then, the Community cannot rule out the possibility of retaliatory action pursuant to the GATT rules.

I have spoken for some time. I have tried to answer Mr Seeler in a way that I hope he finds satisfactory. I felt it right to make clear at this stage our doubts about Mr Welsh's proposition, and I hope that I have provided a full enough reply to Mr Moreland and to Mr Piquet.

**Mr Dalsager, Member of the Commission (DA).** — Mr President, this debate includes two oral questions which I should like to try to answer.

Firstly, the question from Mrs Le Roux and others. Here I must say, first and foremost, that the Commission cannot accept the claim that it has made unilateral concessions to the United States, firstly by the exchange of letters concerning wine, which took place on 26 July 1983, and secondly by limiting to a certain quantity the export of wheat in the harvest year 1982-1983. It was decided to endorse the exchange of letters concerning wine because, in the Commission's view, this is in the interests of the Community, and in particular in the interests of the Community's wine producers, for whom the United States constitute by far the most important export market.

The Commission did not take the decision to limit the export of wheat in the harvest year 1982-1983 in order to placate the United States; it did so taking due account of the situation on the international wheat market, where business was declining, and with due regard to the current GATT regulations.

It is the Commission's intention always to comply with the GATT regulations, even if another contracting party infringes these rules, since the GATT regulations also include rules and procedures for settling disputes. The Commission has taken the following actions under these rules and procedures: it has requested that a GATT panel should be drawn up to examine American wheat sales. With regard to the



**Dalsager**

sale of American dairy produce, the Commission immediately submitted the case to the International Dairy Federation. The great majority of the members of this Federation share the Community's concern about the negative effect of these sales on the world market. As a result of the Federation's rules on unanimity, however, a resolution put forward by the Community could not be adopted because of opposition from the United States and from Egypt. The Commission will now institute the GATT procedure for settling disagreements.

With regard to the next oral question from Mrs Poirier and others, I should like to say that, particularly in the case of wine, the Commission cannot accept the claim that it 'held up to ridicule its own rules on wine-making by authorizing the importation of wines 'manufactured' in complete disregard to the Community's quality standards!

The exchange of letters referred to by the Members is based on a compromise resulting from conclusions reached in consultations between the United States and the Commission since 1976 on technical and legal problems in the wine sector. The letters which were the outcome of these consultations were discussed in detail earlier with the Member States, which approved them under general EC procedures. In these letters, agreement was reached on the harmonization of the United States' and the Community's regulations on oenological procedures. The Community regulations apply both to wine produced within the Community and to imported wine. With respect to the limited number of American practices for which no solution has yet been found, special arrangements will be introduced to ensure that the consumers continue to be protected and fair competition prevails.

The background for the discussions was the imbalance in trade and the increasing success of the European Community's wine. In 1981/82 the United States imported, for example, 4 020 975 hl of wine from the Community and exported 75 303 hl to the Community. As an illustration of what was happening, allow me to draw your attention to the threat to imports from the Community represented by a recent initiative before Congress in Washington to introduce a Wine Equity Act, 1983. This document, which was supported by hundreds of sponsors, calls for all non-customs barriers to the import of wine into third countries, particularly Europe, to be abolished within six months. If this demand is not complied with, the President of the USA, according to the proposal, will be asked to introduce retaliatory measures to limit imports of wine.

I think I can safely say that the exchange of letters now makes it unlikely that this Wine Equity Act will be passed. It cannot be denied that the American market is the most important market for the sale of

Community wine outside the Community; easy access to this market is of vital importance for the Community's wine producers, and it is in this light Mr President, that I ask you to see the exchange of letters between the American government and the Commission on the wine question.

**President.** — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

**3. Cambodia**

**President.** — The next item is the report (Doc. 1-802/83), drawn up by Mr Romualdi on behalf of the Political Affairs Committee, on the situation in Cambodia.

**Mr Enright (S).** — Mr President, I would like to ask for referral of this report back to the committee, not because I happen to disagree with what is being said about Vietnam occupying Cambodia — whether it is the United States occupying Grenada or Vietnam occupying Kampuchea, it makes no difference: foreign powers should not be occupying other countries — but because there are absolutely no development aspects in this resolution apart from a slight reference in paragraph 6. This goes completely contrary to the two resolutions by the Group of European Progressive Democrats which are included in the report, and very sensible and sensitive resolutions they are. It similarly goes contrary to the letter from Mr Poniatowski, the chairman of the Committee on Development and Cooperation. It would be very sad if this Parliament started politicizing aid. We are, in fact, in a situation in the Community where our aid is about development and not about politics first and foremost.

I would ask the House to accept that this report should go back to the Political Affairs Committee for a further in-depth coverage. It cannot be corrected by amendments tabled on the spur of the moment. It should be looked at in depth.

*(Applause)*

**President.** — Mr Enright has asked for the report to be referred back to committee in accordance with Rule 85 (1). Who wishes to speak against?

**Mr Habsburg (PPE).** — *(DE)* Mr President, Mr Enright's request is totally misplaced since the whole matter has been thoroughly discussed in the Political Affairs Committee. This led to the report being amended to bring it into line with what is currently needed. Here Parliament is making a very important statement of principle, and I regret that Mr Enright has made himself the advocate of an extremely bad cause. All he has really done is to speak for the conspiracy of those who want at all costs slowly to undermine the European Community's attitude

## Habsburg

towards the occupation of Cambodia in the interest of large capitalist groups such as Interagra in France. You are probably not aware of it, Mr Enright, but we have looked into the matter very carefully, and in view of its importance I would ask that we discuss it today.

*(Applause — Parliament rejected the request for referral back to committee)*

**Mr Romualdi (NI), rapporteur.** — *(IT)* Mr President, ladies and gentlemen, this Parliament has tackled the dramatic upheaval in Cambodia on numerous occasions, and it was certainly not along the lines outlined just now by Mr Enright but in order to reveal to the world the atrocities and the implicit need for an increasingly committed humanitarian response. And the question is not one of development, Mr Enright, since there is precious little that can be developed there at the moment. The question is rather how to help the people who are suffering and then to try to get a clear picture — this was essential — of what is involved in this conflict and what is behind it all. This is a conflict which is fueled and led by the savage presence of the political and strategic interests of two imperialist powers, the Soviet Union and China, for whom Cambodia like other territories is just a battleground on which millions of human beings have lost, if not their lives, at least their freedom, their independence, their homes and any respect for their human rights. They are sunk in the depths of despair and disease, suffering and hunger, and we have first-hand reports of this from the mission which Mr Cohen, Mrs Agnelli and Mrs Macciocchi — I think I have the names right — were sent in among these poor people some time ago.

We have to admit that in spite of thirteen years of war and suffering the desire for freedom and independence is still alive in Cambodia. Ten years of occupation by Vietnamese troops and the awful Samrin régime have not managed to crush the desire for rebellion which has spread and has led to a national liberation front of the Khmer people under a tripartite coalition which is internationally recognized and which has brought together the Communist guerillas of Pol Pot, the forces loyal to Prince Sihanouk and the Khmer Serei of the former prime minister, Son-San. Large areas of Cambodia are already under their control and every day thousands and thousands of refugees are moving into these areas in a desperate search for protection and more tolerable conditions.

Apart from any other consideration and apart from any legitimate reservation, especially with regard to the inclusion in the tripartite coalition of the pro-Chinese and Communist forces of Pol Pot, this Parliament has to give its backing to this political and military front if we want to show again that we are ready to work for the freedom and independence of Cambodia as of any other oppressed nation.

First of all, we have to echo the repeated calls by the United Nations, the EEC-ASEAN meeting and other international bodies for the withdrawal from the country of all occupation troops. Secondly, once the Vietnamese troops have gone, UN forces should be there to ensure that the Cambodian people can elect a democratic parliament and choose their own government representing the whole nation and capable of proclaiming and guaranteeing the neutrality of the country, which is precisely what the people want and which ultimately is perhaps in the interest of the superpowers who are controlling things there at the moment, since it is likely that they too would be happy to see a more stable and less troublesome balance of power in this large and tortured corner of the world. Thirdly, and this is the most urgent, we have to ask for aid to be increased and in particular to be more carefully selected — I say this for Mr Enright's benefit — and more carefully distributed, so that the aid reaches the people of Cambodia and not, as is often the case, the occupation troops or even the government over the border in Vietnam.

From the brief outline I have given, ladies and gentlemen, it is clear that we have a part to play in the success of the action undertaken by the national liberation front of the Khmer people. At the same time we have to try to ensure that the Pol Pot clique does not get the upper hand in the coalition, since of course we cannot forget their earlier crimes. We have to do all we can to strengthen the position of the two moderate factions in the coalition. In response to the comments of some Members — whom I should like to take this opportunity of thanking — this is what we are trying to do in the way we have worded paragraph 6 of the motion, with special reference to the aid programme.

In conclusion, Mr President, let me say that while I realise, alas, that this motion cannot by itself solve the terrible plight of Cambodia and its poor people, nonetheless it can help alleviate their suffering and offer a glimmer of hope to those who have taken up the brave struggle for the freedom and independence of their country.

*(Applause from the right and centre)*

**Mr Enright (S)** — Mr President, yesterday indeed we told the old lie *dulce et decorum est pro patria mori* and we decided that we would sell arms to the world, that we would promote death. Today we are showing an equal lack of concern for people who are dying of hunger, who are not guilty of bringing Vietnamese into their country but who, nevertheless, die because of our actions and our failure to analyse correctly the situation in that country.

No one, least of all myself, would try in any way whatsoever to justify the Vietnamese occupation of Cambodia. It is unjustifiable. Likewise, I would not try to justify the regime in Chile. That is unjustifiable.

**Enright**

Likewise, I would not attempt to justify the regime that exists in Ethiopia — that is unjustifiable. We could go on with a whole catalogue of places where it is impossible politically to justify the cruel and savage regimes that exist. But in all these places we are able, as a Community — and it is one of our strengths — to get food aid and medical aid to the people who require it. That is why I was so very pleased to see both these resolutions contained here originally, one of them signed by Mr von Habsburg himself and he was right so to do. The tenor and content of those resolutions is fine, but it has not been carried through into this report.

Forget about the motion for a resolution for a moment and just read the report itself. There is no hint as to what development is about. There is no reflection of Mr Poniowski's letter to the Political Affairs Committee, and not even I would accuse Mr Poniowski of being a left wing upholder of crooked regimes of one sort or another. Certainly his letter sets out extremely well what the Committee on Development and Cooperation has been saying.

As it is, what is our practical aid at the moment to Kampuchea? Certainly we are giving food aid to the refugee camps on the border. In effect, one can argue and indeed it is argued, is that the people that we are giving aid to are the Khmer Rouge and Pol Pot. Are we really saying that we want Pol Pot once more to take control of Kampuchea? There is no mention of the possibility of that in this report. That, I think, is a great shame and a tragedy.

What we should be about is seeing how we can bring assistance to these people who are suffering and dying at the moment — the ordinary people, not the people who are playing politics in any way whatsoever. It is poor peasants who are starving whom we can help because UNICEF has a programme there. We heard in the Committee on Development and Cooperation last week from the UNDP that they, in fact, can go in, that they can assist. Therefore, through other organizations, through Cafod, through Oxfam we can make sure that the people who are now suffering and dying in their thousands are assisted. It just needs a little imagination on our part. It needs a little Christianity in our hearts instead of our just looking at cardboard figures and erecting cardboard political theories.

**Mr Habsburg (PPE).** — *(DE)* Mr President, I should like first of all to express warm thanks to Mr Romualdi for his excellent, fair and balanced report. At the same time I find it regrettable that the previous speaker has put forward arguments which are really just sentimental and unrealistic, on a matter which ought to be discussed realistically. For it is simply not true that assistance can be given to the people of Cambodia via the present regime. Time and again it has been proved that this can only be done through

the correct channels, and not through channels which use the food we send as far as possible to feed the Vietnamese occupation forces and their puppets of the Heng Samrin regime.

What are we really after in Cambodia? We want peace and freedom for its people, we want to see the survival of a nation to which we owe a considerable debt, for anyone who has been to Cambodia — and I have been several times — knows how much this nation has done for us. Of course this nation currently finds itself in an extremely dangerous situation, as Mr Enright quite rightly said. But we must be quite clear on one thing. It is these people we wish to help, and not those who are currently wiping them out! I will make just one point: this Cambodia was a beautiful, peace loving country. But it took a step towards which certain circles are now trying to push us: it declared itself neutral and renounced its arms. You know very well what happened as a result. It was occupied first by one side and then by the other, and there have certainly been more deaths than if the Cambodians had looked after their security themselves.

The Soviet Union now clearly backs the Heng Samrin regime, just as it supports the Vietnamese regime. Mr Enright says there is a danger that we may be helping Pol Pot. The aim of this report is precisely to ensure that this help is given to the democratic forces in Cambodia, which are led by the former prime minister Son San, the truly credible democrat in Cambodia today. All other assistance will only benefit those who are oppressing and wiping out the Cambodian people. I will thus close by asking that this report be accepted in its present form, for it provides the right guidelines for the help we wish to give.

*(Applause from the centre)*

**Mr Prag (ED).** — Mr President, I find it very difficult to understand Mr Enright's argument. My group believes that it is right that this Parliament should not merely condemn Vietnamese aggression in Cambodia, as the Romualdi report rightly does, but should also offer positive if modest help to those Cambodians who have been forced to flee their homes and their country and now struggle for its freedom. That does not in any way exclude aid under proper control to the people of Cambodia who remain oppressed and miserable in their native land.

Cambodia has been held down since 1970 by a Vietnamese army of occupation. Since 1979 that regime has taken the form of a puppet government, that of Heng Samrin. But the key element remains a Vietnamese army of occupation which, even today, still comprises between 160 000 and 180 000 troops. Cambodia is subject to cultural and economic aggression by an alien people of alien language. Hundreds of thousands of its people have fled from tyranny and persecution to Thailand, causing a huge refugee problem. The Viet-

## Prag

namese are rapidly colonizing their country, and estimates of the number of ethnic Vietnamese settled there range from 300 000 to 700 000. As in Laos, the settlers take over the best rice-growing land and the bulk of the rice produced on it goes to Vietnam.

The five member states of ASEAN are in no doubt as to where their interest lies. It lies in making sure that they are not subject to the same kind of aggression that Cambodia has been subjected to and Laos too, and in making sure that Vietnam does not take over Cambodia's seat in the UN through its puppet, Heng Samrin. We should respect their views and help them.

My group welcomes Mr Romualdi's report. We would welcome financial aid by the Community to the free Khmers, the Khmer Serei of ex Prime Minister Son San and Prince Sihanouk's organization. Obviously, we would not wish that aid to find its way to the Khmer Rouge. Both Son San and Prince Sihanouk ruled Cambodia well. They gave it tolerant and civilized government. How the people of Cambodia, after the unspeakable horrors of one Communist regime — that of Pol Pot backed by the China of Mao Tse Tung — and a second Communist regime — that of Vietnam's puppet Heng Samrin — must look back on the rule of Sihanouk and Son San as a golden age of prosperity and freedom! We should support them, if only modestly, with food and medical supplies in their struggle for free elections and for independence and democracy in their own country.

(Applause)

**Mr D'Angelosante (COM).** — (IT) Mr President, ladies and gentlemen, there is something old and there is something new in this third report on Cambodia which has been submitted to the European Parliament. The old story — and one which although we have heard it before is not true, or at least not proven — is the claim that some of the aid for this unhappy country goes to Vietnam and that another part of it goes to the Vietnamese troops who are stationed in Cambodia. However, in the reliable press — let me quote *Le Monde Diplomatique* — correspondents on the spot consider that aid from Vietnam and its allies accounts for far more than aid from elsewhere.

Be that as it may, the Community's attitude on aid to countries in need is politically wrong and morally questionable since the granting of such aid is coloured by political considerations, which is quite different from the way other organizations operate internationally. And there is worse, since there is a proposal in the report before us that food and medical aid should be channelled through the Khmer Serei. But this is an extreme rightwing organization under the leadership of Son San, an ex-Quisling of the puppet government which was installed by the Americans when they were there, and it is an organization which now controls

almost nothing and therefore cannot give anything to anyone. Giving aid to the Khmer Serei would simply mean donating money to Son San. He may be a friend of Mr Habsburg but that is his only claim to Community money.

The new element in the report, ladies and gentlemen, is the claim that the guerilla forces of Pol Pot and Hang Sari are now having to oppose the government in power led by Heng Samrin, albeit with the support of Vietnamese troops. This means that the Cambodian nation is rising again and that its people, who have been the victims of terrible and horrendous massacres, are again beginning to have faith in the future. Children of twelve were being sent to the labour camps before but now the schools are opening for them again.

But there are some people — and I think this includes most of the members of the Political Affairs Committee — who believe that Cambodia should be handed back to Pol Pot and his bloodthirsty henchmen. Even the rapporteur is aware of the Khmer Rouge's dominant position within the tripartite coalition in Kuala Lumpur. Most of the committee members believe that this balance of power, which is based on military strength, can be changed if the material aid which is denied at the moment is forthcoming, if there is access to the media in Europe and if we provide a few other nice touches. But I wonder if the members really believe all this.

The committee also believes that inside Cambodia today there are fixed military camps of the Khmer Rouge which occupy clearly defined areas and which need to be delimited and stabilized. It is quite clear that people believe what they want to believe, Mr President. They appear here and there at different times in the country — which has always been the pattern — but there is nothing that can be delimited or stabilized.

The situation is different along the border with Thailand where the support of the Thai army and the recruitment, sometimes enforced, from the nearby refugee camps can create different circumstances. It would in fact be a good idea to deploy UN troops along the border.

There is one other new thing: the proposed elections are supposed to take place under the supervision of an international body acceptable to everyone and not under the supervision of the United Nations. What does this mean, and who is everyone? Who does not like the United Nations? The military intervention in Cambodia must be condemned but we must not forget the genocide that was being carried out at the time. We have to do our utmost to help Cambodia regain its independence and freedom, but this means freeing it forever from the monsters who tore it apart.

(Applause from the left)

**Mr Israël (DEP).** — (FR) Mr President, ladies and gentlemen, the situation in Cambodia before the Vietnamese went in was a truly dramatic one. Mr D'Angelosante spoke of genocide; I would call it self-destruction. The Cambodian people were destroying themselves little by little under the rod of a terrible dictator, Pol Pot ...

**Mr D'Angelosante (COM).** — (IT) Yes, your friend Pol Pot!

**Mr Israël (DEP).** — (FR) Who said that, who made that silly remark? 'My friend Pol Pot', indeed! Really Sir, how little you know me, I cannot credit it!

When the Vietnamese arrived, the situation changed. But unfortunately it gave way to a new dictatorship, based on what I might call 'ordinary' communism, compulsory reeducation, the 'moral order', the exploitation of a people, the Cambodian people, based effectively on their political and cultural alienation.

We thus call for the withdrawal of Vietnamese troops from Cambodia and Laos. We are defending a position of principle, and in this we support Mr Romualdi's report.

But Mr Romualdi does not want this report to mean the return of the Khmer Rouge. Here lies the nub of the problem. What happens once the Vietnamese have withdrawn? Once again, with all due deference to some people, some of those sitting opposite, it is those who have a true national conception of their country who must be consulted.

My group, I will not deny it, sympathizes with the movement of Mr Son San, and my group fears like the plague efforts to ally the neo-Khmer Rouge with representatives of a wavering prince who does not know exactly what he wants.

So, Mr President, how can the Community take action in a situation like this? Moral support by the Community for Mr Son San would clearly be an important political gesture, but all the other considerations remain.

And here, Mr President, you must pardon my surprise at the efforts of my honourable friend Mr Enright to have this debate postponed. This debate is a matter of urgency. All the more so as Mr Enright is the author of an excellent report of the Committee on Development and Cooperation concerning the thinking which the Community ought to espouse on human rights. In his report, Mr Enright adopted a position of active intervention, for which I thank him. The Community must not stand idly by in circumstances like those obtaining in Cambodia.

Since I have started taking issue with a colleague from the British Labour Party, I shall continue by drawing Parliament's attention to a question put to the President of this House by Mr Alfred Lomas — for whom I have the greatest respect.

Mr Lomas — I would ask you for one minute more, Mr President to be deducted from subsequent speaking time — asked Parliament why the report on human rights, which I had the honour of introducing in Parliament contained so many inaccuracies, and he stressed that a number of countries had complained, notably Romania, Ethiopia and Malta. In short, Mr Lomas informed us that in our report on human rights we had exaggerated, wounding countries for which he seems to feel a measure of sympathy.

In the light of this, Mr President, the report on Vietnam is particularly important. Even though it is rather theoretical in nature it should be put to the vote quickly, for the withdrawal of Vietnamese troops will not necessarily mean a return to peace. But we should at all costs make known our political will to see this region of the world restored to a situation which is worthy of our conception of democracy.

*(Applause from the right and the centre)*

**Mr Petronio (NI)** — (IT) Mr President, in common with the other speakers I also feel that it is right to discuss Mr Romualdi's report on Cambodia here and now and not to refer it back to committee. That would be pointless. The actual facts of the matter have been outlined by the rapporteur and by the other Members who have just spoken.

But I think it might be a good idea to offer a brief comment on what Mr Enright said. When he was suggesting the report be sent back to committee he spoke about Christianity and cardboard political theories. Well, if you ask me, we can leave fancy theories to the likes of Toulouse-Lautrec and his paintings and leave Christianity to the saints. This is a political assembly here with a political role and we cannot have people talking in such plaintive tones about cold figures and political theories. Figures and theories are never cold when they are fueled by political feeling. Ours is a highly political assembly and we cannot ignore the fact that in Cambodia there is a climate of violence in which genocide is practically being carried out. We cannot ignore the fact that aid is being diverted, perhaps with some economic connivance, towards the victors and oppressors rather than reaching the people who are suffering and being crushed.

It is for this reason that I personally — and I think Mr Romualdi will agree — wish to thank Mr Israël, Mr Habsburg and the others who spoke in favour of this urgent report. We have often concerned ourselves about events in far-off places. Cambodia is far-off too but geography has nothing to do with the humanitarian feelings which run right through Mr Romualdi's report which — I might add — was approved by Parliament's Political Affairs Committee. I am speaking in particular about the withdrawal of the

**Petronio**

occupying troops, the possibility of free elections under international supervision and aid for the purchase of food and medicines to be distributed by the moderate factions which can ensure their best use. I am wholly in favour of the report by Mr Romualdi.

**Mr Dalsager, Member of the Commission.** — (DA) Mr President, the Commission naturally shares the views expressed about Cambodia's independence and the sufferings inflicted on the people of that country. The Commission believes, as is expressed in the joint EEC-Asean ministerial declarations, that the setting-up of a tripartite coalition in a democratic Kampuchea is an important step towards an overall political solution in Cambodia. The Commission remains convinced that the United Nations' resolutions on Cambodia, especially the points concerning the withdrawal of the Vietnamese troops and the organization of free elections, are the basis for a lasting solution to the crisis. As regards paragraph 6 of the motion, the Commission draws attention to the fact that the Community has granted large amounts of aid to the distressed victims in Cambodia. I should like to point out that the Community and its Member States have been the largest contributors during this country's crisis with appropriations totalling 187 million dollars between 1979 and 1981. This aid has been given not only to refugees in Thailand and in the border areas of Cambodia, but also to refugees within the country.

Aid is still being granted, though in a more limited form, since the food situation has improved in Cambodia. In 1983 the Community decided to grant food aid totalling 4.4 million ECU. This aid has always been given in the form of provisions and distributed through international aid organizations which make sure that the help given reaches the proper recipients.

**President.** — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

#### 4. *Persons missing in Argentina*

**President.** — The next item is the report (Doc. 1-902/83), drawn up by Mr Cariglia on behalf of the Political Affairs Committee, on the persons missing in Argentina.

**Mr Cariglia (S), rapporteur.** — (IT) Mr President, ladies and gentlemen, it has taken some time for the report I was asked to draw up to be considered here but I could add that it is now being considered just in time for 30 October, the date on which the people of Argentina are being asked to elect their new constitutional representatives in parliament and the government.

The delay was caused by the numerous difficulties from many sources which hampered my visiting

Argentina. In the end I went under the cover — if I may express it that way — of a parliamentary delegation. I might add, too, that in spite of all the promises to the contrary the Argentine Government lost no time in threatening to expel our delegation.

I had no problem in meeting the leaders of all the parties, large and small, which exist in Argentina, the candidates for the forthcoming presidential election, journalists, trade union leaders, youth organizations and all the groups for the respect of human rights, foremost among whom are the mothers and grandmothers of the Plaza de Mayo, those outstanding figures of noble patriotism with their incomparable stamp of civil and human courage. I am convinced that without them no one in Argentina would have realized how much human dignity, as well as human rights, had been infringed and violated.

In the explanatory statement which accompanies the motion for a resolution I have tried to stick to the facts and assessments which come from bodies endowed with a great deal of moral and political authority. In particular, I should like to mention as sources the religious authorities in Argentina and the Organization of American States. None of these bodies has any reason to manipulate the facts and therefore, to my mind, they can be considered generally reliable.

The fundamental fact which emerges from our analysis of the situation in Argentina is the number of people who are supposed to have disappeared. Depending on the sources, it is a number which fluctuates between a minimum of 4 000 and a maximum of 30 000 *desaparecidos*. However, I think we should keep to the sources whose reliability and credibility have, as it were, the highest rating. For this reason I have taken the figures supplied by the Committee for the Defence of Human Rights in Latin America, which has published a report endorsed by Cardinal Arnolfo of Sao Paolo. This report names 7 291 people who have disappeared. It goes without saying, of course, that in all the contacts I have had with political and religious leaders a very cautious estimate would double this figure. But the fact is that the list we have contains 7 291 names.

The social background of those who have disappeared is another factor which in my view should not be ignored. Most of them come from the middle classes, with a large proportion among intellectuals. The vast majority of the *desaparecidos* are between 20 and 30 years old. This will have an extremely adverse effect on the future of Argentina, especially when we remember the number of other people — scientists, technicians, or at any rate people with specialist skills — who left the country during the years of terror.

The facts are serious and the blame is also a serious matter and it cannot be swept aside by the amnesty law which the military government proclaimed as part of national reconciliation. In connection with this, let

## Cariglia

me say that all the leaders of political parties I talked to and the Catholic members of the *Paz y Justicia* committee were unanimous in their pledge to repeal this amnesty law as soon as there is a democratic government, since according to them it is a law which is a moral indictment of those who proclaimed it.

I should also like to point out to the House that no national reconciliation will be feasible in Argentina unless the fate of the *desaparecidos* is investigated. The tragedy of these people is to be found especially in their families and with their relatives, who are waiting to have the bodies of their loved ones and, in some cases, to know what happened to the babies of the pregnant women who were arrested, taken away and never seen again.

One of the results of the forthcoming elections on 30 October will be that the Community will once again be able to talk to Argentina. There is no doubt that this will be in the optic of a long tradition of economic, political and cultural collaboration with Europe. This was the wish of all the parties in Argentina at the moment with whom I was able to talk. I am sure I am speaking for this House if I say that wanting to know what happened to the *desaparecidos* does not mean undermining the rightful desire of the people of Argentina for reconciliation but means aspiring for an act of justice.

