

Annex

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1975-1976 Session
Report of Proceedings
from 11 to 14 March 1975
Europe House, Strasbourg

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NOTE TO READER

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

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IN THE CHAIR: MR HOUDET

Oldest Representative

(The sitting was opened at 11.05 a.m.)

President. — The sitting is open.

1. Opening of annual session

President. — Pursuant to Rule 1 of the Rules of Procedure, I declare the 1975-1976 annual session of the European Parliament opened.

2. Designation of a Member of the European Parliament

President. — I have just been informed by the Lord Chancellor and Speaker of the House of Lords of the United Kingdom that on 10 March

1975 the House of Lords appointed Lord Bethell as member of the European Parliament to replace Lord Mansfield. Pending the verification of his credentials, he will provisionally take his seat pursuant to Rule 3 (3) of the Rules of Procedure with the same rights as other Members of Parliament.

3. Address by oldest Representative

President. — Ladies and gentlemen, on examining the list of Members of our Parliament it can be seen that the date of birth of only one of them fell just within the 19th century—and only just! As a result it falls to him to open the 18th session of our Assembly.

I have that privilege, ladies and gentlemen. At this moment I am more aware of the honour which falls to me than of the supposed weight of the years to which I owe this honour.

President

I have no intention of giving you the benefit of the brief experience I had of the last century or even of the period known as the Edwardian era.

My father having experienced once, and myself twice, the dramatic dissensions in Europe, I was brought up with a desire to work always towards a united Europe which would carry on high within the world the torch of that humanity which has distinguished the history and civilization of our nine peoples. My faith in this quest has never diminished throughout the years: it has become keener since I have shared in the work of our Parliament.

Those of you who have been Members of our Assembly from the beginning could describe more effectively than I can the eminent part played by the Presidents who have directed our debates since 1958. I pay tribute first of all to the memories of those who have passed on, including Robert Schuman, our first President. I should also like to mention the untiring efforts made by Presidents Poher, Scelba, Behrendt, who are still with us, in strengthening the powers of our Institution.

Finally, I would like to say to President Berkhouwer that when he was made our President, at a time when each of our European Institutions was wondering about its own future, he was able — like the sportsman that he is — to seize the opportunity by catching the ball in flight. With a sense of humanity and a sure vision of political reality he was able—like the lawyer that he is—to establish on a more solid basis the construction which others had helped to build before him. He leaves us this advice which he expressed many times: 'Parliament must be the engine of the Community', and which justifies the gratitude we owe him.

(Applause)

In four weeks it will be the twenty-fifth anniversary of the declaration by Robert Schuman: 9 May 1950 is the date on our common birth certificate. As Jean Monnet has said: 'The simple phrases and resolute tone of this declaration by Robert Schuman, which was to give the French minister a place in history for all time, produced a great feeling of relief amongst those who heard it'.

To understand the significance of that statement, it is necessary to recall the context of the year 1950. The deterioration in the international climate was disturbing. Europe, which was fragmented and had scarcely arisen from its ruins, was likely to fall a victim to events. The economies of our countries, which were still weak, could only develop within the framework of a vast market which would stimulate their pro-

ductivity, within a Community in which they would share on the basis of strict equality.

Everyone still remembered the failure during the 1920's of the attempts to achieve political agreements which eminent statesmen had made to create the basis for a united Europe.

In his great wisdom, Robert Schuman stated as the preamble to his declaration the objective which we are endeavouring to attain. He said: 'Europe will not be built in a day, nor to an overall design; it will be built through practical achievements that first establish a sense of common purpose.'

It is this objective which the Commission of the Communities has pursued since 1958 in its proposals, which have always been supported by our Assembly. We must bear witness to this since, unswervingly and tenaciously it has endeavoured to achieve this objective under the authority of its successive Presidents: Mr Hallstein, Mr Rey, Mr Malfatti, Mr Mansholt and Mr Ortoli—sometimes with success and in a shorter time than envisaged: take for instance customs union, competition policy, agricultural policy, the Common Agricultural Policy, which has been criticized so often by some people and which nevertheless complies so perfectly with the aim defined in Article 39 of the Treaty of Rome, both to the benefit of our consumers and our producers, as was shown by the review prepared on 26 February by the Commission.

Often, unfortunately, its proposals were not adopted or were delayed too long; hence this surly attitude towards Europe which exists throughout public opinion.

This gloomy outlook is developing in a world profoundly disturbed by an extremely serious crisis. Nothing seems to be what it was. Traditional values have been shaken, the most firmly held principles have been called into question. A powerful desire for change is causing an irreversible change in attitudes. This economic war, like any other war, is brutal, produces suffering and difficulties, but also produces daring ideas and self-generating dynamism. It is up to us to understand the situation and to play our part in this fight.

'Our opportunity lies in Europe. Much still remains to be done' as President Berkhouwer has said.

The immensity of the work to be