This, in my view, should be the message which the European Parliament sends to the people of Argentina and to those who will be elected on 30 October, as a sign of a renewed and sincere friendship which will serve to wipe out the bad memories of the recent past.

(Applause)

**Mrs Pery (S).** — (FR) Mr President, 10 000 people dead, perhaps 30 000 missing, mostly young people between 20 and 30 but also children, 400 000 people exiled. Figures like these, in the last analysis, no longer mean anything to us in concrete terms. The discovery at the end of 1982 of dozens of cemeteries containing hundreds of corpses cannot but move us to horror and outrage. Those missing include Italian, Spanish, French and Swedish nationals. Their respective governments have instituted enquiries, but these enquiries need to be intensified.

The many human rights bodies in Argentina including the mothers of the Plaza de Mayo, have the backing of the European Parliament in their demands to be told the truth, irrespective of the amnesty law adopted by the junta on its own behalf.

It would be too easy to place oneself beyond the reach of justice by a law which precludes any possibility of legal proceedings in respect of 'excesses committed during the struggle against subversion' — to quote the Argentinian generals' own words. This amnesty law

does not, however, cover the members of subversive organizations. These violations of human rights require coordination measures between the European Parliament and the Latin American Parliament.

The elections to be held on 30 October offer a ray of hope here. Electing a civilian president of the Republic will be an important step towards democracy.

The military will go back to their barracks, but will that be enough to make them lose their power? The waning popularity of the armed forces is due to the Falklands war but also to Argentina's disastrous economic situation. Ultraliberalism has not brought the modernization of the Argentine economy which the government expected. Inflation in 1981 ran at 131%, and the peso was devalued by 80% in 1982. In 1970 the average daily wage would have paid for 43 kilos of bread: in 1981 it would have bought six kilos.

This country which, together with Uruguay, was for a long time the richest in Latin America, today shows disturbing indications of a slide towards poverty: 15% unemployment, suicides by mothers bringing up children on their own, 40 to 70% non-attendance at school and a sharp increase in urban slum dwellings.

The future democratic government of Argentina will not be able to maintain silence on such matters. 'A poisoned gift' runs the headline in a current weekly. It is the civilians who will have the onerous task of setting things right. In particular, their government will have to see to it that a full and public account is given of the missing person file, and the European Parliament once again demands, today, that this be done.

**Mr Antoniozzi (PPE).** — (IT) Mr President, ladies and gentlemen, we unstintingly approve the motion for a resolution which the rapporteur, Mr Cariglia, has put before the House on behalf of the Political Affairs Committee. The European Parliament has already adopted two other resolutions on Argentina, in November 1982 and more recently. In our view the time has now come, in the light of what has been done by the UN Working Group on Disappeared Persons and the decision of the Commission on human rights in Geneva as well as that of the Commission on Human Rights of the Organization of American States, to take more positive and determined steps to discover what happened to all those people who disappeared in Argentina.

With democracy apparently about to be restored in that country, we must make a greater effort in insisting that the creation of a climate of greater respect for human rights coincides with an opportunity to throw more light on what happened. Quite apart from all the moral and material aspects of the affair, we want to find out where the political and individual blame lies.

**Antoniozzi**

The Member States of the Community, and especially Italy, have seen many of their citizens emigrate to that part of the Americas, some of them many decades ago, and many of the people who have disappeared came from among them. Throughout Europe and throughout the world you can hear the cries of anguish on account of what happened, and nothing in Argentina or anywhere else can ever justify those events. The sad fact is that in other parts of the world similar tragic events have occurred, especially where there is no liberty or democracy and therefore no democratic check imposed by the public.

We condemn this kind of behaviour and we hope that reason and the rule of law will return to Argentina, just as we hope the same thing for those other parts of the world where humanity has to suffer in a similar way. We want an international enquiry, which will have our cooperation, to throw light on these events at last. By knowing what has happened in the past, we can see that it never happens again in the future.

The firsthand information which the rapporteur has given us today reinforces our views and strengthens our commitment. By adopting this resolution, the European Parliament — which is also an institution working for peace in Europe and throughout the world — will provide another opportunity to denounce wrong and to encourage moral reflection for a better future for mankind.

**Mr Normanton (ED).** — Mr President, may I first of all, on behalf of the European Democratic Group, congratulate Mr Cariglia on his report and more particularly for the calm and dispassionate drafting and the equally calm and dispassionate, but sincere, presentation of it to this House.

This is a matter which has given rise to deep, strong emotions and feelings throughout the whole of this House and has done so over a long period of time. We do — and I believe we should continue to do so — feel strongly on the whole question of human rights, wherever infringements occur. This report deals particularly with the Argentine. But the House should in no way single out the Argentine to the exclusion of infringements of human rights in the rest of the world. We are applying a common set of standards in our judgments the length and breadth of the world.

What troubles honourable Members in a matter of this kind is that here, probably for the first and only time, despite numerous resolutions and declarations by this House which in most other parts of the world would have been listened to, it appears painfully clear even to those who in this House, for a whole range of reasons, have deep, long historic sympathies with and support the best interests of Argentina, that our resolu-

tions are continuously being ignored. I would beg the authorities in Argentina in the name of all honourable Members of the European Parliament, to respond to the appeals which have been made so far and which are contained in the Cariglia report, and to show by action and by words that in their part of the world they do value human life and dignity. The amnesty laws which have been passed by the military government of Argentina do not meet even the most rudimentary standards of human rights which we regard as essential.

We believe that there is an urgent need for a response, and we earnestly hope that the government which will be formed after the coming general election will recognize that it has a vital role to play. We, for our part, will play our role in helping the Third World countries which do respond to our insistence on the importance of human rights.

Mr Cariglia will have the wholehearted support of the European Democratic Group when this report comes to be voted upon.

**Mrs Scrivener (L).** — (FR) Mr President, ladies and gentlemen, the report we are debating today covers a subject which has long been of concern to the members of this House. Together with my colleague, Francis Combe, who has since died, I tabled a resolution on 11 May 1981 on the children and babies who were the innocent victims of the dictatorship in Argentina.

Mrs Gaiotti De Biase also tabled a resolution on this subject somewhat later in the same year.

On 18 November 1982 a resolution by this House again drew attention to the disappearance of children aged two months to six years, together with all those born in prison.

In the light of the information available today, we appear to have underestimated the size of the crime.

Mr Costa, Italian State Secretary for Foreign Affairs, recently stated that the missing persons included at least 102 children, half of them Italian.

Nearly five years ago, on 14 December 1978, the Argentinian police, who were responsible for abducting most of these children, stated that 40 children had been returned to their homes or placed in public institutions.

We thus have to assume that these unfortunate children must be orphans, since their parents are missing persons. This is the name given to these men and women who have, in effect, been murdered. All these facts are set out in Mr Cariglia's report, and we must thank him for the considerable work he has done in exposing a bleak chapter in human history. Unfortunately it is not the only one.



## Scrivener

This House has always attached great importance to the upholding of human rights. Are they not even more important where children are concerned? We must lend our full support to all those Argentinian women who time and time again have proved their determination to obtain information about those who are missing.

According to the former rector of the University of Bahia Blanca, who spoke before the Political Affairs Committee of this House early this year, the 'mothers of the Plaza de Mayo' have submitted 106 000 petitions for *habeas corpus*, all of which have been ignored.

These women are the living proof that brutal terror is not able to stifle the conscience of all.

If, as we hope, Argentina elects a more democratic government on 30 October, the courage and tenacity of those Argentinian mothers and grandmothers who have for so long and at such peril defended the rights of their children and grandchildren will not have been in vain.

But we in the European Community have a duty of our own. It is stated in the amendment tabled by my honourable friend Mr Gawronski on behalf of the Liberal and Democratic Group.

We hope that this resolution will further encourage us to reflect that freedom is a precious commodity which has to be jealously guarded, but that it will also remind us of the horrors of dictatorship, horrors which, I am sure you will agree, are even more dreadful when defenceless children are involved!

**Mr Israël (DEP).** — (FR) Mr President, ladies and gentlemen, the Cariglia report is a signal to the Argentinian democrats. This signal is the promise of an alliance between Europe and a future democratic Argentina, the promise of political, cultural and economic cooperation.

The sympathy, the love, almost, which Mr Cariglia has brought to the question of the missing children commands the admiration of every member of this House. He rightly emphasizes that one cannot gag an entire nation and one cannot gag mothers crying for their children.

In this context our debate today is an important part of the opinion of this Parliament. But Mr Cariglia's report is also an appeal; it expresses a wish that the first responsibility of the assembly to be elected on 30 October should be to seek the truth.

Certainly, that assembly will only have a meaning if it restores democracy, if it denounces before all civilized peoples the events which happened under an intolerable dictatorship, because, Mr President, if nations need justice, they also need truth.

**Mr Gawronski (L).** — (IT) Mr President, ladies and gentlemen, the excellent motion for a resolution by Mr Cariglia which we are debating today reminds us of a particular but by no means minor aspect of the problem in Argentina, and it asks us not to forget during these vital days for the future of the country that it is essential to find out what happened to the thousands of people who were illegally detained, tortured and killed during the years of military dictatorship.

If we really understand the need to avoid at all costs the danger of a premature end to the democracy which is reemerging in Argentina — and I mean by stirring up factional grudges and violence — and if we recognize the need for a genuine process of national reconciliation so that the democratic future of Argentina can grow on a firm basis, then we also feel that the new rulers in that country must be bold and forceful enough to seek truth and justice with regard to the *desaparecidos*. Mrs Scrivener made this point a few moments ago.

The fact is that the form and scale of their tragedy go beyond the other terrible instances of violence which have unhappily marked recent history in Latin America, the most recent example of which are the events in Grenada.

As we know, the military authorities have refused to provide information about the fate of those who have disappeared. They have gone no farther than cynical statements about how pointless any investigation would be since the people who disappeared are now dead.

We are aware of this tragic fact, that in most cases human justice will not be able to restore these missing people to freedom and to society, and we are aware of the technical problems in prosecuting those who are actually guilty of these terrible crimes after so many years and after the documentary evidence has probably been destroyed. However, we feel that it is our moral and political duty to insist that the sacrifice of these missing people is not forgotten, that their families see some kind of posthumous justice done and that the missing people are no longer considered *desaparecidos* but formally recognized as victims of the military régime's savage and illegal violence.

The Community's role in connection with this is more important — and I have stressed this in the amendment tabled on behalf of our group — in view of the fact that several hundred Community citizens are among the victims and their fate is still unknown. Continuing to demand information on their fate from

**Gawronski**

the Argentine Government is not therefore interference by the Community in the domestic affairs of a third country; it is the expression of the right and the duty of a union of democratic nations to be concerned about the fate of their citizens and to defend their rights, wherever they may be.

In saying this, I do not want to suggest that the missing people who have Community citizenship should be considered in any way privileged, albeit posthumously and symbolically. I want rather to point out that the Community has a legal obligation as well as a moral duty to persist in its search for the truth on the fate of those who have disappeared and to seek justice for the European citizens who became victims of repression.

*(Applause)*

**Mr Dalsager (D)**, — *Member of the Commission.* — *(DA)* Mr President, in three days' time there will be elections in Argentina; whatever the outcome of these elections there will then be a civilian government based on democratic principles, and we in the Community cannot, of course, but welcome this. The new government takes on heavy responsibilities and will be judged by the extent to which it succeeds not only in bringing to a close a painful period of arbitrary government and contempt for human rights, but also in explaining the facts, releasing the prisoners who are still alive, and bringing to book those responsible. The Commission therefore supports Parliament's renewed appeal.

**President.** — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

### 5. EEC-Israel

**President.** — The next item is the report (Doc. 1-785/83), drawn up by Sir Fred Catherwood on behalf of the Committee on External Economic Relations, on the

recommendation from the Commission to the Council (Doc. 1-598/83 — 6677/82) for a regulation concerning the conclusion of a Protocol relating to financial cooperation between the European Economic Community and the State of Israel.

**Sir Fred Catherwood (ED)**, *rapporteur.* — Mr President, this report was adopted unanimously in committee. There are no amendments; no one seems to disagree with it, and so I let it stand to speak for itself.

**Mr Blumenfeld (PPE).** — *(DE)* Mr President, I can only repeat what my honourable friend has said. In committee we unanimously adopted this Protocol, which is long overdue, after only the briefest of

debates. Our expectation is now that it will ensure continuity in financial relations between the European Community and the State of Israel, and we should like to see this established as quickly and as efficiently as possible.

I would say to the Commissioner that we should be glad if the Commission would take due account of the recommendations of the European Parliament delegation which meets every year with the Knesset. I would remind the House that in the field of solar energy and other technologies, for example, the MEPs and the Knesset have put forward proposals of real substance, but that these have not been taken further at all.

If Parliament, which is just as much an organ of the Community as the Commission, exerts itself in these matters, its findings should at least be considered by the Commission.

**Mr Tyrrell (ED).** — Mr President, I appreciate the way in which the two previous speakers have dealt with this report, but I would not like it to be thought that this subject is a mere formality. On the contrary, the protocol brings to an end an unhappy chapter in the history of relations between Israel and the Community. One might say that normal relations have now been restored. The 1975 agreement was entered into at a time of exceptionally cordial relations between these two parties, and the objectives that were set out in Article 1 of that agreement were obtainable only when there was close cooperation based on warm friendship between the two parties. That indeed was the normal state of affairs. But things changed, and when the first Financial Protocol expired in October 1981, it was clear that there would have to be a substitute. The European Council decided not to proceed with it, and that decision was taken because Israeli troops had entered Lebanon. It is not a moment to review the wisdom of the European Council's decision, but Israel and her friends did find it difficult to understand why the agreement with Syria continued unabated during the time that negotiations with Israel had come to a standstill.

Now we are, thankfully, back to normal. The loans that the agreement provides for are loans for promoting industrialization. They are not loans for armaments, they are loans which are intended to further, in both the Community and in Israel, dynamic economic activity. The loans that were given under the first Financial Protocol were loans in small packets, none of them, as I understand it, exceeding 6 m ECU. In other words, they are loans which were widely spread.

In the context of enlargement, it is important that the industrialization of Israel should be enabled to continue. The risk to Israel of damage to her trade in agricultural exports is one which cannot be eliminated, with the best will in the world, in the enlarge-

**Tyrrell**

ment negotiations. The same applies, of course, to our other trading partners in the Mediterranean. I would like to underline the last few words of Sir Fred Catherwood's report when he refers to the consideration and assessment of other forms of cooperation and scientific research. The only comment I would make on that is that I would hope that that consideration and assessment would take place in good time before the present new Financial Protocol expires in 1986, so that further development of our relationship along those lines can take place in the 1986 agreement.

**Mr Adamou (COM).** — *(GR)* Mr President, it is a cause of some surprise that though the blood of the innocent women and children of Palestine and Lebanon butchered by Begin and Sharon's hordes has not yet dried on the hands of the Zionists of Tel Aviv, the European Parliament is talking about concluding a new financial protocol with the Israeli government. That is, instead of the leaders of the EEC taking the lead in creating a special court to try the Israeli war criminals, they are seeking to award them a prize for these crimes of theirs and to encourage similar action. This is the only possible interpretation for today's financial protocol for granting a loan of 40 million ECU to Israel. It is absolutely certain that this money will be used for Tel Aviv's warlike ventures since 80% of Israel's gross national product is taken up with arms and war expenditure.

Mr President, we do not identify the working people of Israel with their criminal leaders. The Israeli people deserve every sympathy and aid in their struggle to free themselves from their Zionist tyrants because it is the people who are paying for the consequences of their leaders' warlike policy. At the moment inflation is galloping at a rate of 131%. Two thirds of the national budget is covered by foreign borrowing while the war in Lebanon and the settlement of the Arab West Bank of the Jordan has raised the foreign debt to enormous proportions with the result that today it amounts to 8 000 ECU for every Israeli citizen.

Mr President, we are categorically opposed to any move to finance those initiating the war in the Middle East. We would ask for all cooperation with them to cease until the Israeli troops are withdrawn from Lebanon and from the occupied Arab territories, and until the uprooted Palestinians return to their homeland. The Greek people refuse to become an accomplice in helping the present war criminals in any way.

IN THE CHAIR : MR NIKOLAOU

*Vice-President*

**Mr Haagerup (L).** — *(DA)* Mr President, when one speaks as a representative of one of the numerically minor groups in Parliament, it often happens that in a debate such as this one must refer to what others have said before, because things have been said which one

can endorse. I should, however, like to stress that this in no way applies to the most recent honourable speaker, Mr Adamou, with whose opinions I can in no way concur. In my opinion, now is not the right time to conduct a general Middle East debate, because we are to discuss this question in Parliament later, but it is a little difficult to avoid embarking upon the subject of our relations with Israel, and I can quite agree with what Mr Tyrrell said in this connection. This is not exactly the most successful period we have ever experienced in our relations with Israel, and my group's main attitude is as follows : we are not much in favour of conducting a foreign policy in the form of restrictions on economic aid or putting a stop to economic cooperation. There is no reason to look back now, and on behalf of my group I should like to express my satisfaction at the fact that we now have a new financial protocol, which can be implemented as quickly as possible, and I would strongly urge that it should in fact be implemented very soon. Irrespective of what we might think at any time about the politics of the Israeli Government it is the strong point of our relations with Israel that we can express our thoughts openly to that country even when we do not agree with it. But that ought not to disturb the continuing development of good economic relations between Israel and the Community such as have been established in this financial protocol, the implementation of which I should now like to recommend most warmly on behalf of my group.

**Mr Dalsager, Member of the Commission.** — *(DA)* Mr President, I believe that, with the exception of Mr Adamou, there is general support in Parliament for the Commission's proposal, and I thank you for that. It is a matter of continuing financial cooperation with Israel along the lines of our cooperation with, for example, the Maghreb and Mashreq countries, and of winding up the first financial protocol, which expired as far back as 1 October 1981. The Commission can therefore fully support Parliament's wish that the new financial protocol should be implemented straight away. Agreements have already been reached on this understanding, and they will be implemented immediately after the protocol has come into force. I entirely share Mr Blumenfeld's wish for a better mutual exchange of information between Parliament and the Commission, and I will convey his message to my colleague, Mr Pisani, who has particular responsibility in this field.

**President.** — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

#### 6. European Foundation

**President.** — The next item is the report (Doc. 1-757/83), drawn up by Mr Schwencke on behalf of the Committee on Youth, Culture, Education, Information and Sport, on the European Foundation.

**Mr Schwencke (S), rapporteur.** — (DE) Mr President, ladies and gentlemen. The European Foundation in its original conception is a mature, one might almost say elderly, child of the European Community. As we all know, it has aged to the point where it is now older and, from what we see before us now, wiser as well. As you all know, in 1975 Leo Tindemans, at the time Belgian Foreign Minister, presented his colleagues with a report designed, so it was said, to 'overcome the crisis in the European Community'. He obtained their approval and planned an extremely concrete step, the setting up of a European Foundation. Tindemans described the purpose of this Foundation as follows, in a proposal drafted in 1974 and published in 1975: 'its object will be to promote, either directly or by assisting existing bodies, anything which could help towards greater understanding among our peoples, by placing the emphasis on human contact: youth activities, university exchanges, scientific debates and symposia, meetings between the socio-professional categories, cultural and information activities.' By virtue of its nature, the inventor of this Foundation saw it as being more flexible and more effective than the national and European bodies. Through the investment of personal effort, so Leo Tindemans thought, the Foundation was to create a European consciousness and strengthen a European identity in its citizens. At the very first meeting of the European Parliament to discuss this Foundation, its structure encountered a measure of resistance. Some, whilst welcoming the idea, considered the practicalities unacceptable. My own group clearly declared itself sceptical at that time, and we are still sceptical.

My job as rapporteur is to inform you of the opinion of the majority of the Committee, without concealing the opposing views. This 'child', of which I spoke at the beginning, has meanwhile been born: on 29 March of last year the foreign ministers of the ten Member States concluded a bilateral agreement to set up a European Foundation with its seat in Paris. The process of ratification by the Member States is under way and the first ratifications have been received.

Criticisms of this institution's structure by a number of Member States bring home to us in the European Parliament the fact that others also do not accept the form and content agreed on at the time by the foreign ministers. The European Parliament does not feature in the structure of this Foundation, first conceived of in 1975, not even now as a directly elected Parliament. It is left out, as if there had been no such thing as a popular vote in 1979. This seems to me unacceptable, especially as we are the ones who will have to pay the greater part of the European Foundation's costs.

Eight years on from Leo Tindemans' first proposal the position as regards culture, education and youth has changed, and the political implications of these questions have changed too. Firstly, we are all very much concerned with the problem of youth unemployment, which has nothing to do with the Foundation.

Secondly, we now have a European Youth Forum whose work opens up political perspectives which are significant and worthy of note by us all. Thirdly, further progress has been made in our Member States in the social and cultural field. We consider that the aim of cultural policy should no longer be to continue the old traditional art forms, but to develop new ones. What opportunities for this does the European Foundation offer?

Over the last few months, and years we have realized that cultural policy has a part to play in the striving for peace. What part, I wonder, will the European Foundation be able to play? The European Parliament must be included in the setting up of this new institution. And so my report reveals a dilemma. Although we want the European Community to be more active in cultural matters, we do not want to see others encroaching on Parliament's powers as a result. The European Parliament made it very clear this morning that it will give financial support to the European Foundation in its preparatory process, but will cease to do so if the Foundation is to come into being without the involvement of the European Parliament.

**Mr Arfé (S).** — (IT) Mr President, ladies and gentlemen, I want first of all to congratulate Mr Schwencke for his excellent report on the European Foundation. He has produced a very balanced expression of the perplexity which many of us feel with regard to institutions like this, which are the artificial offspring, as it were, of the joint efforts of diplomacy and bureaucracy. They are the result of an idea which is very praiseworthy in itself but which people try to flesh out before it is properly defined.

Something of this nature happened with the European University. There are a number of outstanding items on the balance sheet, but in spite of all the good will and efforts of its administrators and teaching staff it is still having problems in deciding on a particular role for itself.

Unlike some of our colleagues who have come out against the Foundation on the grounds that culture is not a matter for the Community, we feel that a revival of the European Community will become a fact, an irreversible fact, only when the essential element of culture provides a dynamic and unifying force in the process of European integration.

Our reservations do not therefore concern the Foundation as such but are based on the methods which were chosen to bring it into being. By this I mean that there was no wide-ranging debate to go into the terms of the matter, to outline and define the aims and to situate it — and this was pointed out by Mr Schwencke — in the framework of a cultural programme. Our reservations are based on the fact that the European Foundation is the result, it would appear, of inter-governmental agreements and these will be so cumbersome and slow-moving that they are bound to affect the development of the institution,

**Arfé**

which instead should have broad scope for action and be open to innovation, so that it is able to adapt in a flexible and intelligent manner to the needs that will gradually emerge.

The motion for a resolution which the committee approved on the basis of the Schwencke report incorporates these fears and suggests the necessary alterations so that the Foundation when it is set up will not become a costly organization of little or indeed no use and will not swallow up resources which could be better used elsewhere by a Community cultural policy.

Our position therefore is not one of biased opposition but of reasoned criticism. This criticism comes in the form of constructive warnings and proposals, and central among the latter is the idea of giving this Parliament an active role in the further development of this initiative. And we say this not because we want to push the role of this Assembly but because we are sincerely convinced that the direct representatives of the people of Europe can and should provide here and now an example of fresh vitality for all the Community institutions, and especially those which by encouraging closer and more frequent ties between our cultures and strengthening the way they interact will reinforce the ideal basis of the political Community which this House has solemnly stated it wishes to see built.

**Mr Gerokostopoulos (PPE).** — *(GR)* Mr President, our colleague Mr Schwencke's report on the European Foundation is so comprehensive and complete that I should not have to intervene at this point. Nevertheless, I think that in order to give the House further information and following the brief of my group, it would be useful briefly to review the facts which have led to today's debate.

The idea of setting up the Foundation, as Mr Schwencke mentioned, was conceived first all by the former Prime Minister and present Foreign Minister of Belgium, Mr Tindemans.

He submitted to the Council of Ministers a report on a citizens' Europe, the primary purpose of which was to create the necessary conditions for understanding between peoples which would lead to and facilitate European union.

Mr Tindemans' proposals were looked at by the European Commission, which, after a detailed study, submitted a report to the Council by which Article 235 of the Treaty of Rome was approved as the legal basis for setting up the Foundation. It must be pointed out that our Parliament adopted most of the Commission's proposals in two votes and sought to participate actively in the necessary preliminary procedure and in subsequent procedures.

After long hibernation, it suddenly became known in March 1982 that the European Council had agreed to setting up the Foundation with an intergovernmental

agreement. Our Parliament reacted. I remember the debate which took place in June 1982 and the motion which Parliament passed following a proposal from the Chairman of the Committee on Youth, Mr Beumer. There were three main points of criticism raised in the debate which went on then: firstly, that the creation of the Foundation was not based on Article 235 of the Treaty of Rome as the Commission and the Parliament suggested. Secondly, the considerable subsidies from the Community budget are entered as non-compulsory expenditure, thus without being controlled directly by this elected Parliament. The third point is that the proposed structure of the Foundation did not allow effective cooperation either with the existing institutions promoting cultural, educational and youth matters or, in particular, with the European Parliament, which was particularly active in these fields.

On the basis of the points mentioned above and in an attempt to fill the gaps in the intergovernmental agreement, the present motion was drawn up. It has the unqualified support of the Group of the European People's Party and I hope that it will be passed unanimously by this House.

Finally, Mr President, I consider it my duty to add my own congratulations to Mr Schwencke for his excellent and well researched report.

*(Applause)*

**Mr Papapietro (COM).** — *(IT)* Mr President, ladies and gentlemen, I shall support this balanced report by Mr Schwencke. We are in no doubt about the fact that there should be a European cultural institution. The European Community is aware of this need in the process of integration. Cultural activity, with exchanges and meetings, is essential. Parliament itself can see that its work in this area is increasing. This morning Parliament adopted all the amendments of the Committee on Culture, and this shows awareness of the problem.

However, as the rapporteur and Mr Arfé pointed out, this European Foundation has come about in a somewhat ambiguous manner. It has been set up independently of Parliament, by agreement between countries, and there is nothing about any role or contribution of Parliament either in the initial stage when it is set up or at the operational and management stage, and Parliament has no power of control whatsoever.

Now that things have got under way, however, it is a good idea to emphasize the positive side of our criticism. The Schwencke report does this with regard to the individual parliaments of the Member States, since there now seems to be some resistance to the idea and this is borne out by the fact that so far only one parliament has ratified the agreement.

We ask the European Parliament to adopt this report, because it contains proposals for alteration so that

**Papapietro**

Parliament may have a role to play in the cultural sector. The report accepts however the principle of setting up the Foundation. Be that as it may, the report provides a basis for discussion of the proper role for Parliament and especially of the correct course for this institution which we consider necessary.

**Mr Rolland (DEP).** — *(FR)* The European Foundation, as everyone knows, was set up following an inter-governmental agreement in March 1982, without the participation of the European Parliament, which nevertheless wished that this body should be a Community forum. Despite repeated initiatives by our Assembly, the original omission has not been remedied and no moves have been made in our direction.

Mr Schwencke's report gives us the chance today of calling once more for an additional agreement which would institutionalize the relations between the Council and Commission, on the one hand, and the European Foundation on the other hand. This House wants concrete and binding agreements which will allow it to have its say when the officers of the Foundation are appointed and coopted.

The position of the European Parliament raises questions of two kinds: institutional, in the first place, and functional, in the second place. As regards the institutional aspect, our Assembly is certainly right in wanting to have its say, given that the European Foundation will be financed out of the Community budget and that we have always wanted all the Community's activities to stem from a true Community framework. But if we leave the institutional principle, numerous questions persist. Will the European Foundation be able to operate more effectively? Will it be better able to fulfil its task, which is to strengthen the mutual understanding among the peoples of the Community and promote a better awareness of the cultural heritage of Europe in its rich diversity and unity, and to develop a better understanding of European integration? Well, Mr President, in the face of such lofty objectives, the institutional squabble perhaps seems a little petty. The Group of European Progressive Democrats, whilst reiterating that the Community framework remains the most appropriate framework in which to expand the Community's activities, wonders whether there is any real point in a skirmish after the battle. However, it sees no difficulty in endorsing the conclusions of Mr Schwencke's report.

*(Applause)*

**President.** — Thank you, Mr Rolland.

I believe this was your maiden speech before Parliament?

Allow me to congratulate you, then.

*(Applause)*

**Mrs Pery (S).** — *(FR)* Mr President, Mr Schwencke's report was prompted by reservations concerning the development of the European Foundation, and it calls for guarantees.

As a member of the Committee on Youth, Culture, Education, Information and Sport I can understand this position. But I would like to introduce a number of more optimistic notes here.

The agreement establishing the European Foundation was signed in Brussels and designates Paris as the seat of the future Foundation. In its memorandum of November 1981 on European policy, the French Government considered that progress in the building of Europe would only be achieved if culture, one of the fundamental elements of the identity of the peoples of Europe, became a focus of effort by the Member States.

I should like to recall briefly some of the priority objectives set out by the Foundation: to develop understanding of the European idea, encourage the study of the languages of the Community countries, promote personal exchanges within the Community and encourage programmes designed to meet the needs of young people.

I endorse these objectives, which should be complementary to the activities of the European Community and the Council of Europe and not duplicate them.

The fact that the Board of the Foundation will include members appointed by the Community provides a guarantee of this and should permit good coordination between the Foundation's activities and our own, particularly those of the Committee on Youth, Culture, Education, Information and Sport.

Generally speaking, it would be fitting for the European Parliament to play a part in the life of the Foundation. At the same time, the financial control exercised by the Commission and the Court of Auditors ought to allay the fears of a number of our colleagues.

There is so much work still to be done to spread the European idea that it will take all of us, pulling together in a positive spirit of cooperation.

**Mr Estgen (PPE).** — *(FR)* Mr President, ladies and gentlemen, Robert Schuman, that master builder and great craftsman of Europe, the centenary of whose birth we shall shortly be celebrating, had as his ideal a Europe which was organized and structured, of course, but also a living Europe in touch with everyday life and capable of providing the population of Europe with the instruments for social progress and the preservation of peace.

Always, in our treaties, deeds and solemn declarations we proclaim our loyalty to the legal, political and moral values we hold dear, and at the same time our

**Estgen**

desire to build a freer, fairer and more united Europe — in short, a society, a civilization in the service of mankind.

A large majority of the members of this House see the building of Europe as something more than a simple form of cooperation among states, more than a subtle economic strategy. Whilst emphasizing the rich variety of our national cultures, which we must at all costs preserve, dedicated Europeans seek to bring the nations closer together in an awareness of their shared heritage and their common destiny, and of their interdependence in the current crisis when European union offers the only possible solution.

The European Foundation can be an important instrument in bringing about this Europe of mankind in all its human, social and cultural dimension. It can also be a forum in which concrete achievements, recognizable as such by the citizens of Europe, take shape. It is thus quite unthinkable that the European Parliament, which directly represents 270 million citizens and is currently the only motive force in Europe, should not have a share, like the Commission, in the work of the Foundation. This point is clearly made in Mr Schwencke's report.

At the same time I should like to enter a strong plea for close cooperation between the Foundation and the Council of Europe which, in the field of culture, has already done and is still doing a considerable amount of work. In general, I think we do not cooperate actively enough with the Council of Europe: Europe does not consist merely of the Ten, and so, with this in mind also, I strongly support Mr Schwencke's report.

*(Applause)*

**Mrs Boserup (COM).** — *(DA)* Mr President, I will begin by quoting from Annex II of the report, which reads: 'the European Parliament is consequently unable to support any allocation of resources for a European Foundation from the Community budget.' This is a quotation from a motion for a resolution of which I was one of the proposers and for which I was attacked most cruelly — only verbally, of course, but by one of the most stalwart members of this House, namely Mr Bangemann, who used an expression about my methods which is very inappropriate in a parliamentary assembly. And now I have the uplifting experience of Mr Schwencke saying I was right. We are not going to contribute, and I can only be glad about that, for I really do not think that we should contribute. It is childish to go harping on about the fact that one has not got exactly the amount of money requested in one's prayers. One should simply rejoice over what one has, for that is the most to which a Danish Government can possibly aspire. And so let them work. If people are so tired of the fact that Members of the European Parliament are not allowed to sit on the management body, then some Members

should consider at least the fact that we have plenty to do already, and that there are competent people outside this House who should also have a chance.

I cannot vote for the Schwencke report because of its insulting remarks about our not being involved. But I thank Mr Schwencke for adopting my idea that the fund shall have no money from the European Community's budget, for it really ought not to have any.

**Mr Vernimmen (S).** — *(NL)* Mr President, in this report the rapporteur seems to assume that the European Foundation would be responsible for the Community's cultural policy. It is even suggested that cultural activities must be encouraged, cultural and education policy, cultural cooperation with the Council of Europe. Although I am not a member of Mr Tindemans' party, I must point out that this is not what Mr Tindemans intended at the time.

It can be seen from paragraph 17 of the motion for a resolution that the European Foundation is to be seen as a means of developing the Community towards European union and not as a means of cultural cooperation among the Member States. Indeed, in this respect the motion for a resolution seems to me far better than the actual report. It would have been better to state that the European Foundation is not the instrument to be used by the Member States for the conduct of the Community's cultural policy. The original intention was a Foundation which, in the field of individual endeavour, was to help uphold and illustrate the ideas of European integration and union. It was to do this by means of specific initiatives in the field of youth work, information, popular displays and culture too — not, in other words, an ambitious cultural policy, which has to be conducted using different forms and procedures. At all costs we must not allow the European Foundation to become a forum in which officials meet other officials, educators meet other educators, specialists meet other specialists, and so on. What it must do is bring the European Community closer to the public.

The European Foundation is not the preserve of culture ministers. Indeed, I believe that my country's government will never ratify the agreement establishing the European Foundation if it appears that the ambitious path of non-Community procedures is being trodden. I have a great deal of sympathy for the idea that the European Parliament should only agree to the European Community's financing the Foundation once it knows more about the direction its programme is to follow.

I should have been happier if the Committee on Youth, Culture, Education, Information and Sport had been less carping on the subject of the European Foundation and had scaled down its criticisms. Generally speaking I am in agreement with the motion for a resolution, with the exception of paragraph 5, which to my mind raises a special question of principle.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, bearing in mind what you said, I hope I will not trespass too much further on the time of the House.

The Commission believes that in his report on the European Foundation Mr Schwencke has restated concisely and forcefully some of the criticisms that Parliament voiced in June 1982 as well as in the debate on Mr Bocklet's report in June of this year. The report also contains useful comments on the future organization of the Foundation. The agreed approach adopted in the resolution before the House comes as no surprise, therefore, to the Commission. The Commission entirely appreciates Parliament's main concern that the Community and, in particular, the Parliament risks having little or no say in the programme and activities of the Foundation, despite the fact that for the moment it may well be the only source of the necessary funds.

As you know, Mr President, the Commission strongly urged in 1978 that the Community as such should be a party to the agreement establishing the European Foundation. However, there was a solid opposition to this proposal within the Council. The Commission, therefore, had to take the difficult decision as to whether to give up having the Community as a contracting party or face the prospect of having no Foundation at all. In opting for the first course it took the view that whereas it did not like the arrangements proposed, it could not ignore the possible role of the Foundation as a major means of popularizing the European idea among the peoples of the Community.

I would suggest, Mr President, that the Commission and Parliament are not in disagreement about that fundamental aim. I think that emerges quite clearly from most of the speeches this afternoon. I am also, of course, aware that Parliament accepted an amendment this morning to finance preparatory work on the Foundation as well. In any case the motion now before the House stresses that the Community needs to be brought closer to the ordinary citizen and the ordinary citizen made more Community-minded. It emphasizes that bringing home the cultural unity of Europe to people in general can only facilitate the process of Community integration.

The Commission believes that the right policy now is for the Community to use what means it has available to influence the work and activities of the Foundation towards achieving these common objectives. In this light the Commission fully appreciates that Parliament itself wants to be assured of having a part to play in running the Foundation and a more clearly defined relationship with it.

I am certain that the Board of the Foundation will want to cooperate closely with Parliament, so there should be nothing to stop the conclusion in due course of a Foundation/Parliament agreement. However, I would suggest that the idea of an addendum to

the Council's agreement of March 1982 would be very difficult to achieve on a political basis. The Commission, for its part, plans to include Members of the European Parliament on the lists of candidates for seats on the Board which it will be submitting to the Council in due course. In doing so, it will take into account Parliament's own choice in the matter and make the necessary contacts with the President of Parliament and with the chairman of the Committee on Youth, Culture, Education, Information and Sport.

May I also stress, Mr President, that the House rightly emphasizes that Parliament, as one half of the budgetary authority, holds the purse strings as far as credits for the Foundation are concerned — or rather, it does for as long as no private donations have been received. Parliament's views therefore will have to be taken fully into account when the necessary financial proposals under Article 235 of the Treaty are brought forward by the Commission.

Of course, for the Foundation ultimately to come into being, the groundwork now being done should, in our view, be carried through pending completion of the ratification proceedings. The preparatory committee has pinpointed the bodies the Foundation will be working with and assembled a sizeable corpus of working material. Now it will be stepping up its work on a preliminary draft programme in accordance with its terms of reference.

I would like to make one final point about paragraph 5 of the motion for a resolution — on relations with the Council of Europe. The foundation has never, to my knowledge, ignored the experience of the Council of Europe. On the contrary, one of the declarations annexed to the March 1982 agreement refers specifically to cooperation between the two. Agreement may not provide in so many words for the Board of the Foundation to include a representative of the Council of Europe, but neither does it contain anything to preclude such a representative being co-opted. I understand that the preparatory committee has already established a very satisfactory working relationship with the Council of Europe. Perhaps, Mr President, this could be taken into account in any possible amendment to the resolution.

**Mrs Viehoff (S).** — (NL) I should like to ask the Commissioner if he could tell us what the position is with regard to the ratification of the Foundation in the various Member States.

**Mr Tugendhat, Vice-President of the Commission.** — Mr President, I should be grateful if the honourable Member could wait until tomorrow morning when I hope it will be possible to give her an up-to-date answer. I am sorry that I do not have the information immediately to hand.



**President.** — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

### 7. *Status of au pairs*

**President.** — The next item is the report (Doc. 1-797/83), drawn up by Mrs Viehoff on behalf of the Committee on Youth, Culture, Education, Information and Sport, on the recognition of the status of au pairs in the Community.

**Mr Forth (ED).** — Mr President, you are of course aware of Rule 103(1) which specifies that a committee can validly vote only if a quarter of its members are present. I have to point out to you that the number of Members present at the meeting of the Committee on Youth, Culture, Education, Information and Sport when it considered this report was only five, as is shown on page 3. I would therefore ask you to refer this back to committee for it to be properly and validly considered and voted on before the plenary considers it.

**President.** — Mr Forth, were you asking for that on behalf of your political group or on your own behalf?

**Mr Forth (ED).** — Mr President, I do not think it matters. The rules are the rules. They state what they state. It is a matter of record. If you want to take it personally then I will offer this to you as an individual, but I do not think it has any less force for that.

**President.** — All right, Mr Forth's proposal is valid. One Member can speak in favour and one against.

**Mr Arndt (S).** — (DE) It is totally irrelevant at the moment how or in what form the committee voted, and any way Mr Forth could have brought the matter up in committee. We have the report at hand now and the only way I can understand this request is that the report should go back to the committee. I see absolutely no reason for that, and in my opinion we ought to carry on and deal with the report here today.

If Mr Forth wants to overload the agenda for November even more, then let him get on with it. But he shouldn't be surprised if a whole series of motions are no longer dealt with. I ask for the debate to go ahead and for the vote to be taken tomorrow.

**Mr Hord (ED).** — Mr President, I rise on a point of order. I am not sure that Mr Forth formally asked for this matter to be sent back to committee. I think he raised a point of order with you under Rule 103(1), and it seems to me that there is, in fact, no need for the President to require Parliament to concern itself with a referral back to committee in the light of Mr Forth's observation that you, on behalf of the Presidency should automatically withdraw the report. Whether it goes back to committee is obviously for the Bureau to decide.

My point of order is that if this report is persisted with we are, I believe, out of order to be concerning ourselves with the document because it has no validity whatsoever. Furthermore, if we vote on it, it could well be that other institutions will ignore it because of the defect complained of by Mr Forth.

**President.** — Mr Hord, you are talking about procedure within a committee and not about procedure here in the Chamber. I cannot therefore accept what you have just said.

**Mrs Viehoff (S), rapporteur.** — (NL) Mr President, I do not know why Mr Forth has brought this matter up. I can tell him however that a colleague from his own group, Mr Simmonds, apologized for not being there when this report was discussed in committee but indicated that his group endorsed it entirely. There is nothing controversial in this report. I fail to understand why Mr Forth wants to add it to the November part-session when we have enough time here today. I really urge you to deal with the report today and to proceed as usual. There were several committee members who expressed their agreement with this report but who were perhaps not there at the vote, but Mr Forth's hair-splitting at this point is really quite beyond me.

**President.** — I don't want this discussion to drag on and I should like to ask Mr Forth, for a last time whether he insists that we vote. If he insists, the matter will be voted on without his being given leave to speak again. Do you insist, Mr Forth?

**Mr Forth (ED).** — Mr President, I doubt if it is a question of vote. The reason I am doing this is that we have rules in this House and I think we should try to respect them. If what Mr Arndt and Mrs Viehoff are saying...

**President.** — I gave you an answer. We are going to vote.

It was clear to the Bureau that there was a majority in favour of discussing the report.

*(Parliament rejected Mr Forth's request — Members of the European Democratic Group asked for the vote to be checked electronically)*

**President.** — Ladies and gentlemen, 13 Members voted in favour of referral back to committee and 43 Members voted against. I therefore ask you not to force the President to verify which way the House voted. You are of course entitled to call for an electronic vote, but the President also has a duty not to waste the House's time.

*(Since the electronic voting system was not switched on, Parliament rejected Mr Forth's request by sitting and standing)*

**Mr Moreland (ED).** — Mr President, can we take it from this precedent that any committee may now send a report to this Parliament on the basis of a vote in that committee taken in the absence of a quorum? I presume that we all now agree that that is the precedent.

**Mr Arndt (S).** — *(DE)* I have no objection to the Conservative Group referring this matter to the Committee on the Rules of Procedure and Petitions, but the situation is as follows: the House has decided that the matter should appear on the agenda. If anyone has any objection to make, he should do so at the start. The report was printed from the first and a majority of the House decided to put it on the agenda. Only a majority can take it off again.

Mr Forth should otherwise refer the matter to the Committee on the Rules of Procedure and Petitions, although I do accept the fact that the committee chairmen should be urged to see to it that in future the Rules of Procedure are adhered to in committee. But the fact is that the House cannot set itself up as judge on whether a committee has proceeded according to the rules or not, unless an objection is raised at the appropriate time at the beginning of the part-session when the matter is to be placed on the agenda.

**President.** — Mr Arndt is right. Mr Forth should have brought the matter up before the start of the debate.

**Mr Pearce (ED).** — Mr President, there are two points of order on this matter. One is that Mr Arndt is correct, in a way, in saying that one should choose the appropriate time to deal with this matter. But this is the appropriate time. This is the time on the agenda when we address ourselves to this point.

The second thing is that you have set a very strange precedent. What you seem to be doing is to say that by a vote for which no advanced warning has been given, you can change the Rules of Parliament. I submit to you, Mr President, that you are as much bound by the Rules of this Parliament as anybody else is. I wish you to kindly declare that a mistake has been made and that the vote you have taken is invalid. Because you and we together cannot change the Rules just like that.

**Dame Shelagh Roberts (ED).** — Mr President, may I say, first of all, that I agree with Mr Arndt with the one exception, namely that, Parliament did agree the agenda at the start of the Plenary session and that was the occasion when objections should have been raised.

I would like to correct an impression that Mr Arndt may have given quite unwittingly when he referred to the Conservative group's objection to taking this report. The group has not got any objection to taking this report, it is a question of action by individual Members.

**Mr Moreland (ED).** — Mr President, on a point of order, I, like my colleague, Dame Shelagh Roberts, have no objection at all to Parliament taking this report, but I do insist in pressing my question, namely whether a precedent has been set, whereby a committee report has come to us without a quorum. Therefore, I thought that the very least you would say in answer would be that this is a matter which should be referred to the Committee on the Rules of Procedure and Petitions.

**Mr Harris (ED).** — Mr President, my point is very similar to that just made by Mr Moreland. I think, that to an extent, we are collectively responsible for the handling of our affairs. But, in saying that, I think particular responsibility rests — if I may say so — on the Presidency itself and also on the Secretariat. I think that where a report has been passed by a committee which is not quorate, it really is the responsibility of the Secretary-General — I am sorry he is not here, for obvious reasons — to perhaps draw attention diplomatically, albeit at the beginning of the week, to this fact. I think we have got to be very careful in this House. If our reports mean what they say and carry the weight of the authority of this House I think it is essential that they should have at least the backing of a committee which is quorate. If we go willy-nilly on in passing and endorsing reports which have not even got the authority of a committee which is quorate, then it does not do this House any service at all. Therefore, I am very grateful to my friend, Mr Forth, for focussing attention on this point.

Mr President, as you know, I personally believe this House is trying to do far too much, and the fact that this committee was not quorate when it passed this report, underlines, I believe, that basic point. I think we would have far more effect if we did our jobs properly in committee and in the Plenary. Therefore, I am very grateful to Mr Forth for his vigilance in this matter and for at least highlighting that this report does not have the backing of a quorate committee.

**President.** — We shall take note of what you said, Mr Harris, and inform the Bureau. After the vote I do not think there is any point in continuing the debate.

**Mrs Viehoff (S), rapporteur.** — *(NL)* It is really very nice to find that in a debate of this kind I have ten times as big an audience for my report as would normally have been the case.

Mr President, the phenomenon of the *au pair* is a long established one and has become extremely widespread over the years. Formerly it was organized on a friendly basis between two families which knew each other personally. Over the years it has been made use of by so many people that it has become a unique social phenomenon. There must be thousands of young people taking part in this system now, but how many

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there are exactly we do not know. It is unique also in the sense that it gives young people a chance to learn a foreign language, appreciate the culture of another country and acquire experience of life, and this can also contribute towards international understanding.

Both au pairs and host families may benefit from the system, and this is frequently the case. Unfortunately there is also evidence that a number of problems have also arisen, both for the au pair and for the host family. The cause of these problems is often inadequate information and a lack of clear agreements.

The Council of Europe recognized these problems a long time ago and in 1969 an agreement on the placement of au pairs was drafted, which covered the question admirably and thoroughly. This agreement defines au pair status as follows: 'au pair placement is the temporary reception by families, in exchange for certain services, of young foreigners who come to improve their linguistic and possibly professional knowledge as well as their general culture by acquiring a better knowledge of the country where they are received'. It is very clear from this that the au pair is neither a student nor an employee, and this must remain the case. But appropriate measures are required to ensure that it does. The agreement drawn up by the Council of Europe makes provisions for such measures. Unfortunately this agreement has not yet been ratified by many Member States — of our Member States only France, Denmark and Italy, Belgium, Luxembourg, Germany and Greece have only signed it. The United Kingdom — and perhaps this explains the fuss made by Mr Forth — the Netherlands and Ireland have neither signed nor ratified the agreement, and of the other countries which are members of the Council of Europe, only Switzerland and Norway have done so.

It is well known that this reluctance to ratify the agreement is due to the legal character conferred on the contract by Article 6. This requires a written agreement between the au pair's family and the host family. In its reply on this to a number of questions the Commission recently stated that it would ask those Member States which have not yet ratified the agreement to do so. The Commission must be asked first to find out what is really stopping the Member States from ratifying the agreement and to determine whether or not the reasons are justified, and secondly whether it can persuade the Member States to ratify the Council of Europe agreement.

There are a number of proposals. Although in the long term the ideal solution is that each of the Member States of the Community should sign, ratify and implement the agreement, this offers no chance at all of solutions in the short and medium term, and solutions must be found. The agreement may be a useful and even extremely important yardstick for the Member States and the Commission in assessing the

position of au pairs and in applying measures to solve the existing problems.

The following questions are of quintessential importance. The Council of Europe's definition of an 'au pair' must be strictly applied. If this point is emphasized and in the long term accepted, then the objections to drawing up contracts ought also to disappear. This will also bring an end to the problem of unemployed young people who are employed supposedly as an au pair, but in reality as cheap domestic help.

The authorities should devote more energy towards the organization of au pair placement and in each Member State a permanent coordination body should be set up, among other things, to advise those coming and going as au pairs, and to advise the host families as well. A similar body or structure should also be set up within the Commission in order to coordinate and complement activities by the national bodies. Registration for language courses ought to be made compulsory — the Council of Europe agreement does not make this a priority requirement, on the grounds that courses may not be available in certain towns. In that event, teachers ought to be found to take care of that kind of problem. Provision would have to be made for social security; the relevant passage in the Council of Europe agreement is vague. In the Community context it should be somewhat easier to find a solution. Some Member States already have special provisions for au pairs in this respect.

Mr President, the conclusion should be that a recommendation is probably the most suitable Community instrument at present. If the Council of Europe finds it difficult to get the agreement signed, approval of a directive would probably encounter just as many problems. A recommendation will at least stimulate awareness of the relevant questions, not least in those who are interested in au pairs. After all, all the facts point to inadequate information as the cause of most of the problems. Moreover, a generally accepted agreement is a step in the right direction, even if it is not legally binding. For if the host family or the au pair is not prepared to agree to reasonable terms beforehand, that should be a warning of problems to come.

We would ask the Commission to prepare a report on the whole question, which would also look into the fact that certain Member States are extremely lukewarm about ratifying the Council of Europe agreement. And we would also ask the Commission to provide a breakdown of the number of au pairs working in each Member State, by country of origin, age, sex, level of education and occupation. The Community can perform a useful service in seeking lasting and favourable solutions to the question of the au pair system. It has the power to expand understanding and awareness of the various languages and cultures in the Community, and this can be a true contribution towards international understanding. Once again, Mr President, I would stress that care must be taken, at this time of widespread youth unem-

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ployment, to ensure that young people within the au pair system are not exploited and not regarded as a work force. The status of au pairs must be very clearly defined.

*(Applause from the left)*

**IN THE CHAIR : MR VANDEWIELE***Vice-President*

**Mr Spencer (ED).** — Mr President, I find that one of the joys of political life is that occasionally one has to step into the breach to help a colleague. In the unavoidable absence of my colleague, Mr Simmonds, who is our spokesman on youth, culture and au pair girls, I have been asked to speak on this subject. I, as you know, however, am the spokesman on trade, so I do not know some of the finer points.

The United Kingdom is the biggest importer of au pairs — although almost no British girls go the other way. I think this must be the attraction of our language, or perhaps it is a reflection on the unwillingness of the English to learn other languages that the au pair system does not work in reverse as such. Although, of course, it is perhaps a comment on the English language that we have no word in English for the phrase 'au pair'. I have had various suggestions from my colleagues, none of which I find entirely respectable.

The system has, I think, been entirely beneficial over the years: a lot of linguistic knowledge is gained; a lot of knowledge of culture is gained; a lot of pleasure and mutual benefit. That was when it was very much a matter of exchanges between families — very much an exercise in private enterprise.

I am a little saddened that we find it necessary to need regulation in this field. However, as a moderate Conservative — I am in the parlance as wet as the next man — I do accept that there has been abuse of the system, and that some guidelines are necessary...

**Mr Forth (ED).** — Mr President, under Rule 64(4). I am glad that my colleague has given way. He is discussing the proposals in this report. I wonder if he could comment on the proposal made under paragraph 11(4), which refers to a parallel structure? Would he like to explain to me what on earth in this connection a parallel structure might be?

**Mr Spencer (ED).** — Mr Forth, that is perfectly fair under our Rules, but it is really very English, because you are taking advantage of me. I suspect you know that my copy of the report is blank on that page, so I am unable to comment on what a parallel structure is, although I have no doubt Mrs Viehoff would be able to explain it to us.

The point I think Mr Forth may have been trying to make, and the one I am trying to make as well, is that while my group in general supports some regulation here, we do advise the Commission to move forward with a light touch in this area.

*(Mr Pearce asked to put a question to Mr Spencer)*

**President.** — Mr Spencer has three minutes. He can of course arrange matters with all his colleagues in such a way that each of them interrupts him in turn, which will mean we are still sitting here in an hour's time! I cannot allow that, Mr Pearce, it is against the rules. You have the opportunity of being entered in the list of speakers, but the list is now closed. But you must not constantly put questions to the speaker, because this would give Mrs Viehoff more than one chance to speak in the debate. So no more interruptions please.

**Mr Hord (ED).** — Mr President, if I may be so bold, the previous President did invite the House to speak for longer, as there was more than sufficient time left for the outstanding debates. The very fact that I am standing here now is because there was more time at our disposal. If only out of respect for Mrs Viehoff's report, it would seem appropriate that more than one of the 434 Members of this House should speak on it.

Perhaps, Mr President, I can help my colleague Mr Forth. While I am in no way an expert on au pair girls, it seems to me that a parallel structure in the context of the report would seem to indicate a need for male au pairs. I just proffer this as some sort of suggestion in the circumstances, because Mr Forth's question to Mr Spencer — and I am sorry he could not answer it — seems to me to expose the nonsense of what could be described as the substance of the report. Here we are, the European Parliament, supposed to be concerning ourselves with the competencies under the Treaty, engaging in an own-initiative report on the position of au pairs in the Community. Quite frankly, I think this is absurd.

Even if it were not absurd, clearly this is something that the Member States themselves should be dealing with. Why should we have a Community stance on everything? I think that those of us who will be seeking re-election next June will have difficulty in answering questions from voters as to why the dickens we were spending a lot of taxpayers' money on a report which had nothing to do with the European Community. I believe that what is relevant here is for the Community to allow Member States to look after their own business. We here should only concern ourselves with those things which the Community can do better than the Member States separately.

So I say, Mr President, this is a clear case where we are bringing the Community and this House into disrepute by engaging in things which are trifles and totally irrelevant to the role of this Parliament and the European Community.

**President.** — Ladies and gentlemen, I owe an explanation to Mr Hord and also to Mr Pearce, who wished to interrupt just now. We have two more reports to consider after this one, and I have been expressly asked to make sure that the debate on them is concluded by eight o'clock, so that voting can begin tomorrow at nine o'clock. I don't know whether the previous President made any announcement, but if so please forgive me for repeating it.

We appear to have a few more minutes left. Mrs Viehoff had five minutes. She spoke for eight minutes, and the President made no comment. Help me as usual to guide your discussions smoothly and we shall certainly be finished with the two other reports as well by about eight o'clock.

**Mr Harris (ED).** — Mr President, I had absolutely no intention of taking part in this debate until I heard the opening speech by Mrs Viehoff. I greatly admire Mrs Viehoff. I remember well the day she came to this Parliament; but on hearing her, I could not help thinking that her heart is in absolutely the right place, but her head, I am afraid, has led her into a lot of nonsense.

You cannot, with respect, legislate in these fields. Of course, we all want to see, as Mrs Viehoff says, the au pair system flourish and extend for the reasons she said. But when you try to legislate on these matters, I am afraid the consequence will be, if anybody pays any attention to us all — and I rather doubt that, particularly as her committee had only five members present when this report was passed — they really cannot get to grips with her recommendations. For example, could I please refer you to paragraph 11 of her report, which proposes an agreement based on the standards above, setting down the rights and duties of the host family and the au pair. Now what do we suggest should go into such an agreement? Are we going to say, for example, that the au pair shall or shall not do the washing up? That is in many households quite an important duty of the au pair, but surely it must be the responsibility of the au pair and the employer to decide such questions.

My simple message to Mrs Viehoff and to others who undoubtedly will vote for this report tomorrow is that if they pass such a report and if we do introduce European legislation on this subject, it will kill stone-dead the system of au pairs, because people will say, my goodness, we do not want anything to do with this because, no doubt, there will be some sort of penalties, we shall be hauled up before the European Commission on Human Rights, the European Court of Justice or some national court. I beg this House to have a sense of proportion and to leave this to the good sense of employers and employees, for if we meddle in this we shall wreck it.

**Mr Pearce (ED).** — Mr President, the point I was trying to get at is that this report seems to be inspired

by fine theory that we can respect, but there is no expertise on this subject. What I was going to ask my friend, Mr Spencer, who is normally very knowledgeable on all the matters that he speaks about, is what his experience is of the system of au pairs. What does he know about au pairs? What has he had to do with au pairs? He admitted at the beginning that this was not his subject. We have had no firsthand evidence from anywhere in the House. I would agree with my colleague and friend, Mr Harris, that we should throw this matter out because we are not competent. We do not know anything about it, and it is something which will make a mockery of this House. We are not doing a service to au pairs. There are lots of things that we can do for au pairs, but legislating like this is not amongst them.

**President.** — Ladies and gentlemen, the rapporteur has repeatedly been criticized personally for her report. So I now call on her to speak.

You must remember that Mrs Viehoff is not expressing her own views but those of her committee. You must thus criticize the entire committee, and the Committee on Social Affairs and Employment which, despite voicing reservations, did finally deliver an opinion in which a lot more than five people were involved. You must bear in mind that the opinion of the Social Affairs Committee also raises a number of questions which Mrs Viehoff has answered in her report.

**Mrs Viehoff (S), rapporteur.** — (NL) I must honestly say, I am slowly getting the feeling that it is a very good thing that this report has been written. Honourable Members on the opposite side of the House have said that the au pair system is so wonderful, and that we are not asking for legislation but for recommendations.

I can quote instances of au pairs for whom things are not quite so wonderful, children in England who are exploited and used as cheap labour under the au pair system. It is significant that the reaction comes from members on the opposite side of the House, precisely the ones who, as we know, have people of that kind in their homes and try to take advantage of them.

All we are after in this report is a system to ensure that such things do not happen. The Council of Europe has done excellent work on the subject. If those on the other side of the House say that we are not competent in the matter and know nothing about it, then they speak for themselves and not for the House as a whole.

**Mr Spencer (ED).** — Mr President, you gave Mrs Viehoff an extra three minutes. You let all my colleagues take my time and then you cut me off at three minutes. Could I have one minute to complete what I was going to say and to respond to the accusations?

**President.** — No, Mr Spencer, I cannot let you speak again, or other members will be able to reopen the debate.

**Mr Dalsager, Member of the Commission.** — (DA) Mr President, the Commission earlier stated its point of view on au pair systems in its answer to the written questions by Mr Herbert, Mr Dinesen, Mrs Pruvot and Mrs Schleicher. The Commission has no plans for taking steps to include in Community decisions the conditions for au pairs which are being put before the honourable Members. As on earlier occasions, the Commission is of the opinion that the Council of Europe agreement on au pair systems is appropriate, flexible and adequate. As Mr Tuckman has mentioned, it is the personal attitudes and behaviour of the parties involved which are crucial when it comes to the success or failure of the system. We share Mr Tuckman's opinion that official decisions and excessive bureaucracy can wreck these individual arrangements and possibly deter potential au pair girls or boys and their host families from carrying out their plans for an au pair arrangement.

I can support what is said in paragraph 7 of the motion under debate, namely that the existing problems must be solved by all Member States ratifying the Council of Europe agreement. As the Commission has already pointed out during the debate on this motion, we believe that strenuous efforts must now be made to persuade the Member States who have not yet signed or ratified the agreement to do so, and at the same time we ought to remember that, by their very nature, au pair arrangements can give rise to very difficult legal problems in these Member States which, despite the fact that to a great extent they take advantage of such arrangements, have not yet ratified the agreement — e.g. the United Kingdom and the Netherlands, which have neither signed nor ratified the agreement, and the Federal Republic of Germany, which has only signed the agreement. We will investigate the possibility of approaches to the Member States which have not yet either signed or ratified the Council of Europe agreement. In the meantime, we welcome the European Parliament's initiative, which can help to make those Member States concerned aware of this question, inasmuch as they now know that the matter has been discussed and, of course, that is of considerable importance.

**Mr Harris (ED).** — On a point of order, Mr President, how can we, under any Rule of this Parliament, treat this debate seriously when the Commission puts up to reply to this debate — with very great respect to Mr Dalsager — the Commissioner for Agriculture? How on earth can we treat this matter — either the debate, the report or the reply from the Commission — seriously if the Commission, even though it is a collegiate body, puts up the Commissioner for Agriculture to reply on the question of au pairs, although he

said excellent words and I agree with everything he said. I respectfully suggest that the whole thing is a nonsense.

**Mr Dalsager, Member of the Commission.** — (DA) Mr President, I should like to point out that the Commission is a collegiate body, which acts in a spirit of solidarity on the question of au pair girls, as on other matters, and therefore I have, of course, given an answer on behalf of the whole Commission and not simply as Commissioner for Agriculture.

**President.** — Ladies and gentlemen, the Commission is a collegial body and we must accept the situation.

The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

#### 8. Raw tobacco

**President.** — The next item is the report (Doc. 1-841/83), drawn up by Mr Hord on behalf of the Committee on Agriculture, on the

proposal from the Commission to the Council (Doc. 526/83 — COM (83) 345 final) for a regulation (EEC) amending Regulation (EEC) No 482/82 providing for special aid for raw tobacco following the earthquake in Italy in November 1980 and derogating from Article 12 (a) of Regulation (EEC) No 727/70.

**Mr Hord (ED), rapporteur.** — Mr President, unlike the last report dealing with au pairs, I would suggest that this report on tobacco is very important. It certainly comes within the competences of the Community, but I regret to say that if it had not been for the likes of myself resisting the Council in its demand for urgency and urgent decision without report and without debate, we would not have had a report at all. I must say that having resisted this twice, both in the September plenary part-session and in October, and thereafter having been appointed rapporteur, I found that my worst fears, on what is clearly an unsatisfactory situation, were confirmed.

Mr President, probably not many people have read this report. It concerns aid to tobacco growers who were adversely affected by an earthquake. I will remind this House that the earthquake in question happened three years ago next month. The tobacco growers were rightly offered aid in consequence of the damage that occurred. But so far as I am aware, today not one ECU of Community aid has been made available to the tobacco growers who lost their crops and many of their buildings in the ravages of the earthquake.

It seems that a lot of the good work which the Community does, certainly in terms of the aid which is granted under Chapter 69 for emergencies, has

**Hord**

gone for nought in this case. The idea of providing emergency aid becomes a nonsense if none of it is paid within three years of the event. But if that is not bad enough, what we also find is that, in the two-year period since the earthquake, the number of applications for aid — some 33 000 — was three times the number which the Commission and the authorities estimated immediately after the earthquake. What many of us fear is that the poor people who lost out in the earthquake of 1980 are not getting their just dues and that in the meantime we have a situation where a very large number of tobacco growers — 33 000 — see fit to claim aid. Not surprisingly, the quantum of aid which was anticipated in November or soon after November 1980 of some 20 m ECU was found totally insufficient to deal with the 33 000 applications. The Italian authorities are suggesting that they need 64 m ECU.

I find that this is an amazing situation. I believe that it is an area which very badly needs a thorough investigation. What is very clear to me and many other people who have read the Commission's report is that this is a situation where emergency aid has not been used for the emergency and is being expended as quasi-aid or subsidy or possibly even a separate market intervention system. Therefore, if that is the case — the Commission report certainly points in that direction — clearly there should be a detailed investigation by Parliament's Committee on Budgetary Control.

What this House should be warned against is a situation where we have the Council requesting urgency on substantial sums of money, particularly after a long period during which the Commission and Council have been able to involve themselves with the matter, and yet this Parliament has to rush the thing through without report and without debate. In many ways the more pressure for urgency, possibly the more there is to be hidden. I think that this House should be on its guard.

The Committee on Agriculture in its wisdom decided to approve the increase of the emergency aid by the Community from 20.3 m ECU to 40 m ECU, but I think that in granting that approval, it did so because it sincerely wanted those tobacco growers who were affected by the earthquake to secure their compensation as quickly as possible. However, in granting that approval, we in the committee are requesting the Commission to report to Parliament following the Commission's investigation into the situation, because clearly, it is a most unsatisfactory chapter.

*(Applause)*

**Mr Gatto (S).** — *(IT)* Mr President, let me quickly thank the rapporteur, Mr Hord, for his intelligent approach to the task. I am not being sarcastic because I agree entirely with the rapporteur. I voted for his

report in committee and I am speaking in favour of it here again now.

I must say, too, that I go along with the element of criticism that runs through the report, because all in all it reveals the concern which should be with MPs at all times; they should always be concerned about understanding what is at the bottom of the bureaucratic red tape which smothers people at times.

During my many years, almost quarter of a century, as a Member of Parliament in my own country I have always been concerned about the complexity — to use a more refined word — of bureaucratic operations. However, when I came to the European Parliament I discovered that Italy was not alone in being afflicted and that this disease affects the Community. In my view, these tobacco producers are victims of bureaucratic delays at both the national and Community levels. If you ask me, this is what causes Mr Hord's protests. There is, however, a perfect balance between the resolution and the explanatory statement. The resolution rightly expresses forceful criticism, while the explanatory statement informs Parliament of what has happened and points out the truth of the fact that Italian Government has moved extremely slowly and the Commission, for its part, has responded with equal slowness — and this was after an event which was not an ordinary one.

Nothing should be said against the efficiency of the authorities in the communes, Mr Hord. As far as they are concerned, I really must point out that when everything was in ruins the communal authorities continued to work under canvas. In this instance, therefore, you cannot blame the local authorities. At the end of a long bureaucratic process, of the 33 000 applications which were submitted only 31 000 were approved. I have the feeling that someone may have been badly treated among the 2 000 applications that were rejected. Now, with this new allocation, the Italian authorities are being asked to supplement if necessary the sums set aside and definite deadlines for granting the sums have been set. Let us hope things are on the right road, and let me thank Mr Hord for the scolding he has given us on this occasion.

*(Applause)*

**Mr Cecovini (L).** — *(IT)* Mr President, ladies and gentlemen, this motion which we are debating on a proposal to amend a previous regulation that has already allocated 20 million for the production of tobacco in areas of Italy brutally hit by the earthquake is not, as a result, a new subject for us. What we have to do today is simply to double the amount, and on this the Council of Ministers has stated its agreement. Must we forgo our role as spokesmen for public opinion by denying these poor people what the Commission is ready to give them? If you ask me, this would be a bad use of our institutional power. I feel that the doubts expressed by both the rapporteur

**Cecovini**

and Mr Gatto are reasonable but they affect another aspect, another stage, of the problem, concerning the bureaucrats and not the recipients of the aid. These doubts will serve no positive purpose if their result today is to slow down the procedure which has already been started.

In my view, the practical answer is simply to approve the regulation before us. Parliament cannot swim against the stream without some reasonable justification, especially in cases of such little general import but of tremendous social significance for the people involved. A refusal could easily be interpreted as a gesture of hostility, and I do not think that this is what is in Parliament's mind.

Furthermore, the proposed regulation fits in with the Mediterranean policy which is talked about so much here in this Parliament. Today's decision can therefore be seen as an opportunity for a practical step in this area. In Brussels last week an important agreement was reached in the fruit and vegetables sector, an agreement which opens the doors of the Community to Spain and Portugal and which at the same time and for the very first time offers a credible expression of the problem of our Mediterranean policy. It would be ridiculous if we took a step back now, as far as tobacco growers are concerned. The European Parliament would be risking its reputation if it behaved in such a contradictory fashion.

Basically, I believe that this proposed regulation should be approved and I can therefore say that it will get the support of the Liberal and Democratic Group.

**Mr Dalsager, Member of the Commission.** — (DA) Mr President, this proposal for a regulation is a result of the agreement in the Council on 16 and 17 May 1983 to increase Community appropriations under Chapter 69 by 20 million ECU. This amount was originally fixed at 20.3 million ECU under Article 4 of Regulation 482/82 providing for special aid for raw tobacco following the earthquake in Italy in November 1980 and derogating from Article 12a) of Regulation No 727/70. The reason for this increase is that the number of applications — as has been mentioned, quite correctly, it is 31 000 — is much larger than was originally forecast on the basis of information from the Italian authorities. The original amount of 20.3 million ECU under chapter 69 of the Community budget, to be granted to people in the Community who became victims of natural disasters, was carried over to the 1983 financial year, in order to induce the Italian Government to pay out as much money as possible as quickly as possible, and in the proposal for a regulation under discussion in the Council it was supplemented by a provision that provisional aid of at least 20.3 million ECU should be paid out before 31 December 1983. As a result of the large number of applications for aid and the time needed for administration in connection with the payments, it has been decided, moreover, that the total aid shall be

paid out by 30 June 1984 at the latest. The conversion rate for the aid into Italian lire is the rate applying on the day the new regulation comes into force.

The appropriation needed to satisfy all the applications for aid is estimated at 64 million ECU. Since Community financing amounts to only 40.3 million ECU, it has been decided that any outlay over and above the amount provided for in the Community budget and paid out under the provisions of amended Regulation No 482/82 shall be defrayed by the Italian state.

The rapporteur for the European Parliament's Committee on Agriculture has — I believe — delivered a favourable opinion. It appears, in any case, from the actual committee document that this opinion on this proposal has been adopted. This was confirmed by the Committee on Agriculture on 10 October and by the Committee on Budgets yesterday. But, at the same time, a number of observations were made, mainly concerned with the following two questions: the reasons for the delay in using the initial amount of 20.3 million ECU which was granted in 1982, and the reasons why the amount of aid which is now considered to be necessary to satisfy all applications has trebled.

In connection with this first point, it should be remembered that the deadline for submitting applications expired on 31 August 1982. It is therefore incorrect to state that there has been a three-year delay in using this amount. As the Italian authorities found that the sums available were not commensurate with the number of recipients, additional aid was thus applied for in order to satisfy the applications as far as possible. According to the Italian authorities' interpretation of the regulation, all payments under this arrangement were to be borne by the Community. The Commission rejected this interpretation, but as a result of the Italian authorities' very real difficulties in complying with the regulation, it was decided to increase the original amount by another 20 million ECU, to be entered under Chapter 69. The amount which will be needed beyond this in order to complete the payment of aid shall — as I said before — be borne by the Italian authorities. Because of the Italian authorities' uncertainty as to the total amount of the aid, they were unable to start making the payments. With regard to the trebling of the amount of aid needed in relation to the amount fixed in 1982, I should like to point out that the Commission's original proposal was based on information from the Italian authorities concerning the places which had been particularly hard hit and on particular types of tobacco, and a decision was taken as to how the Community's efforts should be directed. Since, for legal reasons, the regulation must apply to the whole of the hardest hit region and to all producers in that region, the result has been that the number of applications for aid has been greater than was originally expected.



**Mr Forth (ED).** — Mr President, following what my colleague Mr Harris said earlier, may I congratulate the Commission on ensuring that it was the Agriculture Commissioner who was here to answer an agricultural debate? We are very grateful.

**President.** — The debate is closed. The motion for a resolution will be put to the vote at the next voting time.

### 9. Safety at sea

**President.** — The next item is the report (Doc. 1-773/83), drawn up by Mr Kaloyannis on behalf of the Committee on Transport, on the creation of a European Foundation for Safety at Sea.

**Mr Kaloyannis (PPE), rapporteur.** — (GR) Mr President, in support of my report, I would like to inform the House that I worked out the final text of my report after considering all the proposals made by my colleagues in the Committee on Transport, after five debates and a unanimous vote in favour of the report during the last part-session on 21 September. As for the opinion of the Committee on the Environment, which contains doubts about, if not opposition to, the need to create a Foundation for Safety at Sea, I would reject it, apart from anything else, on the grounds that as the objective of dealing with marine pollution is not included in the final text of the motion, the Committee on the Environment, Public Health and Consumer Protection is not authorized to give an opinion on the report being discussed. The fact that increasing safety at sea and reducing accidents will bring about an improvement in the marine environment in the long run certainly does not constitute a counter-argument.

The aims and responsibilities of the European Foundation for Safety at Sea will be the following:

First to collate the results of research carried out in this area by other organizations.

Second, to carry out supplementary and new research.

Third, to discuss safety strategies for international shipping and mainly to promote marine technology. This is an explanation which I am now adding orally and I would like it to be considered as included at the end of paragraph 2 (c) of the motion.

Fourth, to draw up practical proposals for implementing Community policy in this field.

Fifth, to train the crews of ships so that they are in a position to increase their own safety and the safety of others.

At present there is no Community body which, by its mandate and importance, resembles the one proposed. However, considering the fact that the Community fleet, after Greece's entry, is the biggest in the world and that it will become even bigger as the Community is enlarged to include Spain and Portugal, a foundation of this kind is not only useful but also indispensable. The Foundation will be a Community Foundation and will be financed basically from the Community budget. At the same time, however, it will be possible for it to receive economic aid from public and private institutions in order to carry out its aims. Greece was selected as the seat of the Foundation by the Committee on Transport because there is no Community institution in Greece, because the Greek fleet is the biggest in the Community, around 25 %, and because an opportunity would thus be provided to give some kind of support to the most disadvantaged Community region.

Finally, the Commission is called upon to draw up within a year draft legislation for setting up the Foundation.

(Applause)

**President.** — There are still five Members down to speak, including Mr Eisma, the joint rapporteur, and it is now one minute to eight. We cannot proceed any farther. I propose that we resume the debate tomorrow immediately after the voting. Those who cannot be here may ask another Member to represent them.

(The sitting was closed at 8 p.m.)<sup>1</sup>

<sup>1</sup> Agenda for next sitting: see Minutes.

## ANNEX

*Votes**BUDGET 1984*

The opinions of the Committee on Budgets are contained in the report (Doc. 1-900/83/C) by Mrs Scrivener (decisions of the Committee on Budgets, taken at the meeting of 17-19 October 1983, on the draft amendments and proposed modifications. For a detailed account of the voting, see Minutes.

**PFENNIG REPORT (DOC. 1-895/83 'SECTION I — PARLIAMENT'):  
ADOPTED**

The rapporteur was :  
— AGAINST Amendment No 1

\* \* \*

**PFENNIG REPORT (DOC. 1-896/83 'SECTION II — COUNCIL') : ADOPTED**

\* \* \*

**PFENNIG REPORT (DOC. 1-897/83 'ANNEX I — ECONOMIC AND SOCIAL  
COMMITTEE') : ADOPTED**

\* \* \*

**PFENNIG REPORT (DOC. 1-898/83 'SECTION IV — COURT OF JUSTICE') :  
ADOPTED**

\* \* \*

**PFENNIG REPORT (DOC. 1-899/83 'SECTION V — COURT OF AUDITORS') :  
ADOPTED**

\* \* \*

**SCRIVENER REPORT (DOC. 1-900/83 'SECTION III — COMMISSION') :  
ADOPTED**

With regard to the motion for a resolution the rapporteur was :  
— IN FAVOUR of Amendments Nos 4 and 5 ;  
— AGAINST Amendments Nos 1 to 3.

*Explanations of vote*

**Sir Henry Plumb (ED).** — After such a thorough examination this morning in this House of the financial situation in the Community and budgetary requirements, I might be allowed to speak very briefly on the decision of my group to vote against Amendment No 563. That is, of course, the amendment to transfer to Chapter 100 the British rebate for 1983.

As you know, my group sees this rebate not as a privilege, not as a favour, not as a concession, but as the irreducible minimum which Community solidarity requires to mitigate the arbitrary operations of the Community's budgetary structure. On the face of it, therefore, we had little choice but to vote against this amendment. Yet, my group thought long and hard about supporting it over the last few days. We share Parliament's desire to participate in the process begun at Stuttgart and leading up to Athens, the process of budgetary reform of the whole of the Community; and of course we understand the motives which have today led our colleagues, honourable and conscientious men and women, to the position they have adopted in voting for Amendment No 563.

However, it is the fear of my group that Parliament, without in any way wishing to discriminate against the United Kingdom, without, probably, viewing itself as discriminating against the United Kingdom, may at the end of this and at the beginning of next year use the British budgetary rebate as a means to put pressure on the Council. While my group will always play its full part in the institutional development of Parliament's relations with Council, we should regard as illegitimate such a means of bringing pressure to bear on our arguments, which, of course, are familiar to this House. With great regret — and all the more regret because it separates us from some of our closest colleagues in the House — my group therefore voted against Amendment No 563.

**Mr Bonde (CDI).** — (*DA*) The budget on which we are voting today takes innocent farmers hostage for the European Parliament's insistence on having more influence on legislation in the European Community. The People's Movement rejects attacks on farmers, those farmers who in 1982 earned only 84% of the income which they received from agriculture in 1972, the year in which the farmers voted in favour of the high-price paradise of the EEC. We do not believe the Danish Government's official figures of a premium of 14 000 million kroner over world market prices, for when one considers the different arrangements for aid from the European Communities and the Danish State, one realizes that every farmer would be able to get four times his current annual income if the money were not channeled through the European Community's ridiculous agricultural systems. In 1981, the farmers' total income in our country amounted, in fact, to only 4 000 million kroner. Either there is something wrong with the official figures — as indeed there is — or the agricultural arrangements are so crazy in the way they work that, if one simply drew lots at random to introduce reforms, one could not avoid producing a better result for the individual farmer. If, for example, we withdrew from the European Communities in 1986, every full-time farmer alone could get over 100 000 kroner per annum, namely the EEC contributions he had saved, but in 1982 the average farmer's total income from agriculture was only 66 800 kroner, therefore outside the European Communities one could even get a small payment for food delivered. We will not be a party to actions taken against Danish or other farmers, and so we shall vote against the Scrivener motion.

**Mr Collins (S).** — To put it frankly, I want to use this explanation of vote to convey a warning to Council, because in the votes this morning every single line of the environment and consumer protection budget was approved either unanimously or nearly so and thus we expressed our total opposition in this House to the huge cuts in this expenditure recommended by the Council. I therefore appeal to the Council to see sense and to reverse their attitudes to these sectors. After all, we are soon to have Council meetings on both environmental and consumer protection, and everyone is hoping that at last the Community will begin to take serious action in these areas. They are important. The Community must become a community that has meaning to all its citizens — not least in election year, I may say — and it must be concerned with the quality of life, the living conditions of its people and with the health of their environment.

**Collins**

The Council sometimes says that it agrees with these aims, but if we are to believe them, then they must vote us the money. A 50 % reduction on consumer protection, which accounts for only 0.005 % of Community expenditure, cannot possibly be the way to make the EEC 'relevant' in the streets and work-places of Europe.

In addition, it is well known that there is a gross imbalance between industrial and business pressure-groups on the one hand and those representing the wider public interest. For example, the lead-in-petrol campaign, which has been endorsed and led by this Parliament, has been supported widely and vigorously by consumer and environment groups. Their resources are tiny in comparison with those of the great industrial lobby groups, and this Parliament voted this morning to endorse support for them.

If they want to keep faith with their own declarations and with the democratic legitimacy of this Parliament, then they must reverse their view and they must express support for consumer and environmental policy.

**Mr Ansquer (DEP).** — *(FR)* Ladies and gentlemen, our budget discussion is taking place only a few days before the Athens summit, at which the European Council of Ministers will be considering the grave problems which face the Community.

Our debate naturally has an eye to this summit. We cannot hold our discussions in a vacuum at a time when the European Council is about to debate a number of problems and, I hope, to solve them. For this reason we are in favour of this discussion, which may exert a kind of pressure on the Council.

However, we cannot approve a number of decisions, in particular the holding in reserve of EAGGF appropriations to a total of 800 million ECU. We are not in favour of blocking these appropriations, even though the Commission needs appropriations to meet Community commitments and has, precisely, blocked a number of financial resources.

This is our position, then, ladies and gentlemen, which does not of course prejudice our final decision when it comes to the second reading, for we fervently hope that the Council meeting in Athens will yield decisions in favour of Community resources, so that the commitments we have entered upon can be upheld and new policies implemented, thus strengthening the Community and enabling the Community as a whole to advance along the lines which this House has often called for.

**Mr Forth (ED).** — In spite of the eccentricities of the votes of this House this morning on some of the more absurd budget-lines, I am delighted to be able to vote for the Scrivener motion for a resolution. The reason is that it does enshrine Parliament's only stated view on the Community resources and the percentage of VAT. In paragraph 2, it reiterates the commitment entered into by the three institutions of the Community to conform to the existing upper limit on the Community's own resources — namely, 1 % of VAT. In the light of the fortunate withdrawal of what might have been a disastrous resolution in the name of Mr Arndt yesterday, I am therefore very happy to give my wholehearted support to Parliament's restatement of our commitment to the 1 % VAT ceiling contained in the report in the name of Mrs Scrivener.

**Mr Fich (S).** — *(DA)* On behalf of the Socialist Group, I should like to say that the vote today has been one of our more positive experiences in Parliament. It showed first and foremost that, when the political groups work together, it is possible to reach sensible decisions. A package of proposed modifications has been arrived at which, naturally, contains things which we all want to have, but also things which we do not want to have. But all in all I believe that the package which has now been assembled in Parliament, through our votes, is a balanced one in that all groups have had their most important wishes taken into account. For us, the most important thing has been that money has been approved for development and cooperation, for consumer protection and the environment, and for the Social Fund, and that at the same time, as far as agriculture and the refunds to the United Kingdom and the Federal Republic of Germany are concerned, things have been left open, so that after the summit in Athens we can again discuss what is to be done.

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**KALOYANNIS REPORT (Doc. 1-773/83 — SAFETY AT SEA): ADOPTED***Explanations of vote*

**Mr Moreland (ED).** — I rise to give an explanation of vote because I shall be voting for this resolution. I think I should correct my colleagues, Mr Harris. This was not a Greek-orientated report. In fact, I think my colleagues on the Committee on Transport will remember that Mr Kaloyannis actually got a rather rough time. It could be said that his report got, if I may use the word, Klinkenborged, because most of it ended up as Mr Klinkenborg.

The second point I want to make as an explanation of vote is that I am glad to speak after the Commission, because I do not think the Commission's answer is good enough. It is all very well to talk about consultation procedures and 'when the time has come maybe we will consider it', but we all know that the record of accidents at sea is bad and we need to do something about it. Here we have a proposal which includes the upgrading of training of crews at sea. So I really do not think that the Commission can stand back and say: 'Well, we will leave this aside for the few years ahead'. We really do have to have something. I would hope, in fact, that this House will support it. Obviously it needs further study and examination, but we do need to take more positive action on the problems of safety at sea and research into safety at sea than the Commission seems to be envisaging today.

*(Applause)*

**Mr Nyborg (DEP), in writing.** — *(DA)* I shall vote against the motion for a resolution which Mr Kaloyannis has presented on behalf of the Committee on Transport. My reasons, moreover, are set out in the document before us, in that I wish to draw attention to the conclusions arrived at by Parliament's Committee on the Environment, Public Health and Consumer Protection.

We have instruments for improving safety at sea. We have conventions. We have bodies which can operate in the Mediterranean area.

During a period of shortages such as we are now passing through our citizens demand that we use our limited financial resources in those areas where they are most needed. I honestly believe that in the present circumstances the money can be used for something else and something better.

The primary problem is that certain countries will not respect the rules for improving safety at sea. It is not being a bit naive to believe that this situation will change simply because the EEC is investing so many ECU in an institute on a Greek island?

According to the report, the proposed centre would be responsible for 'organizing, encouraging and coordinating the research which needs to be carried out at Community level into promoting safety standards at sea and the protection of the marine environment and coastal areas'. In other words all action aimed, for example, at combating oil pollution in the North Sea should come from a centre located in Greece. I am sorry; I don't believe that.

Let us rather strengthen the consultation and the institutions which already exist. In this important area the EEC should not turn in on itself but rather help in a more outward looking effort. In this context we should bear in mind that, where safety at sea is concerned, we generally have to work together with countries which are not members of the EEC.

This report has all the appearance of having been drawn up because it was felt for political reasons that Greece should have an EEC institution. This is something I can sympathize with but I honestly believe that one should show one's true colours. In the final analysis Greece would perhaps be better served if instead of the centre the country were given a sum of money equivalent to the cost of setting up an institute for safety at sea.

**Chambeiron**

The generals were not capable of taking any course of action other than throwing open their vast country for the exclusive benefit of the large American multinational groups, particularly in the agricultural and food sector.

The end of the dictatorship, which will, let us hope, be brought about by these elections, will bring much relief to the Argentinian people, who have been imprisoned, tortured, assassinated and abducted in order to make them accept the doctrine of the overriding importance of national security and an ultra-liberal policy of capitulation to foreign private interests. The militant workers, the Communists and the Peronists in particular have been particularly hard hit by a savage repression. The tragedy of the persons missing in Argentina since 1976, estimated by Mr Cariglia's report as being in the region of 30 000, will never be forgotten by the Argentinian people. This tragedy is in itself a terrible condemnation of the Argentinian military régime, which is abhorred by an entire people. It is for this reason and because of our solidarity with this people that we shall vote in favour of the report.

**Mr Lalor (DEP), in writing.** — I am voting positively in the fullest support of the Cariglia report and resolution. With the rapporteur and his resolution, I would exhort the Foreign Ministers, in political cooperation, to continue to put the maximum pressure on the Argentine authorities to release all political prisoners. The principal requirement should be for the fullest report on what has happened to the missing children and for a full accounting of what has been their treatment over the past six years.

The ideal would be the impartial inter-nation inquiry by the UN General Secretary called for in the resolution.

\* \* \*

**CATHERWOOD REPORT (DOC. 1-785/83 — EEC/ISRAEL): ADOPTED****SCHWENCKE REPORT (DOC. 1-757/83 — EUROPEAN FOUNDATION): ADOPTED***Explanations of vote*

**Mr Kallias (PPE), in writing.** — (GR) In voting for the motion for a resolution contained in the Schwencke report, I should like to stress that one of the cornerstones of the policy of a united Europe which we are actively pursuing is the common heritage of European culture. It is the richest culture in history. It is derived from many sources. It was founded originally on the spirit of ancient Greece which is the source from which today's achievements in creative art, technical development and the reorganization of contemporary democratic institutions have developed.

The views which have been expressed show that the European Foundation has an important mission to perform, and I sincerely hope that we shall respond to this.

The closest possible links should be maintained with the European Parliament and with that truly remarkable organization, the Youth Forum. The European Foundation should not ignore history nor the authority of the Council of Europe.

I believe that one of the first tasks of the Foundation should be to publish a history of the European spirit. It would serve the purpose if the outstanding 'History of the European Spirit', representing half a century's work by its author, the Greek professor and academic Panagiotis Kanellopoulos, were translated into one of the international languages, French or English.

**HORD REPORT (DOC. 1-841/83 — RAW TOBACCO): ADOPTED**

\* \* \*

**Adamou**

The interference which the Political Affairs Committee's resolution calls for is aimed at encouraging and supporting reactionary forces and Pol Pot's genocidal group as well as other right wing gangs and the pathetic régime of Sihanouk, who represents the ephemeral so-called tripartite government.

Paragraph 3 of the motion for a resolution shows clearly that the EEC is an unswerving ally of the executioners of the Cambodian people.

Because of all this we condemn and reject the Political Affairs Committee's proposal, and call on the Council and the Commission of the European Communities to abstain from any interference in the internal affairs of the Cambodian people.

**Mrs Théobald-Paoli (S), in writing.** — (FR) In Cambodia a barbarous tyranny has been followed by a distressing foreign occupation.

The Community's approach to this problem must be a twofold one aimed at

- helping all the victims of the war, irrespective of which authority they are subject to,
- working for a negotiated solution which will reestablish the independence of Cambodia and the right of its people to live under a democratic régime.

The report before us is certainly prompted by good and generous intentions. However, it takes the wrong approach to the problem by

- virtually reducing the entire Cambodian tragedy to a simple confrontation between Vietnam and Cambodia,
- confining humanitarian aid to certain sectors of the population, even though the entire population deserves to be helped.

The political solutions advanced are neither sufficiently dynamic nor sufficiently original to cope with such a serious and complex problem.

The Socialist Group regrets therefore that it cannot follow the lead given by the rapporteur, whose contribution to the report it considers too one-sided. Nevertheless, in order that the voice of Europe can be heard on this tragedy which is a cause of such deep concern to us, we shall confine ourselves to abstaining in the vote.

\* \* \*

**CARIGLIA REPORT (DOC. 1-902/83 — PERSONS MISSING IN ARGENTINA): ADOPTED**

The rapporteur was :

- IN FAVOUR of Amendment No 1.

*Explanations of vote*

**Mr Chambeiron (COM), in writing.** — (FR) For the first time in ten years the people of Argentina are going to the polls next Sunday. The generals are finally bowing out.

The people of Argentina are at one in hoping for an end to the dictatorship. The disastrous results of the economic management of the military regime cannot be overlooked, even if, of course, it is liberty above all that the Argentinians want. Argentina today is a severely ailing country, as is clear from the following :

- debts to the tune of 40 000 m dollars,
- an inflation rate of 350%,
- 15% of the work-force unemployed,
- complete surrender to the conditions imposed by the IMF, which is calling for drastic austerity measures.

**Mr Wurtz (COM).** — (FR) The Political Affairs Committee could not have made a more ominous choice to draw up this report than that of the Italian Neofascist, Mr Romualdi, who has, as everyone knows, a long experience, extending over half a century, of democracy, human rights and the liberty of peoples.

We find the thinking behind this report and the conclusions reached in it less than surprising. Neither are we surprised by the fact that it glosses over in complete silence the horrors of the Lom Nol régime, which was foisted on the country by the United States in the seventies, nor by the bland allusion to the 'excesses' committed after 1975, this word being used to refer to the extermination of three million people under the iron yoke of the butcher Pol Pot.

It is this astonishing line of thinking that leads the rapporteur to ask us to grant Community aid to an extreme right-wing faction and to the last representatives of the torturers of the Khmer people. There is no need for me to inform the House that the French Communist Members and their allies scornfully reject a demand so unworthy of this House and will vote against the report.

As far as the present situation in Cambodia is concerned, you ought to know, Mr Romualdi, Mr von Bismarck and Mr Israël, that in Cambodia today the markets have been reopened, money is circulating, family life is back to normal and the education and health systems have been reestablished. This is, after all, a considerable achievement. This also explains why, if they had to make a choice, it is quite certain that the Cambodians would opt for Heng Samrin and the Vietnamese. I should explain that this assessment of the situation is a verbatim quotation from Norodom Sihanouk in the *Matin de Paris* of 14 February 1980.

**President.** — I would ask colleagues to be very careful when using words such as 'fascist' or 'neofascist'. I regard this as a very serious accusation.

**Mr Haagerup (L).** — (DA) I am very grateful to you for your statement. As the acting chairman of the committee I should like to point out to Mr Wurtz and to Parliament as a whole that this report comes from the Political Affairs Committee and not from an individual Member. I regard this as sufficient reason for disassociating oneself from the remarks made by the preceding speaker.

(Applause)

**Mr Enright (S).** — I in no way wish to enter into the dispute about the politics of the affair. The Socialist Group certainly condemns the occupation of any country by a foreign power and we would make that absolutely clear. Therefore, even though we shall be voting against this report, we are not voting against it because we approve of Vietnamese troops being in Kampuchea. We are voting against it because it shows no concern whatsoever for the suffering children of Kampuchea. Had this report said that they would produce funds, that they would back funds for Unicef and the work that Unicef is doing in Kampuchea, then we could have voted for it with a full and gladsome heart. As it is, we urge everybody to vote against it, and if you vote against it we know it is not because you support Vietnamese troops being in Kampuchea; you vote against it because you think that more humanitarian expressions could have been put into this report. I will gladly sign any resolution put forward by any member of any group in this Parliament which says that there should be extra funds to assist Unicef as well as condemning Vietnamese troops. For heaven's sake, let us do something positive for a change, instead of something which is merely negative!

**Mr Adamou (COM), in writing.** — (GR) We regard the Political Affairs Committee's resolution as bare-faced and unacceptable interference in the internal affairs of an independent and sovereign state, the People's Republic of Cambodia. The government of Heng Samrin is the legitimate government of that country, exercising *de jure* and *de facto* authority over Cambodia as a whole. A government that put an end to the genocide of the Cambodian people, is progressing successfully with the restoration of the country's economic and social life, and is pursuing a policy of peace in foreign affairs.



## ANNEX

*Votes*

The Report of Proceedings records in an annex the rapporteur's position on the various amendments as well as explanations of vote. For details of the voting the reader is referred to the Minutes of the sitting.

**VANDEMEULEBROUCKE REPORT (DOC. 1-808/83 — NON-NUCLEAR ENERGY): ADOPTED**

\* \* \*

**SEELER REPORT (DOC. 1-493/83 — GATT): ADOPTED**

The rapporteur spoke :

- IN FAVOUR OF Amendments Nos 2, 4, 6, 9, 10, 13, 14, 23, 25, 26 and 28 ;
- AGAINST Amendments Nos 5, 8, 12, 17, 20 to 22, 24, 27 and 29.

\* \* \*

**ROMUALDI REPORT (DOC. 1-802/83 — CAMBODIA): ADOPTED**

*Explanations of vote*

**Mr Vankerkhoven (PPE).** — *(FR)* The resolution before us deserves our support. It denounces, and rightly so, the fact that a Vietnamese expeditionary force is being kept in Cambodia. This is quite clearly a cynical violation of the sovereignty of the Khmer people and of the decisions of the United Nations General Assembly, as well as being a further evidence of Soviet expansionism, which in the period between 1975 and 1979, often with the help of Cuban or Vietnamese intermediaries, has extended its influence to embrace a further 100 million people in seven countries.

The resolution bears witness to our solidarity with the National Front of the Cambodian people, whose admirable determination gives them an honourable part in that vast movement — which takes the form of dissidence in some places and of resistance in others — that is rising up to set its face against Communist totalitarianism, from the paddy-fields of ancient Indochina to the African savannahs and from the mountains of Afghanistan to the streets of Warsaw and Gdansk.

Finally, it deserves our support for its request that medical and humanitarian aid to the Cambodian people, so sorely ravaged for so long a time, should be sent through the former Prime Minister, Son San, and Prince Sihanouk, whose organizations must be put in a position to forestall any further resurgence of the Khmer Rouge régime.

I shall vote for this resolution in the hope that its adoption will help towards that restoration of democracy that we all desire so ardently and that has become even more urgent in the light of reliable information reaching us that a Vietnamization of Cambodia is to be feared as a consequence of large-scale transfers of people organized by the North Vietnamese Government.

**Dalsager**

doubts whether the particular proposal put forward in the resolution is the best means of achieving the principal aims put forward in the proposal. The Community already possesses machinery for organizing its research programme and, as part of the four year research programme we are already drawing up a programme which could include as one of its aims safety at sea and protection of the maritime environment. Our system ensures that there is no overlapping where the Member States are concerned. Research is supported in all areas where there is a genuine Community interest and where there is an ongoing dialogue between the Commission and the authorities responsible for national research programmes. It is our fear that the institute in the form which it is here being proposed will be an isolated organ which will result in overlapping and create confusion in the system which is already operating quite satisfactorily.

The resolution also refers to training. We also understand what the resolution is attempting to achieve in this area, but we are by no means certain that the creation of a new institute for this purpose will be justified in view of the fact that well established bodies already exist for this purpose in the Community.

The Commission can therefore not support the resolution as it now stands. However, I shall also see to it that the Commission considers any other proposal which Parliament puts forward with a view to the future establishment of an EEC body in Greece. That is not the issue where the Commission is concerned. It is that the Commission has serious doubts about the need for precisely the type of institution which is here being proposed.

**President.** — The debate is closed.

*Vote*<sup>1</sup>

8. *Adjournment of the session*

**President.** — I declare adjourned the session of the European Parliament.<sup>2</sup>

*(The sitting was closed at 11.50 a.m.)*

<sup>1</sup> Motions for resolutions entered in the Register (Rule 49 of the Rules of Procedure) — Forwarding of resolutions adopted during the sitting — Deadline for tabling amendments — Dates for next part-session : see Minutes.

<sup>2</sup> See Annex.

**Janssen van Raay**

shortly be supporting the choice of the UK for the location of the Trade-marks Bureau against the interests of my own country — so that no one can then say the UK must also get something, let us invent a Trade-marks Bureau — in the same way this institution should be located in Greece just as it was only natural that we should have appointed Mr Kaloyannis as rapporteur, it being to the credit of the Greeks that they have concerned themselves with this safety resolution. We shall, therefore, heartily endorse this report.

*(Applause)*

**President.** — I must, nonetheless, correct you on a small point: you stated that my country, Luxembourg, is not a maritime country. It is true that it does not have a seaboard but there are a number of ships on the high seas which fly the Luxembourg flag.

**Mr Seefeld (S), Chairman of the Committee on Transport.** — *(DE)* Mr President, on that very point I should like to make a few remarks, particularly as two colleagues during the debate have expressed doubts as to the usefulness of our report.

Since the first enlargement of the European Community, and even more since the accession of Greece, shipping has been growing in importance as an element in any common transport policy. The problem is only aggravated by the fact that despite various promptings from this Parliament the Community has done hardly anything in this important field. Here I should like to tell the House that one of the two Presidents of the Council of Transport Ministers who have been in office during the period in question, that is to say, the Greek Minister for the Merchant Marine, Mr Katsifaras, told the Transport Committee of this House last week that the Community should use its strong position in world shipping to develop an active shipping policy and that technological obstacles in the way must be overcome.

One of the vulnerable points of world shipping is safety. Under pressure from the present crisis, there is a tendency to neglect safety regulations, employ unqualified personnel and put back into commission ships that are obsolete and substandard. All this endangers human lives, especially the lives of ships' crews, and does tremendous damage to the economy and, not least, to the environment.

As a result of specific questioning and discussion, the Commission has admitted that it is not in a position to adequately assess the results of scientific research and to develop on this basis proposals for the improvement of safety. Members of the Transport Committee are aware that questions of safety at sea are dealt with in numerous international bodies, as Mr Eisma has rightly said; but this is the very reason why we consider it important that the Community should take up in these bodies a resolute and united attitude

that is properly and scientifically prepared. That is why we want this foundation.

The second important task, on which Mr Klinkenborg has spoken at length and I should like to dwell on the point, is training for survival in the broadest sense, the preparation of crews for what they have to do in an emergency, which is never to be ruled out. Here, too, such a foundation could fill a gap, and this is what we want to do. It is no argument against the Transport Committee's proposal if the Committee on the Environment, Public Health and Consumer Protection comes to the conclusion that environmental considerations provide no proof of the need for such a new institution, for the establishment of a Foundation for Safety at Sea is necessary for reasons connected with transport alone. Mr Eisma, author of the opinion of the Committee on the Environment, Public Health and Consumer Protection, has already told the Transport Committee that his committee could revise its negative attitude if the need for such a foundation proceeded from transport considerations alone. I think we have already proved this.

Among all the other elements to be considered, one last argument relating both to transport and to integration problems should not be forgotten. As several speakers have already said, the accession of Greece has brought the Community into a prominent position in world shipping. There would be much symbolic meaning in locating in Greece the first Community institution to be set up in this field, for this would signify that Greece is an important part of our Community where shipping problems are of especial importance. Obviously, the research and all the tasks we have here proposed could there be tackled on the spot.

As committee chairman, I wish to thank the author of this initiative, Mr Lagakos, the rapporteur, Mr Kaloyannis, and all those who have helped to draw up this report and, through the representatives of all groups in the Transport Committee, to adopt it unanimously.

*(Applause)*

**Mr Dalsager, Member of the Commission.** — *(DA)* Mr President, the Commission fully appreciates the idea behind this resolution, namely that Greece does not have a Community institution on its territory and that those who tabled the resolution are anxious that Greece should have such an institution. In the Commission's view this in time will become a highly desirable and natural development, but at the same time wishes to point out that the European Parliament itself rejected the idea of setting up a European research institute.

The Commission naturally understands the importance of training maritime personnel. However, it

## Harris

more European institutes to deal with coastal matters. What we should be doing, I said — and it was endorsed — was making funds available to help the work that was going on in various institutes which already exist and that we should not be setting up yet another one.

Therefore, with reluctance, I personally shall vote against this report. As I say, I would like a recorded vote just to show how many people are actually here to pass this document.

**President.** — I have taken note of three points you made. First, you were not speaking on behalf of your group. Secondly, you asked for an electronic vote. Thirdly you will be voting against the resolution.

**Mr Lagakos (S).** — *(GR)* Mr President, ladies and gentlemen, if today's report is passed it will set in motion the integration of a procedure for founding, in my own country as a full member of the European Communities, a Community body with the function of a European Foundation for Safety at Sea.

As I suggested in the motion for a resolution submitted on 19 April 1982, Gytheio, in the southern part of the Peloponnese, is geographically the most central and most suitable location for such a Foundation, particularly in view of the future accession of Spain and Portugal.

As we know, many international and other organizations have considered the matter of safety at sea from time to time. The purpose of the proposed Foundation, however, would be to coordinate at Community level all the past efforts by all those bodies, and to promote new technology that would anticipate and prevent disasters instead of just issuing instructions and regulations for rescue operations once the disasters have taken place.

I believe that such a Foundation would help to reduce shipwrecks, save human lives and avoid the terrible pollution of the seas caused in the past by disasters like the 'Amoco Cadiz'.

With the aid of computers, codified information and with coordination by the Foundation for Safety at Sea, it would nowadays even be possible for us to combine new technology in the field of safety at sea with biotechnology, and to set up new programmes so that all the Community's Member States can derive benefit directly from the coordination and well-considered distribution of the activities.

Within the framework of the Foundation's parallel activities it might also become easier to set up a European Bureau of Measurements and Standards, which would be responsible for coordinating activities taking place at the national level for common certifications and common recognition of control procedures.

Finally, I would like to thank my colleague, Mr Kaloyannis, and all those colleagues in all the political groups who serve on the Transport Committee, who

were co-signatories to my original motion for a resolution and who unanimously approved the present report in its entirety.

*(Applause)*

**Mr Janssen van Raay (PPE).** — *(NL)* I have asked to speak of my own accord in order to respond to Mr Harris, on behalf of my group, because the group supports this. Naturally we have given no thought to providing Greece with an institute of whatever sort, whether it deals with safety at sea, research into the stars or research into olive oil. This is not our concern, the Transport Committee is a responsible committee. What does concern us is the fact that Europe consists of nine seafaring powers. As it happens, Mr President, your country is not one of them. But my own country has been a seafaring nation for centuries, and the UK, West Germany and France are also maritime powers. However, with the accession of Greece we now have the largest fleet in the world. Greece has been a seafaring nation far longer than any other member of the EEC. Let me remind you of that! There is no safety at sea. Our seamen are at this very moment insufficiently protected! That is why we, the Transport Committee — I say this particularly on behalf of my colleague Mr Hoffmann, who is also a member of the Transport Committee, while Mr Klinkenborg spoke purely personally — trust that the European Parliament, in the interest of our seamen, in the interest of their safety and in the interest of their lives, will make a serious effort to do something about this to prove that we take this whole matter seriously and that we are not satisfied. That is the reason for an institute.

And now to the heart of the matter: Mr Harris has been critical of the fact — and this is precisely why I asked to speak — that my group appointed a Greek. Now three things can happen when someone from a particular country is appointed — (a) he is so subjective that he thinks only of his own country's interests; (b) he is so subjective that he harms that country's interests; (c) in all objectivity he proceeds in a responsible manner.

It is an objective fact that in Greece we now have the largest fleet in Europe. At this point I would add — and I hope that my Greek friends will not take this amiss as they know I am a friend of Greece — that the Greek fleet also has the reputation of being the least safe of all the fleets. Consequently it is to the credit of Mr Kaloyannis that he is prepared — he said as much yesterday in his introductory speech — to take on this responsibility to show the world that Greece too is serious about conforming to standards, which are not high enough here for that matter, let me say that — this is the precise reason for wanting to set up such a body. And if we now consider where the institute should be sited, then I would say to my colleague Mr Harris, just as in all probability I shall

### Klinkenborg

First, we do not have the impression that what is offered to us in these documents represents everything that this foundation has to take over. At the same time, it is not our job to elaborate texts while those on the administrative side, the Commission, sit back and watch us work without offering to help themselves.

Secondly, we were prompted by political considerations to vote for this report in its present form in the Transport Committee, and on behalf of my group I may say that we shall be voting for it here in plenary sitting. In addition, there were certain practical needs.

The political reasons are easily described. For us, it was a matter of completing, at least symbolically, Greece's incorporation in the Community. Greece is the only Member State that so far has no Community institutions. When we are thinking of institutionalizing something like this, the solution we adopt must have some practical sense. In the sphere of transport, and more particularly in that of shipping, we have to ask ourselves whether our Greek friends do not occupy a special position within the Community which can be put to good use when planning what we want to achieve with international agreements.

As for the practical needs, Mr Eisma is right in saying that attention is being paid to a great many things connected with shipping, but one thing is overlooked, and it is, I think, for the Parliament to point this out. What I am referring to is the loss of lives at sea. Each year hundreds of lives are lost, and so far no one has had the idea of considering how these losses can be reduced.

There are three main causes. The first is the worst: ignorance of what must be done on the vessel in question and how it should be done to save one's life when danger occurs. The second is incapacity, due to the fact that the taking of right decisions has never been practised. The third is that within the Community, and, indeed, throughout the world, there is no survival training for those who go to sea and expose themselves to extreme danger.

In our view, these are sufficient reasons for putting the human aspect first in any research that is done and, instead of taking the Commission at its word — for the Commission considers we have already done enough research — setting up a research body in the interests of humanity and the saving of life.

Thirdly, we consider that such a foundation should study how personal safety can be enhanced beyond our present level of knowledge, how work on directives and on technical equipment can ensure that we come closer to this aim and in the long run make further proposals signifying at least a modicum of additional safety for all those at sea.

Fourthly, we consider that this research institute should be given the passive task of collating the results of research done elsewhere and publishing it in handy form so that those who are the subject of this

research can profit from it and it does not remain wasted effort. Others may disagree with me on the capacity of the present Commission to do this work: in my view, it cannot.

*(Applause)*

**Mr Harris (ED).** — Mr President, I'm not speaking on behalf of the European Democratic Group; I am speaking quite personally. I do so because I have very deep reservations not just about this report and the subject matter contained in it but about the way in which the European Parliament — and we are all guilty of this — approaches this type of initiative. I make no real comment or complaints about it, but perhaps it is interesting to note that this report was started by a motion sponsored by one of our Greek colleagues. The rapporteur happens to be Greek and perhaps it is a coincidence that the recommendation is to set up an institute in Greece. Actually, I make no complaint about that. I am not arguing that if such an institute is set up it should not be in Greece. My point is whether or not this is the right procedure for approaching these matters.

Could I now give formal notice that I shall ask for an electronic vote at the end of the debate just to register how many people are going to approve or reject this report? I suspect they will approve it.

However my complaint really is focussed on the basic question which was dealt with by Mr Eisma himself. This is what we should be concerned with. Do we need such an institution? Mr Klinkenborg was honest enough to admit that, at least in the minds of the Committee on Transport, a big factor was the political one. Greece has not got an institute, therefore Greece should have an institute, therefore it would be a good idea that such an institute should be placed in Greece. I think that is quite wrong. We should address ourselves to the question: 'Do we need such an institute?' I, for my part, wholly endorse the remarks made by Mr Eisma and, indeed, the opinion of the Committee on the Environment, Public Health and Consumer Protection.

On the evidence contained in this report, I do not think — and I say this quite honestly — that we need such an institute. It is clear from this report. It is brought out in the opinion of the Committee on the Environment, Public Health and Consumer Protection, that there is a veritable plethora of bodies involved in this whole subject. I really do not think that by adding another one we are going to make the picture any clearer or any better, least of all for those who are at sea.

Could I say that I speak with some minimal authority on this subject because I had the honour some two years ago of being the rapporteur for the Committee on Regional Policy and Regional Planning, on the question of a coastal charter. I said in that report, and it was endorsed by the House, that there should be no

**Mr Dalsager, Member of the Commission.** — (DA) Mr President, Mr Maher has asked me the direct question whether the Council is represented at this conference. This does not appear in the report I have, which was drawn up by the Commission's participant. I doubt whether that was the case since normally it is the Commission which represents the Community at international conferences of that sort.

**President.** — The debate is closed.

### 7. Safety at sea (continuation)

**President.** — The next item is the continuation of the debate on the report (Doc. 1-773/83) by Mr Kaloyannis.<sup>1</sup>

**Mr Eisma (NI), draftsman of the opinion for the Committee on the Environment, Public Health and Consumer Protection.** — (NL) I must say at the outset, Mr President, that the procedure for dealing with this report has been very awkward. On Monday we heard that it was on the agenda for this week. The documents were not available: they had to be transmitted to Strasbourg by teleprinter and before they could arrive the deadline for tabling amendments had passed. That could be one of the reasons why not a single amendment to this report has been tabled; many Members may have found themselves in the same situation as myself.

I spoke on behalf of the Committee on the Environment, Public Health and Consumer Protection on this report which calls for an institute to be set up in Greece to cover safety at sea.

In the original motion for a resolution which formed the basis of this report, it was expressly stated that a European institute was needed for safety at sea and that the relevant organization and coordination was to further the requisite research into all possible means of combating maritime and coastal pollution. The report was rightly forwarded to the Committee on the Environment, Public Health and Consumer Protection as the committee asked for an opinion.

The committee fully agreed with the objective, but wondered whether it would best be served by setting up a new institute. Our committee feels that the appropriate instruments are international treaties, decisions by the Council of Ministers and Commission proposals. And even though the situation at sea is quite unsatisfactory, spectacular results could be achieved in the short-term through rigorous application of existing conventions and regulations and by means of checks. Consequently there is no need for a new institute but merely the political will of Member States and the cooperation of the Commission. This is the

result of an extensive inquiry carried out by the rapporteur, on behalf of the Committee on the Environment, Public Health and Consumer Protection.

In the motion for a resolution by Mr Kaloyannis, which we have before us now, any reference to maritime or coastal pollution has been removed. I wonder, then, whether the Committee on the Environment, Public Health and Consumer Protection, in whose name I am speaking, is indeed the proper advisory body.

Given that under paragraphs 2a and 2b the new institution is to include among its tasks the evaluation of research conducted by other bodies, the carrying out of supplementary research and the entrusting of research to others, I am most surprised that the Committee on Energy and Research was not asked for an opinion. According to the Linkohr report which we debated several months ago, that committee is against setting up new research institutes. Parliament confirmed this a few months ago with a large majority. Around the world there are a good number of excellent governmental, industrial and university institutes which conduct research into shipbuilding, navigation and safety at sea. Cannot and should not the coordination of such research, with a view to a Community policy, be done by the Commission? I should very much like to hear the Commissioner's views on this and I should also like to know what the Commission thinks about setting up a new institute. Are we only concerned here with safety at sea in terms of maritime but not environmental aspects, in other words how does the Commission view the rapporteur's proposal for the creation of an institute in Greece?

As far as training is concerned there are also plenty of facilities. I shall not enumerate them here. There are numerous institutes in Europe and elsewhere which have good training programmes. So a new institute is unnecessary. All that is needed is for the Commission to provide an impetus to get all this onto a Community basis and to put it to good use.

Mr President, I realize I have been speaking only partly, if at all, in the name of the Committee on the Environment, Public Health and Consumer Protection and my closing remarks actually go beyond my terms of reference as rapporteur for that committee. But my conclusion is that no new institute is needed, either for training or for the other aspects raised by Mr Kaloyannis.

To sum up then on behalf of the committee: this committee does not accept the need of a new institute, and certainly not in relation to environmental and coastal pollution.

**Mr Klinkenborg (S).** — (DE) Mr President, I wish to make four brief points on the report now before us.

<sup>1</sup> See previous day's debates.

### Ghergo

The 1982 report on the situation of agriculture in the Community gives figures for the trade balance deficit in wood (12 000 million ECU in 1980). In the meantime the situation has become so bad that imports of wood and forest products represent the third biggest area of expenditure after energy and the agricultural and food sector.

The truth is that the Community has not yet been able to devise a genuine Community forestry policy, except for some joint action on forestry in certain Mediterranean regions (Italy and France). The Gatto report, which was adopted by this House at the last part-session, is a significant step towards the inauguration of a Community policy, which will, however, sooner or later need to be better coordinated if it is to be fully effective.

A Community policy on wood must address itself to the problems of increased protection for the tropical forests, not only from the point of view of the need to ensure the necessary timber supplies for the Community but also from the point of view of the conservation of these forests, which should be regarded as giant lungs sending oxygen coursing through the veins of our planet, as regulators of the climate and as guardians and protectors of hundreds of thousands of natural balances.

Another problem is that we must rethink our ideas on forest policy so that it is seen as part of an overall intercontinental vision giving equal weight to the ecological and the commercial aspects.

If we wish to protect the tropical forests, we must promote a policy of cooperation with the countries in which they are to be found. We must provide them with the necessary technical assistance to enable them to protect their forests and to market effectively their wood products. This we can do mainly by mapping out a strategy for the rational utilization of these precious resources, conserving and perhaps even increasing the timber reserves. In this way we help them to reap a worthwhile harvest without laying waste their capital.

We must devise a comprehensive and smoothly coordinated series of technical, economic and fiscal measures for the protection of these tropical forests. Only in this way can we succeed in saving that which remains and which is being diminished every day. It may seem a paradox, but it is true that the greatest danger for these forests is the ever increasing value of this timber which only encourages people to cut down more and more of these trees and waste these resources. This is what gives rise to the need for technical rules to govern exports and export quotas, as well as the need to seek out timber substitutes and to encourage people to use them.

*(Applause)*

**Mr Maher (L).** — Mr President, in view of the fact that the European Community has so far failed to produce any coherent approach to the problem of forestry within the Community — and that, I must say, is not the fault of the Commission, it is the fault of the Council and the member governments — what really is the role of the European Community at the Geneva Conference? Is not their position exceedingly weak in view of the fact that they themselves have done absolutely nothing about further wood production or adopting any coherent or cooperative approach to the whole question of afforestation?

My next point is, could I ask if the Council as such is represented at this Geneva Conference? I know the Commission is: we have had that information. Is the Council represented at the conference also?

**Mr de Courcy Ling (ED).** — Mr President, since we are discussing tropical wood, I would like you to know that my group believes that much more emphasis should be put on the second of the two guidelines for the conference than on the first. I remind you, Mr President, that the second of the two guidelines is that our object should be to improve the quality and utilization of tropical wood in international trade.

There are many fine cabinet and furniture makers in Britain, France, Italy and other countries of the Community. They are finding it increasingly difficult to get high quality woods in the state that they require in order to maintain their craft which is an important part of our industry.

Secondly, I think we should distinguish between the principle of conservation of tropical forests, on the one hand, which is clearly a good principle, and the setting up of local processing industries, which is not necessarily always a good objective. So far as the first idea, the conservation of tropical forests, is concerned, the members of the Committee on Development and Cooperation whom I represent, my colleagues on this side of the House in the committee, have considerable confidence in the policy of Mr Pisani, which is to minimize the destruction of forests, particularly for the purpose of domestic fires, and to make sure that the countries associated with the Community, particularly in West and Central Africa, should have sensible forestry policies which do not lead to uneconomic waste.

So to sum up, Mr President, I hope the Commission will not forget the European furniture industry in their treatment of the subject at the Geneva Conference.

Secondly, I hope that Mr Pisani will continue with his policy of encouraging forestry conservation in the ACP countries.

**Lezzi**

negotiating the renewal of the ACP-EEC Convention and the budget of the European Parliament, all of them documents in which the Commission has forcefully set out practical measures for environmental protection and the prudent exploitation of natural resources.

At their recent meetings in Berlin and in Kingston, Jamaica, the institutions of the Lomé Convention also drew attention in the most vigorous terms to the fact that in the coming decades there is a danger of tropical forests disappearing completely from the face of the earth, causing ever-increasing erosion, floods, diminution of natural resources and a decline in agricultural production.

We are convinced that at this Conference, in which it will certainly take part, the Commission will have an opportunity to press for a positive solution to the present problems and for the conclusion of an international agreement on tropical wood. We also feel that, in line with the views it has always expressed, the Commission will be anxious to support the idea that tropical wood should be processed on the spot, that is to say, in the producing countries, in order to promote employment and advance the industrialization of these countries. At the same time, this would promote the use of tropical wood in international trade and at the local level, as well as improving the quality of the timber used.

Amongst countries importing tropical wood the Community takes second place after Japan and before the United States, with over 2 000 million dollars worth of imports. We feel therefore that the Community should be able to make some kind of positive contribution to resolving the differences that have already arisen at the Conference between the producing countries, which understandably emphasize the production of tropical wood and control of this valuable resource, and the consumer countries, which are more interested in arriving at precise definitions of tropical woods and particularly in highlighting the commercial aspects of the entire problem.

We feel that the Commission will leave no stone unturned to throw the backing of its competent services behind all projects of interest to consumers and producers in the field of research and development, providing better market information, in replanting, processing of tropical timber *in loco* and the protection of the natural environment, all of them objectives which take priority over price fixing. The Commission must realize that the management and the exploitation of tropical forests will have far reaching consequences for agriculture, energy and environment systems in the coming decades.

*(Applause)*

**Mr Dalsager, Member of the Commission. — (DA)** Mr President, the Commission also regards with great

concern the problems raised on this oral question, and therefore is taking part in the conference referred to by the honourable Member. Once the conference has drawn up the objectives for preservation and development, the Commission will evaluate the suggested projects on reforestation in the light of these objectives.

Moreover, we have had the opportunity of setting out our views on the environmental question in the context of the answer to the Written Question on that topic tabled earlier by Members of this House. The spokesman at the conference for the European Community stated that the Community envisaged negotiating an agreement for the establishment of an independent body for tropical wood which should have the best possible support from the competent institutions which already exist and which will be responsible for carrying out projects of interest to producers and users as well as for research and development, improvement of market information, preparing all re-planting, the organization of forests, taking into account the very important aspect of ecological balance. The Community has also expressed the hope that such discussions will lead to better quality and better coordination between production and demand, regular supplies to and access to the market for all types of wood on demand. The spokesman also expressed the Community's wish to see the headquarters for the international organization for tropical wood located in one of the Member States and drew attention in this connection to three or four European capitals which would be suitable for such a headquarters.

I hope, Mr President, that the work which the honourable Member has called on from the Commission is well in hand so that when the conference has, hopefully after the next part-session, completed its work the Commission will be able to begin to prepare the Community's contribution to this area.

**Mr Ghergo (PPE). — (IT)** Mr President, ladies and gentlemen, we are very pleased at the initiative taken by UNCTAD in organizing an international conference in Geneva on the tropical forests at a time like the present when there are growing threats to the woodlands not only of the Community countries but also of tropical countries. The problem of the forests has now become a worldwide problem, even if for different reasons in different areas: atmospheric pollution in the case of Community forests and mindless exploitation in the case of tropical vegetation.

The question put by Mr Lezzi and others seems to be very relevant to the entire problem, asking as it does whether the Commission of the Communities intends to take part in the Geneva Conference and what policy it intends to pursue in order to limit the volume of imports of forest products into the Community.



**Carettoni Romagnoli**

as to combat hunger. This is why any aid given at this time would not have the usual watering-can effect of emergency aid but would become part of an integrated emergency programme. For this reason I feel that this proposal ought to be given serious consideration.

We must remember that the Sahel countries — some of them, of course, to a greater degree than others — are valued partners in the context of the policies and the new ideas that we are now trying to put into effect. Furthermore, if I may say so, these are problems which particularly concern my own country, Italy, at the present time, because, as you know, we have decided to give top priority to action in the Sahel region. My remarks are not therefore the off-the-cuff outpourings of a Member moved to pity by the situation in the Sahel region but derive from the experience we have gained as a result of a serious commitment to solving the problems of these countries. The aid which is being requested and which, unlike other speakers, I feel to be necessary is really part of a well-defined overall strategy which has every chance of finally solving the basic problems, even if this unfortunately will still take quite some time.

*(Applause)*

**President.** — I have received from Mr Denis and others, on behalf of the Communist and Allies Group, a motion for a resolution with request for an early vote, that is to say, without referral to committee, to wind up the debate on this topic. The motion for a resolution has been printed and distributed as Doc. 1-937/83.

**Mr de Courcy Ling (ED).** — If I gave a brief explanation of my subsequent vote at this stage, I think it would be more useful for the Commission.

I shall vote with Mr Pearce, for similar reasons, but I would just like to elaborate my position with two points. First of all, I trust that the Commission will use line 958, into which we voted 40 m ECU yesterday, particularly for agricultural training and development for forestry policies in the Sahel. I think that will to some extent meet the wishes of Mr Denis and Mrs Carettoni Romagnoli.

Secondly, I hope that the Commission, when faced with a choice between aid in the form of agricultural training and emergency food aid between ACP and non-ACP countries, will continue to give priority to ACP countries. I think this is particularly important since we are in the course of negotiating the successor convention to the Lomé Convention.

**President.** — Mr de Courcy Ling, your statement has been noted, but I do not regard it as an explanation of vote since we are not going to vote on the subject matter now. We shall simply vote on the request for an early vote.

*(Parliament approved the request for an early vote)*

Pursuant to Rule 42(5) of the Rules of Procedure this motion for a resolution will be put to the vote at the next voting time.

The debate is closed.

*6. Tropical wood*

**President.** — The next item is the oral question with debate (Doc. 1-858/83) by Mr Lezzi and others, to the Commission :

Subject : Conference on tropical wood

The tabling of this question coincides with the Conference on tropical wood currently taking place in Geneva under the auspices of UNCTAD which should result in an international agreement on tropical wood.

The guidelines of the Conference include notably :

- to encourage local processing in the producer countries in order to promote their industrialization and increase their export earnings.
- to improve the quality and utilization of tropical wood in international trade and for local consumption, including lesser-known and less frequently used varieties of tropical wood.

The principle of conservation of tropical forests and the need to set up local processing industries are therefore essential.

After the Japanese, major responsibility for the destruction of tropical forests lies with the Community enterprises since they import most of the available tropical wood.

Did the Commission of the Communities participate in this Conference? It is vital that the decisions emerging from the Conference be complied with as soon as possible.

What steps does the Commission intend to take to limit the imports of tropical wood by Community enterprises?

What forms of aid does it intend to make available in order to promote the objectives of conservation and development resulting from the Conference?

**Mr Lezzi (S).** — *(IT)* Mr President, we feel that the Conference on tropical wood presently being held in Geneva can and should be an important opportunity for the Commission and for the Community in general to advance ideas that have been put very forcefully on many occasions by the Commission itself when speaking of the protection of the environment and the independent development of the emerging countries.

We were prompted to take this initiative by the Commission memorandum of September last on development policy, the programme for combating hunger in the world, the guidelines to be followed in

**Dalsager**

Finally, it should be mentioned that within the framework of the special programme to combat hunger in the world, adopted in June, money will be provided for a series of measures to support food strategy together with a number of actions designed to re-establish the economic balance in country districts, and Africa in particular is one of the Commission's fields of action for these projects.

**Mr Pearce (ED).** — Mr President, we find ourselves largely in agreement with what the Commissioner has just said. We have, of course, enormous sympathy for the people of the Sahel who are, like people in a number of other parts of the world, affected by these dreadful problems of starvation and drought. Practical measures to alleviate this situation, such as the Commissioner has just been speaking about, have our wholehearted support. However, we do not find ourselves able to agree with the general line put forward by the questioner on this matter or with the resolution which has been put in to wind up this particular debate. I will explain why.

The problem in the Sahel is serious, but it is not as serious as it has been in some years in the past. Already, as the Commissioner has said, there is a whole string of measures in hand to try to tackle the situation. Indeed, the situation in Southern Africa is probably worse and more exceptional than that in the Sahel region. You will be aware, Mr President, that the Committee on Development and Cooperation is to draw up a report on the drought situation in Southern Africa in the coming months, and I will be the rapporteur for that particular subject.

The situation there is quite exceptional and growing worse. But in both these situations I am not sure that just throwing money at the problem is the answer. The problem of drought in these situations is not simply the obvious fact that it does not rain, though that, of course, is the immediate reason. It is that years of overgrazing, overcultivation and bad cultivation have ruined the soil, that years of removal of trees and bushes have, in fact, reduced the likelihood that it will rain. I think we are some way yet from finding a way of convincing people who live in some of these regions that part of the answer lies in education and in different methods of agriculture, and that simply pumping in money in the form of food aid is not only not the answer but sometimes makes the situation worse because it postpones the day when the fundamental questions are actually tackled.

Mr President, we also have doubts about the suggestions from Mr Verges and his friends concerning the budgetary aspect of this. We have in the Community a large development policy with a lot of money. It has been in operation for a long time and is reasonably well managed. It does not seem reasonable to us, once an annual programme of events and an annual amount of money is agreed upon, to start changing it

and trying to add amounts of money to it especially here in a week when we have already been taking decisions about the nature of the Community's overall budget. I have to say that I think that there will be many in the House and many in the governments of the Member States who would take the view that if more money is allocated to the problem in the Sahel, that money would have to be deducted from money spent in other areas of development policy. To do that would be to ignore other priorities and disrupt plans and schemes that the Commission has in hand for those other problems. We are aware that the Commission is already studying this problem. In fact, I believe there is a meeting today or yesterday in the Commission about this situation.

To conclude, while expressing our deep concern about this situation and sympathy for the people involved, we think that to take exceptional measures of funding this year would be the wrong thing to do. For that reason I will be urging colleagues not to vote for the wind-up motion that has been introduced on this subject.

**Mrs Caretoni Romagnoli (COM).** — *(IT)* Mr President, I feel that the threat that hangs over the countries of the Sahel region, while not as devastating as the tragedies of past years, is nevertheless a further evidence of how little we have succeeded in doing to keep these peoples alive in spite of the considerable efforts we have made, which must in all fairness be acknowledged.

However, we are now faced with a new serious emergency, and I feel that these are precisely the conditions that call for the kind of action that the Community is trying to take at the present time in the Third World, namely, to create structures that will enable the root of the problems to be tackled, at the same time accompanying them with aids given just when the emergency arises, and I am not referring only to food aid. Now, I feel that, as matters stand in the Sahel region at this present time, our reaction ought to be to step up this basic approach of ours.

The Commissioner and Mr Pearce have stressed that the situation is not as serious as it was in the past and have recalled the well-remembered tragedy of some years back in the Sahel region, but I would argue that the wisest thing is still to take action as soon as possible, precisely in order to avert the danger of these events recurring.

This is a region that is harrassed by disasters, and not merely natural disasters only. At the same time it is a region in which the aids given are wasted to a lesser extent than is the case in other regions. It is well organized at the local level and is quite capable of sitting down together with us to work out an effective strategy to prevent further encroachment of the desert and further loss of energy and food resources, as well

## Vergès

problem; erosion. Overgrazing and deforestation have caused serious havoc in recent decades. Moreover because of population growth these problems have become today exceptionally serious. Millions of people are in danger, but the disaster is world wide.

In Senegal one and a half million head of cattle have been wiped out in the last few months. In Sao Tome and Principe banana plantations have been devastated by the drought. In Tanzania a parasite has destroyed whole harvest in the silos. We could add further examples to this list.

We are therefore faced with a calamity of exceptional proportions which is threatening innumerable human lives and could compromise the very future of many African peoples. It is therefore primarily an emergency problem.

According to an FAO study mission which has just returned from Togo there are only 3 000 tonnes of cereal in the state granaries. This is scarcely enough to feed the population for three days. Of course prices have soared, the farmers have been reduced to eating seed grain and the herds are decimated.

The extent of the emergency justifies our request to the Commission for immediate exceptional aid. The African countries threatened are asking not only for cereal but also for means of transport to bring concentrated animal feed, veterinary vaccines, seed and agricultural implements to the disaster zone. The FAO estimates that 700 000 tonnes of food and 76 million dollars to meet the cost of this food are immediately and urgently needed. The countries of the Sahel have just met from 26 to 28 October to draw up a more accurate estimate of their own needs within the general framework of regional cooperation.

That is why we believe that the Member States of the European Community should also contribute to this operation of solidarity. However, although this aid must be given rapidly and on a large scale, it should also be recognized that the problem cannot be solved rapidly and that it will recur in different places in one form or another during the years to come. It is estimated that the food needs of Ethiopia alone for the next three years will be 800 000 tonnes of cereal at a cost of some \$ 330 million. Some 60 000 tonnes have already been promised and delivered in part by the Community, France and Sweden. It should not be forgotten that, as a result of stagnation, drop in production and population growth, food production in Africa has fallen by an average of 10 % per head of population over the last ten years.

This is what justifies the statement made by the NRC (Accra) one year ago on 30 September 1982 that 150 million Africans are under-nourished, in other words, a third of the 450 million inhabitants of the continent are suffering from hunger or malnutrition.

Consequently, in addition to the immediate we should plan on supporting medium and long-term operations

in all the areas. An example of a precise and particular sector is the reforestation scheme launched in Ethiopia or in certain Sahel countries to combat mountain erosion or desertification of the Savana zone. It is a very particular and specific example. All this is part of the larger and more coherent development programmes being carried out by the developing countries in cooperation with the Community. However, the question raised here today will continue to be a problem for European and international public opinion. It will appear as one of the major problems of our times since in an egalitarian world the life of hundreds of millions of human beings are at stake. It is in this area that the problem of human rights and the values of civilization, put forward on the eve of the second millenium, will be tested.

*(Applause from the Communist and Allies Group)*

**Mr Dalsager** *Member of the Commission.* — (DA) Mr President according to the most recent information which the Commission has gathered both from its own sources and from others — including the information forwarded by FAO at the end of September — the Commission feels that the current situation in the Sahel countries generally is not as serious as the honourable Member's question would lead one to believe. In fact, in certain regions, in particular the Senegal River Basin and the North of Mali and Upper Volta, the most recent rainy season has produced considerable rainfall and it is clear that it will have a very beneficial effect on the harvest.

The Commission has already taken decisions on certain individual measures for the benefit of the people in Mauritania and Chad and will not hesitate to take additional measures if the need arises. This however does not mean that the current situation calls for the adoption of a general comprehensive programme as in 1973/74 but it is a question of a delicate balance and we shall have to follow developments closely at least until the end of this year. The periodic drought in the Sahel region are part of a complex and long-term problem. They involve over-grazing, population explosion, destruction of forests, desertification etc., which calls for radical action and the adoption of interconnecting programmes to be drawn up carefully and carried out over many years in close cooperation with the authorities in the countries concerned and the various donors with a view to gradually restoring the human and natural environment of the regions. That is the policy on which the Community's agreement to finance programmes and projects in the Sahel countries through the European Development Fund to which 4 million ECU will be contributed from the European Regional Development Fund in addition to a series of other Community actions, for example co-financing with non-State organizations, food aid and emergency aid which in the first 8 months of 1983 has resulted in commitments for a total of 66 m ECU.

**Ewing**

But what seems to me rather ironical is the viewpoint of the last speaker, speaking on behalf of a country with an enormous sea coast, part of it at great risk at Sullem Voe, although not as much at risk as the English Channel or the Mediterranean. Having a great interest in this matter, I have investigated just who are the users of tankers around the coast that are liable to pollute my environment. I may tell you that one of the worst offenders is the British National Oil Corporation who allow much of their goods to be charted by these very flags of convenience. They admit it, and I have it in writing from them. So when the Commissioner refers to unscrupulous companies, I ask myself who the unscrupulous companies are when even a State-owned national company is turning a blind eye to its own activities. And I may say that although I do not think they are as bad as the BNOOC, all the oil companies around our coasts — BP, Shell, Esso — are also involved in allowing their oil to be carried in flag of convenience ships.

The truth of the matter is that we cannot solve the problem from one port. I know of ports that are terribly anxious to control this matter, terribly anxious to turn away a tanker if they are in any way dissatisfied. What has happened to Sullem Voe? A decision is pending since it was sued for over £ 1 000 000 in the Court of Session in Scotland because it dared to turn away a tanker. I think I am correct in saying that if that port had been in Canada, the government of Canada would have encouraged it to turn away a tanker on their judgment and then would have stepped in with a guarantee. We have a situation where the ports themselves are risking enormous financial actions against them if they act properly. Why should the onus be entirely on the ports? There should be a code. It is the case that not all the members of this Community have even signed some of the conventions.

Having said that, the conventions in themselves are not enough. I think my proposal for a code of conduct in the matter of port control is what we will have to go back to so that a port is not isolated when it is trying to act in a good way. I will give you one example which concerns a specific type of case involving scrapping and gas. The legislation in the UK on gas levels is as follows: if a port suspects there is too high a level of gas present, the legislation is satisfied if the shipmaster issues a certificate regarding the level of gas. I think it should be the other way round. Indeed, the ports have asked me to seek an alteration. However, if that is the legislation of the UK, which is not really so bad, what would it be like in some of the other Member States!

This is a big subject. I am glad it has been raised with one particular incident in mind. I might add that in the last few days there has been a pollution incident off my island of Tiree. It is not all that serious. There

has not been time to raise it, so I am glad to have the chance to mention it. However, I do not yet know what the damage is. I do not yet know how they are coping with it. It is all too recent. But when you think of an instance of pollution, it is not just one thing that suffers. It is not just tourism. It is the environment, it is the tourism of the future and it is the very fish that we spend a long time arguing about. I think we must ask the Commission to go back to the Donington report, to go back to all the resolutions embodying the goodwill of this House to get this problem solved.

**Mr Wurtz (COM).** — (FR) I should just like to state very briefly, Mr President, that Mr Newton Dunn's remarks on Mrs Le Roux were out of place. She had the courtesy and the politeness to explain in advance why she had to leave and to apologise to the Commissioner and the House.

That is something I felt I had to say. The ponderousness of Mr Newton Dunn's words are matched by the frivolousness of what he had to say.

**President.** — The debate is closed.

**5. Drought in the Sahel**

**President.** — The next item is the oral question with debate (Doc. 1-868/83) by Mr Denis and others, to the Commission:

Subject: Special plan to combat the drought in the Sahel

Could the Commission exceptionally release funds to combat the terrible drought in the Sahel, which is threatening millions of people with famine?

**Mr Vergès (COM).** — (FR) Mr President, ten days ago the FAO held a special session on Africa to launch an appeal to public opinion and to the developed countries.

This action stresses the gravity of the situation on the African continent, particularly in twenty-two countries with more than 150 million inhabitants. These countries have been hit by an unusual drought, the most serious since that which caused tens of thousands of deaths in the Sahel region in 1973 and 1974. We all remember the terrible pictures of the consequences of this drought ten years ago.

This time, in addition to the Sahel countries the eastern coast and the southern part of the continent are also affected. In Mozambique there have already been more than 200 deaths in a few months, while in Ethiopia three million people are in danger. The regions worst affected have not had normal rain falls for four years. The rivers are dried up and the inhabitants, in particular the women, have to travel 20 to 30 kilometres to find water. The same applies to Mali, Niger and the Sudan. Those living at a height of between 3 000 and 4 000 metres are the hardest hit by the drought. There is a very serious ecological

### Klinkenborg

We need, therefore, a proper inspecting authority to combat substandard ships. Every car that is purchased must go once every two years to be inspected to see whether it is still roadworthy. The same principle must be applied to shipping.

Secondly, we need, as it were, a driving-licence issued as something more than just an ordinary certificate, as a personal certificate, a kind of identity card. If we do not do this, there will always be a lot of people about who have paid a lot of money for a piece of paper and our Community has then to cope with the difficulties this creates.

From these few arguments you can see that the problem of substandard ships is a complex one and that we must not simplify the question of flags of convenience, since this means doing less than justice to those who are prompted by understandable economic concerns to register their ships abroad even when these conform to a high technical standard. On behalf of my group, therefore, I request this motion to be referred for further consideration to the Transport Committee so that a sensible report can be made out which deals adequately with all considerations.

**President.** — Mr Klinkenborg, I must point out that I have no request for a vote. The Committee on Transport is, of course, quite free to take up the matter.

**Mr Newton Dunn (ED).** — Mr President, I wonder if you, or colleagues in this Chamber, are aware of the sheer hypocrisy of the Communist movers of this question. Of course there are bad operators of flags of convenience — we are all aware of that, and the Commissioner has already acknowledged that in his answer — but the real culprits in the world of merchant shipping are the Communist-owned groups of ships, not those of the free world.

The Communist proposer, Mrs Le Roux, who had urgent business to attend to and has left the Chamber before listening to the debate and, therefore, does not really think this is very important — presumably she would have stayed if she had thought it was genuinely important — mentioned something about wages in her introductory speech. The wages on Communist-owned ships are far lower than the wages on flags-of-convenience ships, and the people who work on Communist-owned ships have to work extremely long hours and have no trade-union rights at all. That is a typical Soviet attitude. One need only remember movements like Solidarity in Poland to understand attitude towards free trade unions.

Mr President, we must not have the wool pulled over our eyes by these Communists. The problem is far more serious than they are suggesting in this oral question.

Secondly, it is almost impossible to do anything about flags of convenience, because the facilities are offered to ship-owners by sovereign independent countries,

free countries, over which we in Europe have no control at all.

The Commissioner is quite right in saying that where there are things wrong with the ships, the thing to do is to institute proper checks in the ports into which they call.

Europe could not and should not do anything about these flags of convenience. It could not because of the virtual paralysis in the Council of Ministers, where no decision could possibly be got through. But, in any case, it would be very bad for Europe if we were to do anything about it, because imposing far higher wages on these ship-owners would raise the costs of Europe's imports and exports; the consequence would be considerable loss of jobs in Europe, and those jobs would, of course, be taken up in other parts of the world over which we have no control.

No, Mr President, the real threat — the threat which no Communist is prepared or has the courage to point out — comes from the low wages and unfair conditions on Soviet ships, the absence of any need for Communist-owned ships to make a profit, thereby enabling them to undercut the free world and put us all at risk. The Commissioner has already pointed out that the real danger does not come from all operators of flags of convenience: I hope he will bear in the mind the Communist threat and turn the Commission's to that threat, which is much more serious for us.

**Mrs Ewing (DEP).** — Mr President, this is a very serious question. This Parliament has passed a very detailed resolution which I initiated years ago calling for a code of conduct to be imposed in all ports, so that if one port turned away a tanker on the grounds of inadequate standards or bad conduct — because sometimes those are the reasons — then that tanker should not gain access to any port in the Community. Now that was at the time applauded by the Commission. No action has followed. I suppose it would be difficult to get the Council of Ministers to take action. However, I think the House should remember that the old Parliament conducted a massive all-party investigation in Paris, and although we had no power to enforce attendance of witnesses, witnesses came from every involved arena — the shipmasters, the tug-owners, Lloyds, other insurance interests, the United Nations, IMO, every single involved association as well as tanker employers and tanker users. We have a massive amount of evidence. The investigation was conducted by Lord Bruce of Donington, who is no longer a Member of this House. The evidence is there. While, of course, it is true to say that all that is wrong is not to be laid at the door of flags of convenience, nevertheless the statistics are all there in that report. They show that a large majority of the proven bad accidents and acts of misconduct at sea which have caused the pollution around coasts have come from vessels flying flags of convenience. That is a fact which is not in dispute.

**Le Roux**

Mr Commissioner, for understandable reasons I have to leave this morning without listening to your reply. I ask you to excuse me and I request my friends to listen to what you have to say and to forward your replies to me quickly.

*(Applause)*

**Mr Dalsager, Member of the Commission. — (DA)** Mr President, the Commission is well aware of the problem raised by the honourable gentleman in connection with flags of convenience. There can be no doubt that some of the less responsible firms take advantage of this facility with the all too familiar consequences for safety and social conditions on board their ships as well as pollution. Inadequate supervision of seamen's training and qualifications has played a large part in many pollution accidents and the shipowners have not possessed sufficient financial cover to pay adequate compensation. There are ships flying flags of convenience that do not meet the regulations, but there are also perfectly satisfactory ships that use the same flag. Furthermore, there are probably also a large number of ships that do not observe the regulations among the older seafaring nations.

The problem then is not simply to do away with flags of convenience but, most importantly, to devise means for identifying those ships that do not observe the regulations — whatever flag they fly — and so compel them to meet the safety regulations under existing international conventions. Certain States have great difficulty making sure that these conventions are upheld. It is therefore extremely important that coastal States should keep a check on all ships entering their ports to ensure compliance with the regulations.

In July 1982 a Treaty memorandum came into force between the Community's maritime nations and Sweden, Norway, Spain, Portugal and Finland. It includes the main provisions of a proposal submitted by the Commission in 1980 which now forms the basis of controls carried out by the coastal authorities of the above countries. In the course of one year checks have been made on 9 000 foreign vessels of which a third failed to meet the regulations laid down by international conventions.

**Mr Klinkenborg (S). — (DE)** Mr President, the Commissioner's reply is indeed justified inasmuch as a connection between shipping and the agricultural policy can be established by pointing to the butter-ships. On behalf of my group, I ask you, Mr President, to put the question to the vote whether we should vote on this motion or refer it to the Transport Committee.

It is incorrect to associate flags of convenience with the idea of substandard. Flags of convenience are a problem, but as a rule have nothing to do with the

actual vessels — that is, with the risks they may contain. 'Cockleshells', as they are known, are to be found under all flags, not only flags of convenience, and if we so narrow the idea down, we are putting what is a big economic problem for the European shipping firms into one category, and wrongly so. However that may be, we must ask ourselves — and the authors of this motion are quite right — whether we should not set up a system for inspecting the seaworthiness of shipping vessels.

But we must not restrict the subject of flags of convenience to substandard vessels: that is not right. These are to be found under all flags, and there are many people in the ports who could name these flags!

Now to the question of the inspection of these ships. There is an agreement among maritime States on the subject of controls, and that this does not function properly is shown by the towing of this ship, since otherwise it would obviously not have been towed out of the harbour in poor weather conditions. We have, therefore, an excellent agreement, but there is something one can understand which has to be resisted, and that is that some ports are reluctant to apply it strictly, because — and this they don't admit — if some ships are already tied down in a particular port, the owners will be tempted to direct their other ships elsewhere. There is therefore economic competition among ports.

What we need, therefore, is a very strict directive laying down, not so much the absolute need for inspections as the need to record what ships were the last to be inspected. To put it another way, the problem boils down to the question whether the seafaring nations should not be forced by international agreement to ensure that an entry is always made in the log-book to show where and when the ship was last inspected, so that whoever has not taken reasonable steps to keep his ship inspected or has allowed it to sail again, knowing that it was technically substandard, has to pay for the consequences. That would be the right way of going about this problem. I have already made this suggestion in the Transport Committee, and perhaps the Commissioner would be prepared to take up the idea.

There is a third point I want to make. We are concerned not only with the question of technical equipment but also with the qualifications of the people who sail these ships. It is an open secret that in certain countries one can buy a captain's ticket for 5 000 dollars and so one suddenly becomes a skipper who has never before trodden the boards of a ship! Here, too, the situation is not subject to sensible controls, which should be a matter of course. We are quite prepared to have everything subject to control but have no proper idea of what we should do and how we should set about it.

**President.** — The debate is closed.

*(Parliament rejected the request for an early vote)*

The motion for a resolution will therefore be referred to the competent committee.

#### 4. *Flags of convenience*

**President.** — The next item is the oral question with debate (Doc. 1-867/83) by Mrs Le Roux and others, to the Commission.

Subject: Use of flags of convenience.

The Commission will certainly be aware of the fortunately minor consequences of the oil slick which affected the Camaret area of the Breton coastline at the beginning of September 1983 following the shipwreck of the 'Hydo' which was sailing under a Panamanian flag of convenience.

This ship, which was due to be scrapped, sailed despite the danger of storms and was towed, without having been cleared of gas, after several months at the port of Le Havre.

There has been sufficient evidence that the use of flags of convenience, a practice already condemned by Parliament following much more serious accidents, is a danger to the marine environment and to the safety of the crews.

What are the Commission's views of this matter?

Can it indicate what steps it has already taken to end this practice?

**Mrs Le Roux (COM).** — *(FR)* Mr President, the Torrey Canyon was Liberian, the Gino was Liberian, the Olympic Bravery was Greek, the Amoco Cadiz was Liberian, the Hydro was Panamanian and all of these vessels were involved in accidents off the coast of Brittany.

They were sailing under flags of convenience. Although nowadays ships sail under flags of this sort, nonetheless according to Lloyds in 1979 Liberia suffered the greatest loss in terms of tonnage as a result of accidents and Panama lost the largest number of ships. Again in 1979, according to the OMCI, Greece, Liberia, Panama and the United States were the cause of the largest number of accidents at sea and the United States transports twice as much tonnage under free registration as it does under its national flag. Flags of convenience account for 28% of the fleet in terms of tonnage and 48% of world losses.

There is a reason for this: no obligation regarding place of construction or of repair of the ship, no tax on profits or revenue; crews may be recruited in any country where the salary level is lower, social requirements non-existent or minimal. There are no administrative or safety controls, no minimal construction standards, the possibility of escaping judicial enquiries

in the case of accident; in short, total freedom to exploit individuals and to put at risk the safety as well as that of the sea routes, the coastal environment and marine resources.

In 1976 the wage bill for a ship with thirty-two crew members was \$ 1 million 750 thousand for an American crew, \$ 500 000 for a British crew, \$ 325 000 for a crew recruited in Asia or a developing country; three times less, Mr President! A 60 000 tonne Swedish bulk carrier spends \$ 5 000 a day, a Liberian, which applies the Transport Workers' Federation rates, \$ 4 000 and a free registered ship \$ 2 900 a day. That is what these practices amount to.

For the owners anonymity means absence of responsibility in case of accident or social unrest on board and because they are more interested in their pocket books than anything else these owners force the captains to take risks in all areas of the operation of the ship: navigation, loading and unloading procedures, size and qualifications of the crew and upkeep of the ship.

It is high time that States took measures to eliminate these dangerous anachronisms. One clearly cannot leave it to economic forces to settle these questions; the number of ships flying flags of convenience will continue to increase thereby competing more and more with national fleets which are already in danger.

A whole section of the economy of our countries is threatened: construction, repair and transport. We have the means to combat it. All that is needed is the will to use them: port taxes, immobilization after safety controls, fines for offences, higher insurance rates, these are the means to intimidate those who only think in terms of dollars. A certain number of measures have already been proposed since the serious Amoco Cadiz accident, in particular the draft European directive on the compulsory application of the standards of the country of the port State.

This directive gave the port State the right and the duty of taking action and to communicate information concerning it to other States on the ship's route. The project failed because of opposition by Greece. It should be set in motion again as soon as possible together with joint measures designed to combat effectively flag of convenience practices.

It is for this purpose that we tabled the question. It is in the interest of our coastal populations, our economies, development and employment. Moreover the progressive elimination of flags of convenience would, in the words of CNUCED, the development of the national fleets of development countries job opportunities for their work force under conditions compatible with human dignity and industrial diversification.

The acquisition of the means for jointly combating these flag of convenience practices would be a work of international solidarity.

### Squarcialupi

geomorphological reality if we are to have a genuine Community policy in this area. We really have to go into this rather more deeply since this one topic, by itself, is like a beautiful statue in a desert: hence the need for the Council, prompted by ourselves and the Commission, finally to take in hand and render active and operative the directive on environmental impact.

If we do not take this first step, a fundamental and precautionary element of any environmental policy, we shall continue to carry out isolated projects, projects dictated at times by emotional impulses or by private interests, but we shall not be taking decisions in the interests of the environment.

My second point I should like to address to the Commission. It is important to give a sound basis to any studies of costs and benefits. We are always faced — environmentally speaking — with the need to take decisions in its favour and with the heavy costs that such decisions entail.

I am not saying that cost-benefit studies undertaken so far are not to be taken seriously, but many of them are only partially valid: they represent the point of view, for instance, of the industrialists for whom environmental protection is costly — in terms of new machinery, surveys, etc. — and therefore they take no account of possible repercussions on human health, on the environment and on the local community.

Representatives of the Commission, we shall never be able to talk seriously about the environment if we fail to make a proper evaluation of costs and benefits. Therefore, above and beyond the case in question, which I endorse, I have to say that not a single case can be confronted if we do not first confront these general major problems which we are always up against. All too often, anyone concerned with environmental protection finds himself fighting a losing battle as the result of an erroneous evaluation of the costs involved and the inability, at the time, accurately to determine the impact on the environment.

**Mr Petronio (NI).** — (IT) Mr President, I do not intend to go into the various remarks that have been made with regard to tackling this problem more seriously on the basis of the latest findings of the Italian-Yugoslav delegation and of our Parliament's Committee on the Environment. However, since I also, like Mr Cecovini, am from Trieste, I feel bound to say, on behalf of the Italian political right, that it was the signing of the Treaty of Osimo on 10 November 1975 that laid the foundation for the pollution of the Karst region and of the city of Trieste under the pretext of establishing there 100 industries to employ 100 000 people. I cannot help recalling in this connection that 65 % of the population of Trieste at that time, consulted in a general referendum, were against the Treaty of Osimo and that many political groupings and many politicians, some of them even

here present, reaped much political advantage from this stance. This territory has features that are truly unique. I would remind my French colleagues that there was an Italian writer, Scipio Slataper, who wrote about this area and whose work was later reviewed by Dominique Fernandez in the *Nouvelle Revue Française*, thus making his name and work widely known in France. This area is poor in water. The water of the few streams seeps down under the earth and emerges later in other areas, and we wonder where the industries will get the water if they have to take it from this arid, burnt-out land which is a mixture of iron and rock where the vegetation must struggle desperately to rise from the ground. However, apart from its ecological peculiarities, this territory has a valuable cultural heritage. It was here that bloody battles were fought during the First World War, and here witness is borne to the valour of German and Italian soldiers by vast silent war cemeteries which are not disturbed by the pollution fumes. The wind that blows across this territory sometimes reaches a velocity of over 100 kilometres per hour and can blow right back over the city of Trieste, which stands below it, all the waste gases, the carbon dioxides, sulphur dioxides and the rest.

This is why we are in favour of the resolution that has been suggested and in favour of everything that can be done to preserve and keep intact this Karst region. However, we would like to see retained for Trieste those scientific and biotechnological projects on which our proposals on scientific research and innovation centre, namely, the synchrotron project, the study of subnuclear particles — following on the discovery in Geneva of the Zeta Zero particle by Professor Rubbia — as well as collaboration with the Institute of Theoretical Physics and with the International Nuclear Energy Agency in Vienna.

In stating this position of ours we roundly condemn once again the Treaty of Osimo. On this Treaty were based all these ill-advised ideas of industrialization which take no account whatever of the impact on the environment and think of nothing but the cost-benefit equation.

**Mr Collins (S), Chairman of the Committee on the Environment, Public Health and Consumer Protection.** — Mr President, I think the various speakers have demonstrated that the issue raised by Mr Cecovini is a very complex one. However, I think there are certain dangers in asking Parliament to arrive at a decision when, first of all, there are so few people here to debate the complex issues properly. There are certain dangers in any case, in presenting a motion for a resolution such as this on a Friday morning.

I would like the opportunity to discuss this further in committee and I would like the House, therefore, to refer it to the Committee on the Environment, Public Health and Consumer Protection so that it can be properly dealt with.



**Cecovini**

tries that would destroy the Carso, we ask that Italy and Yugoslavia be encouraged to set up in the zone already set aside for industries a 'karst international ecological zone' where researchers and scientists from around the world can find a natural meeting point for their research. This would also serve the general cause of peace.

*(Applause)*

**Mr Dalsager, Member of the Commission.** — *(DA)* Mr President, the Commission is fully aware of the cultural, environmental and scientific importance of the Carso region. There is also a whole series of other things which must be taken into consideration when we come to discuss it, in particular the question of Unesco which at international level concerns itself with this type of question and cooperation in the cultural sphere. The Commission has no particular competence in this matter. Because of the question's importance I can assure Mr Cecovini that the Commission will look into the possibility of Community action in the Carso region, we have moreover, instructed our services to investigate all the various questions involved. During the December part-session the Commission will give Mr Cecovini and other interested Members a written report on this matter.

**President.** — I have received from Mr Cecovini, on behalf of the Liberal and Democratic Group, a motion for a resolution with request for an early vote, i.e. without referral to committee, to wind up the debate on this topic. This motion for a resolution has been printed and distributed as Doc. 1-936/83.

I put to the vote the request for an early vote.

**Mrs Seibel-Emmerling (S).** — *(DE)* Mr President, according to my information the debate must first take place before we vote on whether we want to regard this motion for a resolution today as urgent.

**President.** — Alright, if you wish I will concede you that point.

**Mrs Seibel-Emmerling (S).** — *(DE)* Mr President, I am very much obliged to you for giving me the floor, because I have to tell you that the Socialist Group greatly welcomes the fact that Mr Cecovini has brought this subject before the House, for this Parliament should undoubtedly concern itself with the question of the industrialization and urbanization of a region of this importance. The Socialist Groups regrets that the appropriate instrument here — that is to say, the criterion, adopted by this Parliament, of environmental compatibility — is still before the Council, which is dragging the matter out. If we had this instrument, there would be no need for this debate today, since such a region would undoubtedly be liable to treatment according to this criterion.

At it is, however, we do not have this instrument, and we have to ask ourselves what this Parliament at the

moment can do. However meritorious it may be, as I have said, that Mr Cecovini has brought this subject before the House, the course he has chosen does not seem to us the most appropriate. The Committee on the Environment, Public Health and Consumer Protection and the Yugoslavia Delegation are two bodies of this House for which an examination of this question would be particularly important and useful. I therefore repeat here my earnest request to Mr Cecovini, which in the course of preliminary conversations was unfortunately rejected, that we should not allow ourselves to be hurried today over a motion for a resolution which allows members no opportunity to inform themselves either on the region itself or on the measures entertained or, indeed, on anything else that is worth knowing and urgently required if we are to make a careful decision, but should table this motion under Rule 47 and so refer this extremely important question to the Committee on the Environment, Public Health and Consumer Protection. We shall then, both in committee and in plenary sitting, be only too pleased to give our carefully considered opinion, for we on no account wish a region like this to be destroyed.

*(Applause)*

**Mr Ghergo (PPE).** — *(IT)* Mr President, I feel that I must say a few words on the question put by Mr Cecovini. While his concern seems perfectly legitimate, it must nevertheless be acknowledged that Italian State Law No 442 of 1971 provides adequate instruments and means of action for the protection of the Karst area in question.

Having said that, however, there is no question but that there seems to be a need for further international agreements on this matter.

I fully agree therefore with what Mrs Seibel-Emmerling has just said and I second her request that the matter referred to in this question be sent back to committee.

**Mrs Squarcialupi (COM).** — *(IT)* Mr President, I must say first of all that I fully agree with the content of the question by Mr Cecovini. I should like to enlarge the discussion for a moment because while what Mr Cecovini says is true and while his requests are legitimate and timely, the subject does merit deeper consideration and I feel that this could best be done within the Committee on the Environment.

I should like to stress therefore the particular characteristics of Carso soil. For several years now I have been working with the Committee on the Environment and I must say that a good many Community directives and decisions deal with soils, such as are to be found in Denmark or the United Kingdom, as if they were unique: they are clay soils, and not soils which are seriously threatened by pollution as are those of the Carso. The safeguarding of the environment must therefore take account of the total geological and

**President**

- request that Carso in the region of Trieste be entered, pursuant to Article 11 of the said Convention, in the list of endangered assets insofar as they are threatened by public or private projects for major works and by rapid urban development;
- promote, with the agreement of the Yugoslav Government, useful international scientific cooperation covering the whole areas referred to in the economic annex to the Treaty of Osimo in the international ecological limestone region with a view to providing a research and study base for scholars of all nationalities on the model of the International Centre for Theoretical Physics of the International Atomic Energy Agency and Unesco operating in Miramare (Trieste);
- ensure that this ecological region serves as a centre for international studies on limestone geology, ecology, ethology, climatology, botany, zoology, palaeontology, archaeology, ethnography and environmental investigation and for all disciplines that can promote awareness and protection of the natural and cultural heritage of all the limestone regions in the world?

(2) to urge UNESCO to coordinate, within the sphere of its responsibility, the measures referred to in point 1?

**Mr Cecovini (L).** — (NL) Mr President, ladies and gentlemen, the earth on which we live, given to us by nature but also enhanced by civilization, is the heritage of all.

Consequently man has a duty to look after it so that it may be preserved for future generations and, if necessary, improved upon by prudent intervention which, without causing it damage, adapts it little by little to the requirements of an existence increasingly set apart from nature and health to be found in the natural order itself.

To nature's gifts we may also add those works of man that have a historical or artistic value.

The question I have tabled and the motion for a resolution with which we should like to close the debate, both on behalf of the Liberal and Democratic Group, call the attention of Parliament and Commission to the serious threat to both the objectives just mentioned — saving nature and preserving the historical record in the Trieste Carso, which, with its extraordinary and unique geological structure, cannot and must not be endangered by the encroaching hand of man.

Well now, the Treaty concluded at Osimo on 10 November 1975 between Italy and Yugoslavia provides for the establishment of an extensive indus-

trial free zone straddling the border, and thus partly in Italian territory and partly in Yugoslav territory, in the Carso. This zone, if actually set up, would be a centre for numerous industries and attract a substantial population, thus upsetting the very special equilibrium of this extra special region.

The Carso has given us the word 'carsismo', which is to be found in all the world's languages and refers to those features of extraordinary scientific and cultural interest — fretted fields, dolines, caves, sink holes, rivers and underground chambers — which characterize the Carso.

Since the middle of the nineteenth century, when speleology officially became a science, large numbers of researchers have come here from all over the world.

For more than 20 years this research has engaged the attention of the many local associations and the Institute for Karst Research in Postumia, Yugoslavia, working in close collaboration.

In the Grotta Gigante is located one of the largest scientific stations in the world in this field, with the longest horizontal pendulum for tidal measurement. Other stations are located in the Grotta Doria, in those of Padiciano and Trebiciano, in the Lindner cave and in the Germoni cave for unique research into the hypogean microclimate, hypogean water-table telemetry, growth of stalagmites.

But destruction of the Carso following inevitably on the establishment of an industrial zone, would also have further grave consequences, namely the disappearance of the age-old home of Trieste's Slovene minority who have been living here for centuries in villages of considerable architectural interest. This minority possesses a linguistic and cultural heritage which testifies to a centuries-old free association of peoples of different tongues sharing an advanced common civilization.

To save time, I shall not speak about the 'castellieri', which are prehistoric dwellings scattered throughout the Carso. These too would be destroyed by industrial development.

For all these reasons, the Carso must be afforded absolute protection.

There exist instruments of protection which appear to have been designed specifically for the Carso but which have not yet been applied. On 23 November 1972 a Convention was concluded in Paris, and ratified by all the signatories, including Italy, it contained a record of the world's natural heritage and another quite separate list of districts, artifacts, etc. threatened by major public projects and rapid urban development.

The Carso falls into both categories.

The motion for a resolution aims therefore to seek the region's inclusion in both lists. In the place of indus-

## President

As far as I am concerned the matter is closed. The question will be referred to the Bureau and to the Committee on the Rules of Procedure and Petitions.<sup>1</sup>

*(Parliament adopted the Minutes)*

### 2. Votes<sup>2</sup>

#### ROMUALDI REPORT (DOC. 1-802/83 — CAMBODIA)

*After the vote on the resolution as a whole*

**Mr Van Minnen (S).** — *(NL)* Mr President, it could be that I am seeing double but the Member over there who is talking to another Member voted from behind his own seat. I do not know whether the places have been changed round but could you check this? We have agreed that there should be no double voting in this House!

**President.** — Mr van Minnen, I was unable to see what you saw. I did not notice it. I have no reason to call into question the correctness of the vote.

**Mr Wawrzik (PPE).** — *(DE)* Mr President, I think it is a very good thing that some colleagues should keep a constant check on the behaviour of other colleagues. In German we have a certain expression for this, which I should not like to mention here.

Mr Simonnet is sitting in the front row and has his seat in the second row. His behaviour was correct in that he voted from his seat one row behind. That is the fact, and there was no double vote.

### 3. Limestone region of Trieste

**President.** — The next item is the oral question with debate (Doc. 1-1276/82) by Mr Cecovini, on behalf of the Liberal and Democratic Group, to the Commission.

Subject: Environmental protection of the limestone region of Trieste and establishment of an international ecological limestone area

Whereas

— the International Treaty between Italy and Yugoslavia, signed in Osimo on 10 November 1975, aims to establish in an area of the Carso, partly in Italian territory and partly in Yugoslav territory, an international industrial free zone where more than a hundred industrial plants and a new population of perhaps more than 100 000 persons are to be located;

— it has clearly shown to be inadvisable to create new industrial and urban settlements upstream from the city of Trieste on account of the high risk of serious environmental damage and for objective reasons of a technical and economic nature;

— on the contrary, the Carso, on account of its extraordinary and unique geological and physiological (geomorphological) structure, represents a natural asset of supreme interest and international scientific importance. This is the origin of the term 'karst' accepted in scientific language world-wide as meaning those particular phenomena (gullies, dolines, caves, sink holes, rivers and underground lakes, etc.) that characterize the Carso in the region of Trieste. Scholars flock here from all over the world as if to a natural park. Also of great importance are the 'castellars', monuments of prehistoric architecture scattered over the Carso and the particular architecture of the limestone houses, a rare example of constructions entirely of local stone;

having shown

— that the Carso constitutes a natural and world-wide cultural heritage that should be protected

whereas

— by virtue of Law No 184 of 6 April 1977 Italy ratified the Convention on the protection of the cultural and national heritage signed in Paris on 23 November 1972 establishing a list of the world-wide natural heritage (Article 2) and a list of endangered assets referring to assets threatened by public or private projects for major works and by rapid urban development;

— the zone in question is adjacent to the 'limestone reservations' established by Italy by virtue of Law No 442 of 1 June 1971 and subsequently incorporated in the autonomous region Friuli-Venezia-Giulia among the environmental protection areas, the safeguarding of which would be incompatible with further large-scale industrial and human settlements on the limestone region in Trieste;

can the Commission state whether it intends

(1) to recommend to the Italian Government to:

— enter Carso in the region of Trieste, pursuant to Articles 1 and 2 of the Paris Convention referred to, in the list of assets constituting the natural and world-wide cultural heritage on account of its extraordinary geological and physiological (geomorphological) structure and its caves, prehistoric castellars and the particular architecture of the limestone houses;

<sup>1</sup> Documents received — Motions for resolutions (Rule 49 of the Rules of Procedure) — Petitions — Transfer of appropriations — Referral to committee — Member of committees — Procedure without report: see Minutes

<sup>2</sup> See Annex.

**von der Vring**

**President.** — Mr von der Vring, your position is much the same as Mr Arndt's. I stated in reply to him that there is now no way of establishing who was actually in the room at that moment. The only evidence we have as a basis for the application of Rule 103 is the official document.

**Mr Sieglerschmidt (S).** — (DE) Mr President, ladies and gentlemen, of course it is true that according to Rule 103 (1) the number of those present is decisive; but so far as I know, the purpose of the procedural page in reports is to record how many Members took part in the vote. In contrast to the usual practice and although this is not required by the Rules of Procedure, it should also indicate that while only five Members took part in the vote six Members were present, so that there was a quorum. That should be explicitly stated; otherwise, the whole business of laying down the conditions for the validity of a vote is pointless. Whether these conditions were observed can no longer be established, and complete confusion is the result. This should be put to the Committee on the Rules of Procedure and Petitions.

**President.** — I share your view.

**Mr Janssen van Raay (PPE).** — (NL) Mr President, having been present yesterday I also took part in the debate.

A specific assurance was given yesterday by the Chair that the matter would be referred to the Committee on the Rules of Procedure and Petitions. We are now discussing the Minutes — I recognise that we are also discussing the matter itself, but the actual item under discussion is the Minutes — and therefore there must be a record of the referral by the President. As it happens, Mr Forth is correct in what he said about the contents of the Minutes. His observations came too late to prevent a debate — he lodged objections on Monday but that is another matter. It was agreed by the President that this important question would be referred back to the Committee on the Rules of Procedure and Petitions in order to establish once and for all — I am not going back over all this since Mr Sieglerschmidt explained it all quite adequately — that the rule governing committee quorums must be taken seriously and that the only proof available to us of the existence of a quorum is the cover page of the relevant report. As far as I am concerned, then, if it is apparent that there was no quorum present, the matter must automatically be declared inadmissible.

**Mr Hord (ED).** — Mr President, Mr von der Vring made the point that if the alternative aspect of Rule 103 (1) — the one-sixth alternative — was invoked, that would have been noted in the committee's report. I think with respect, that that observation by Mr von der Vring is irrelevant in the circumstances. As to Mr Janssen van Raay, if this situation is illegal because it

does not conform to the Rules, it does not really matter whether it was noted on Monday or now. The thing is illegal, and the Presidency is perfectly right to withdraw this report. In this context I feel that the House owes a debt of gratitude to Mr Forth who noted this shortcoming. Furthermore, over and above the illegality under our Rules, this serves to confirm that many of our committee meetings are held with an insufficient number of members present. I sincerely hope that this episode will lead to our committees having more members present to deal with the business in hand.

**Mr von der Vring (S).** — (DE) Mr President, I want to oppose that. The responsibility for the legal validity of a committee report lies above all with the chairman of that committee. If the Rules say that for a vote a quorum must be established, it is the committee chairman's duty to see to this. If you say here that appearances indicate that the committee chairman acted illegally, you are speaking irresponsibly in that you have not spoken to him and established what the situation is. I therefore urge you once more not to make any decision now but to defer the vote.

**Mr van Minnen (S).** — (NL) Mr President, the committee on the Rules of Procedure and Petitions has already had occasion to speak a good number of times. I think that Mr Janssen van Raay would agree with me that the committee must discuss this matter thoroughly. But can the Bureau explain how it proposes to overcome the following difficulty? Twice already the Committee on the Rules of Procedure and Petitions has been unable to meet because its members could not get a quorum together. The next meeting has already been cancelled in advance!

**President.** — Personally, I fully share Mr Sieglerschmidt's view. However, my personal opinion carries no more weight than that of any other Member of this House.

Nonetheless, as President, I have a duty *vis-à-vis* our Rules of Procedure and the agenda.

I would therefore say this: we shall not vote today but as there is a genuine problem the matter will be referred to the Bureau and to the Committee on the Rules of Procedure and Petitions. If the first page of the report gives the names of those who voted and the result of the vote, it should also indicate whether there was a quorum.

I am not criticizing the chairman of the committee since it is possible that, at the moment the vote is being taken, he may not notice whether or not a quorum is present. There is no obligation to establish each time whether or not there is a quorum if nobody requests it. However, if the result indicates that a quorum was not present the need for a decision automatically arises.

**Mr Gautier (S).** — *(DE)* Since it is a question to both Commission and Council and deals with the same subject, it would be wasting the Parliament's time to deal with it twice, since the same people would be speaking on it.

**Mr von der Vring (S).** — *(DE)* Mr President, we maintain that the agenda is not in order. It was decided on Monday to put off this question. The point is not whether Mr Gautier would like to have it one way or the other: the President said on Monday that this item should be removed from the agenda, and I distinctly heard him say so. This can be checked.

**President.** — If there are no objections, we shall delete this item.

**Mr Spencer (ED).** — Mr President, given the element of levity which crept into the end of last night's debate on the Viehoff report and which led me to lose the last 30 seconds of my time. I wonder whether I could merely put on the record that my group, while nervous about some of the details of the report, has from the beginning supported the principle and will vote for the report. I would like to make that clear to Mrs Viehoff, the rapporteur, because at various stages in the debate last night it had not been clear, and while I do not want to make a personal statement I would just like to put that clearly on the record.

**President.** — Your comment has been noted.

**Mr Forth (ED).** — Mr President, I have several points to make on the Minutes, and they all refer to that same matter — the Viehoff report. They are to be found on page 63 of the English version.

First of all, I did not request that the matter be referred back to committee in the sense stated. I requested that the President refer the report back because it was invalid, there having not been a quorum present in the committee. That is the first point. I did not ask for a vote. I asked for the President to refer the report back, and that is quite a different matter.

Secondly, there is no record here of the Presidency agreeing to refer this matter of validity and quorums in committees to the appropriate committee. I assume that in this case it would be the Committee on the Rules of Procedure and Petitions. There is no record of this and yet it was agreed by the Presidency last night.

Thirdly there is no record of my colleague, Mr Pearce's attempt to intervene in Mr Spencer's speech with Mr Spencer's agreement and being refused by the Presidency. I would like that to be on the record because Rule 64(4) allows this, and I think that on the occasions when the Presidency refuses such interventions that should be in the record as well.

So there are three items under that same heading in which I dispute what the Minutes say. I should like them to be corrected, if you please.

**President.** — Your statement has been noted. That point will be corrected in the Minutes.

The situation concerning the Viehoff report has to be clarified. I should point out that during the debate on this report the President was informed — and this is also indicated in the document — that the quorum provided for in Rule 103(1) of the Rules of Procedure was not present when it was adopted in committee.

Therefore, as President, I am obliged to refer this back to committee.

*(Applause)*

**Mr Arndt (S).** — *(DE)* I protest against this decision, since the plenary sitting had put this item on the agenda at a proposal from the President. Not only that, you should find out how many were present, for that is the decisive point, not who actually took part in the vote. The report indicates only who took part in the voting, not whether anyone took no part at all in the voting. Once the plenary sitting has put this item on the agenda, the occupant of the Chair cannot refuse to put it to the vote without a decision on the House's part.

**President.** — In the first place, it was possible for it to be debated, and that, in fact, took place. But before it can be voted on, the text must comply with the Rules of Procedure, i.e. it must be properly adopted. As chairman of the sitting I must note that this was not the case.

**Mr von der Vring (S).** — *(DE)* Mr President, I must protest most strongly against this completely wrong interpretation of the Rules of Procedure. I would ask you to look at the appropriate Rule once more very carefully. There it says that 'a committee may validly vote when one-quarter of its members are actually present,' not that a vote is only valid when a least one-quarter of its members have taken part in it.

The procedural page of the report states that five persons took part in the vote, but how many sat there and perhaps read the newspaper because they attached no importance to the question of *au pairs* cannot be established. If you now say that on examining the matter you find that this vote was not valid, your statement is not based on facts, only on appearances and suppositions. Now that an objection has been raised to your conclusion, the onus is on those who maintain that the vote was not valid.

I would recommend, Mr President, that you bring the matter before the Bureau and that it then be decided — since there is no urgency — whether this was in order. I would also urge that we put it to the vote on the Monday of the next part-session in Strasbourg and do not allow the report to be automatically sent back to committee.

## SITTING OF FRIDAY, 28 OCTOBER 1983

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IN THE CHAIR : MR ESTGEN

*Vice-President*

*(The sitting was opened at 9 a.m.)*

1. *Approval of the Minutes*

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

Are there any comments ?

**Mr Gautier (S).** — *(DE)* I want to ask a question about Item 241 of the agenda. If I am not mistaken,

we removed my oral question from the order of business on Monday, because it was addressed to the Commission and to the Council and Mr Dankert had said on Monday that the Council could not be present. We therefore decided to defer Mr Johnson's oral question and mine to the next part-session. Today, however, it figures once more on the agenda as a question addressed to the Commission, and there seems to me to be little point in leaving it there and repeating the question to the Council on the next occasion. Moreover, the Minutes imply that it was completely removed from the order of business.

I would suggest that we adhere to what we decided on Monday.

**President** — Only the question addressed to the Council was put off.

**Mr Ryan (PPE), in writing.** — To say that the present draft of the 1984 budget is a deep disappointment is to make an understatement. Notwithstanding this sad state of affairs, my Irish Christian-Democratic colleagues will vote for it as the best available in deplorable circumstances.

The deplorable circumstances are the cash limits imposed by the culpable failure of narrow-minded nationalist orientated Ministers to increase the cash resources of the Community. Were Parliament to reject the budget as it now stands or to have added to expenditure which already has reached the legal limit, Parliament would hand over to the Council of Ministers, whom Parliament does not trust, the final say in construction of the 1984 budget.

Parliament's record is a good one. Not only this year, but ever since our election in 1979 Parliament has fought for an economic and industrial policy to develop European wide programmes to combat the scourge of unemployment and to haul Europe into the technical age, on a par with the US and Japan. The lethargic Council of Ministers has obstructed progress towards a meaningful industrial or energy policy.

Parliament has protested again and again at the economic lunacy of food imports into Europe permitted by the Commission and encouraged by some elements in the Council of Ministers, thereby defeating the goal of food self-sufficiency, one of the objectives of the common agricultural policy.

The case for self-sufficiency and the guarantee of food supplies flies out of the door when cattle and milk are produced from imported cereal substitutes, manioc, maize gluten, soya, molasses and brans. Any chance of raising the living standards of small farmers in poor regions highly dependent on agriculture is put seriously at risk if computerized, highly capitalized factory style plants in the heartland of Europe's rich industrial centres are used to produce milk from imported food or to produce butter substitutes from imported vegetable oils.

Our voting on amendments and details of the budget indicate our concern to arrest the slide towards agricultural production based on imports and on industrial plants which will ruin employment and society in rural areas. We have also supported the provision on meaningful assistance for fisheries. Other expenditure increases commend themselves to us but with the exception of aid for Dublin and for minor languages, we have had to resist the inclination to vote for them because of resultant budgetary chaos.

The balance between revenue and expenditure has to be maintained. Therefore, while there are many projects dear to our hearts — because if implemented they could transform the face of Europe — we are unable to vote for them if the consequences would lead to the budget going through the permissible roof. It would be pointless, indeed irresponsible, to vote for expenditures which could not be met from revenue. It would be cruel to raise false hopes, and inevitably our voters would — they certainly should — exact retribution from parliamentarians who engaged in an exercise in cynicism.

By showing unity in the adoption of the budget with all its short-comings and omissions, Parliament can say to the people of Europe this is the best that can be done, until such time as the Council of Ministers and the Member States face up to the inexplicable truth that Europe cannot do better until its member governments will it, and until the Parliament, which has consistently spoken for the people, is given the power to implement their will.

The European electorate will not have failed to notice that the highest recorded number of Members present and voting was recorded 330 out of a House of 434 members. When no amendment or modification can be carried without not less than 218 members present and voting, it is a matter of serious concern that so many members should be absent.

The frequent absence of nearly a quarter of Parliament's members is unfair to the people of Europe and unfair to the other three-quarters of the membership who have to carry a much greater load and run the risk that their endeavours will be rendered useless by their colleagues' absence for vital votes.

Newton Dunn

My motives are threefold: First, there must be a degree of trust between political groups here as well as between the Member States and peoples of Europe if our Community is to succeed. Second, my group's opposition to Amendment No 563 makes it more — not less — likely that the rebates will be held in reserve for a longer period.

Third, because my individual duty is not to fight for any national government — they do that themselves very effectively, too effectively in my opinion through their over-abuse of the veto — but rather to make Europe work better on behalf of my constituents in Lincolnshire. I can do that by strengthening the Parliament's pressure on the Council of Ministers, at their meetings at Athens and afterwards, to force them finally to make their long overdue decisions to control overproduction of unwanted agricultural surpluses and to secure an automatic formula for rebates for any Member State which finds itself in an unacceptable situation.

**Mr O'Donnell (PPE), in writing.** — I support fully the additional funds voted today in favour of the Regional and Social Funds. I also support the extra funds voted for development aid to the Third World and for agricultural structures and fisheries.

I do not wish to detract from the importance of extra regional and social aid for the area I represent in this Parliament. However, I must make it clear that there can be no adequate substitute for a strong and relevant agricultural policy. In this House, in the Commission and in the Council of Ministers there seems to be a growing belief that by controlling, or in fact reducing, agricultural spending, we can develop other policies. This is simply not true. What we need is a strong agricultural policy to maintain the social fabric in the peripheral regions and adequate regional and social policies to develop and strengthen those regions. I must warn my colleagues that any weakening of the agricultural policy will destroy those very regions we are trying to help.

There is a strong feeling in Parliament that we should do more to solve the unemployment problem. I agree fully with this. Again I must state clearly that the unemployment problem will get even worse in the region I represent if we continue to undermine the common agricultural policy. The Commission's recent super-levy proposals, if applied to the region I represent, will be an absolute disaster economically and socially. We in Ireland must reject the proposed changes in relation to the milk sector. There is no point at all in robbing the agricultural policy to develop other policies.

Parliament must now concentrate its attention on removing the limit on Community finances. Only by doing this can we make any contribution to resolving the unemployment problem and developing other Community policies. We must maintain and strengthen the Community policies that we have and go on to make a real contribution to the unemployment problem.

**Mr Pranchère (COM), in writing.** — (FR) I am glad that Parliament has adopted the amendment we put before the Council for the adoption of 'a regulation designed to do away with the monetary compensatory amounts, positive and negative, and prevent such amounts from being created'.

This is an interesting advance which would help French producers, who have, for a number of years, been the victims of unacceptable distortions of competition.

But the negative aspects still remaining are reflected in the voting by the majority of our Parliament. Parliament has not followed up our initiative to tax imports of vegetable oils and fats, despite a favourable vote by the Committee on Agriculture, and to restore a balance in the EAGGF to the advantage of small and medium-scale farmers, for example by taxing 'production-line dairies'. On the contrary, it has upheld Mrs Scrivener's move to withdraw 825 million ECU from the EAGGF and hold them in reserve with the clearly stated objective of pressurizing the Council to adopt the Commission's proposals on reform of the CAP, proposals which are rejected by family farmers.

For this basic reason I shall vote against the Scrivener report.



**Ewing**

If I knew that Scotland would get its fair share of the refund and if I approved of the spending programme, I would have had no reason to vote for the transfer to Chapter 100.

I did not vote against the refund. I voted to ensure more stringent controls. I have greater faith in the Community to look after Scottish interests than I have in Westminster.

Yes to the refund but no to a blank cheque to Mrs Thatcher.

Champions of the money-back argument will appreciate my argument for the return of Scottish oil and whisky revenues to Scotland. The Community refund to the UK is a mere pittance of the Scottish budgetary deficit.

Besides, the refund would be less necessary if the Conservatives sought Community support for suitable schemes such as the ADP and RET.

I will vote against the budget as a gesture of my complete dissatisfaction with the financing of the CFP.

**Mr Frischmann (COM), in writing.** — (FR) The French members of the Communist and Allies Group will vote against Mrs Scrivener's resolution. My honourable friend Louis Baillot has explained why. However, I should explain that we were appreciative of the proposal by the Committee on Budgets — that is to say, the amendment tabled by them — on new Community measures to develop a European industrial policy. We voted in favour of this, because we think it necessary that the Community should take positive steps towards industrial cooperation. But the text proposed presents no real guarantee as to the content and criteria for implementation of the new policy. We shall thus pay great attention to this matter. It is our belief, as reflected in the French Government's memorandum on industry and research that — and I quote — 'technological innovation, strivings towards scientific progress, and increases in productivity can only advance if the workers are involved in these things by virtue of training, improved working conditions, negotiation and conciliation and freedom of expression.

'If the first duty of Europe is to take up the great technological challenge of the end of the twentieth century, it is above all because this will enable it to find starting points for new growth which will generate lasting employment.'

**Mr Robert Jackson (ED), in writing.** — Over the past week the European Democratic Group has been negotiating in good faith to obtain a commitment from the other political groups in the Parliament not to discriminate against the British refunds for 1983 in applying budgetary pressure on the Council.

In the end we have concluded that the commitments which the other political groups were prepared to make in this respect were not sufficiently solid. While we appreciate their efforts to come to terms with us, we have accordingly decided not to proceed with the 'compromise' which we had been seeking to negotiate.

There is no doubt that these efforts of British Conservatives in the European Parliament have brought home to all our Continental colleagues the fact that the Parliament cannot put effective pressure on the Council by applying pressure to only one Member State. The EDG will be working constructively over the next month to ensure that when the decisive vote comes in December the majority in the Parliament will refuse to discriminate against the United Kingdom. We achieved this earlier this month in the vote on the 1982 risk-sharing refund; and we will try to do it again in December when the Parliament votes on the 1983 refund.

**Mr Newton Dunn (ED), in writing.** — I shall vote for the resolution for the following strong reasons: I voted for the Parliament's compromise package in the Budgets Committee, and today for Amendment No 541 to hold 5% of agricultural spending in the reserve and for Amendment No 563 to similarly hold the British and German rebates in the reserve.

**Lange**

Scrivener have stated, I can only say that Parliament has made amends with today's decision for its folly of two weeks ago, and will perhaps be making amends for the events of yesterday.

*(Applause)*

I urge everyone to support this motion for a resolution, including those who believe they still have doubts. They should attempt to win confidence, and we must attempt to secure this confidence by and during the second reading, for we do not know how things will turn out in the Council. If this resolution is adopted, then the Council will know exactly what Parliament wants, and should make real efforts to accommodate Parliament's wishes. Among other things the Council ought to think hard who it should send to meetings of the Conciliation Committee: whether it should send officials, who have no particular powers to negotiate, or those in whom political power is vested! In the past this was always a shortcoming on the part of the Council: that our interlocutors were primarily officials who told us that they were tied by this and that, and had no room to manoeuvre in negotiations. It is thus necessary that, in the further consultations between now and the second reading, the Council should behave differently towards us from the way it has done in the past. Moreover, it must be said once again that all this has been achieved in difficult circumstances, and all the more credit is due as a result to the rapporteurs — Mrs Scrivener and Mr Pfennig — and, as Mrs Scrivener has already said, to our secretariat, not forgetting the interpreters and the entire Parliament staff who have had to work in the most difficult of circumstances. Our thanks are due to all of them, and I hope we shall continue to help each other towards mutual understanding, despite occasional misunderstandings, so that in December or whenever we can arrive at an appropriate result. Many thanks once again to everyone — also to you, Mr President, for your generous and tolerant guidance of our discussions this morning.

*(Applause)*

**President.** — I too wish to second the various votes of thanks expressed to all those who, at the political level — and I am thinking particularly of the two rapporteurs Mrs Scrivener and Mr Pfennig — but also Mr Balfour ...

*(Loud applause)*

who have helped us achieve this remarkable success. I would also add my own thanks to the Parliament staff.

*(Applause)*

**Mr Baillot (COM), in writing.** — *(FR)* During the general debate, the French member of the Communist and Allies Group emphasized two essential points of the budget which they judge to be unacceptable.

One is the holding in reserve under Chapter 100 of 825 million ECU in order once more to bring pressure to bear on the Council, on the eve of the Athens summit, and on the Commission to restrict the common agricultural policy and thus threaten the income and future of small and medium-scale farmers.

The second is the concession once more made to the United Kingdom in granting it hundreds of millions of ECU, when it has not yet refunded the excess sum paid to it in 1980 and 1981.

In the light of these circumstances, the French members of the Communist and Allies Group will vote against Mrs Scrivener's report.

**Mrs Ewing (DEP), in writing.** — The Euro-Tories considered freezing the UK refund.

I felt at liberty to do likewise.

Unlike them I had no wish to freeze agricultural expenditure — the CAP has its defects, but my constituents are dependent upon it — particularly since the Conservatives have cruelly dismissed the possibility of a £ 450 m ADP in my area.

**Mr Møller (ED).** — *(DA)* Together with Mr Kirk, I belong to those in our group who willingly supported Mr Balfour's endeavours to reach a compromise and who, on this occasion, regret that we did not get what Mr Fich calls a global compromise on the budget for 1984. I believe that that could have put greater pressure on the Council, when the final decision is taken on the British contribution, if a decision had been taken by Parliament today. But that was not the case, and I regret that. I will vote in favour of what has been approved on the final budget, and Mr Kirk will do likewise. I should next like to say to Mr Bonde that both of us here on this side of the House voted against the transfer of agricultural appropriations to Chapter 100, as we did not feel that, when the compromise was not accepted, was not carried through and could not be carried through, we were bound by a single provision of this compromise.

**Mr Louwes (L).** — *(NL)* My group will warmly support the resolution, even though we regret that some of our number were not willing to go along with the great compromise. But we understand this. We are glad that one of our members, Mrs Scrivener, has been the architect of this budget debate which, in more than one regard, is a historic one. It is, I think, the first time that Parliament has had a lady rapporteur. It is under her guidance that we have completed this very disciplined and harmonious budget discussion, and it is also thanks to her endeavours that we have been able to take a historic decision which proves that we are no longer a paper tiger as we were two weeks ago. Indeed, Mr President, it is no mean achievement, and we congratulate not only the rapporteur but also the entire House.

**Mrs Scrivener (L), rapporteur.** — *(FR)* Let me say first of all how right I think Parliament was to act as it has done today in view of the elections which await us in 1984. It was important that we should show ourselves able to act with unanimity.

Of course, we do not all have the same ideas on the same subjects, but I think the compromise we have attempted to reach, even though some of us have been unable to approve it — and to some degree I understand why they were unable to take the plunge — has shown that this Parliament — and this seems to me an essential point — has come of age, and that greater account must now be taken of it — I address myself more particularly to the President of the Council — for whilst we have done our work to the best of our ability, we have sent you this political signal, and we expect a political reply to it.

*(Applause)*

Don't forget, all the problems are related, and in the next few weeks we expect to see decisions and a reply which is a true reply.

It only remains for me now to thank all my colleagues, all those who have helped me, the coordinators of the political groups, but also the secretariat of the Committee on Budgets whose members, as always, have assisted me throughout. I was going to say all of them; for even those whom I did not always meet have always been working away behind the scenes. My very special thanks, of course, go to my two collaborators who have worked night and day of late in order to put before you what we have put before you today.

Nor must I forget our Chairman, who has had the task, often such a delicate one, of steering through this entire business of the Committee on Budgets. But what really counts is that which, together, we have achieved today.

*(Loud applause)*

**Mr Lange (S), Chairman of the Committee on Budgets.** — *(DE)* Firstly, I would just like to say that Parliament has kept to the limits agreed on among the groups. Indeed, in our voting we have even fallen a little short of these limits. The expenditure side totals some 546 million ECU. That is four million below the target figure of 550 million ECU. Commitment appropriations total a mere 2 500 million ECU.

This result has been achieved in circumstances which are extremely difficult and politically unfavourable. In respect of what a number of honourable Members and not least Mrs

**Fich**

I should like in this connection, however, to express my regrets that on one crucial point one group, namely the European Democratic Group, could not endorse the global agreement drawn up in Parliament — fortunately, we got the motions passed anyway — but this means that one of the largest groups has decided to isolate itself politically. We have frequently been attacked for taking anti-British decisions. We did not do that today, but the group I have just mentioned, which contains many British members, decided today of its own accord to isolate itself. I hope that the members of this group will reconsider the political situation before we come to deal with the budget again in December, so that there can then be unity, more or less, among the political groups. In conclusion, I should like to emphasize my belief that, with our votes today, we have provided a good basis for a fairly sensible budget before the end of the year. I believe that we have made an effort. I hope that the Council will make just as much of an effort, when it too deals with this matter.

**Mr Adonnino (PPE).** — *(IT)* Let me say right away that the Group of the European People's Party will vote as one in favour of the Scrivener resolution. There are four reasons for this.

Firstly, we think it is a good idea to make as much use as possible of the remaining Community funds for this financial year. Secondly, we are happy with the way the funds have been spread over the different titles and chapters, since this reflects together with the demands of the other groups many of our priorities. Thirdly, we feel that the fact that the budget includes considerable but reasonable and balanced allocations for commitments in future financial years has again helped to show the other Community institutions what the aims and priorities of this Parliament are. Fourthly, we feel that the resolution and the budget as a whole, in the shape they are going to be approved, will illustrate the clear and definite political will of this Parliament *vis-à-vis* the European Council, and hence the other institutions of the Community, with regard to what we expect to encourage and improve the building of Europe.

It is in this context that I wish to mention the problem of the United Kingdom. We have spent a long time trying to reach an agreement and if possible a unanimous vote in this House. Unfortunately we have not managed to. We are very sorry about this, even if we do understand the reasons.

We want to make it clear that we have not withdrawn what we decided to include in the justifications of the amendments with regard to the non-discrimination guarantees. The reason for this is not so much the desire to win the agreement of our British colleagues — even if we hoped that this might be possible — but above all because we are convinced that this is the best way to develop a policy which is genuinely Europe-oriented. That is why — I address my words to the European Democratic Group — we have maintained our position even without your agreement.

Lastly, let me echo Mr Fich in saying that I am pleased at the way in which this Parliament has, to my mind, shown that it knows how to work together for specific ends. We know that the budget and the complex budgetary procedure are perhaps the most typical expression of our powers. I believe that our broadly unanimous response will also help to strengthen the moral power of this Parliament.

*(Applause from the Group of the European People's Party)*

**Mr Balfour (ED).** — I am very conscious of the effort made by our friends in other groups to come a long way to dispose of discriminatory amendments and to include wording which clearly states Parliament's wish to avoid discrimination whilst retaining its full budgetary powers in December. I regret that the majority of my group felt unable to make this act of faith, but I understand it. I believe that Parliament, as indicated by Mr Fich's speech and what my friend, Mr Adonnino, has just said, is prepared to show that it will not discriminate against any Member State. One day we shall be able to vote in this Chamber with absolute trust and faith, without need for guarantees and bits of paper and in support of Community objectives without fear of criticism back home that this is tantamount to disloyalty or treason.

*(Loud applause)*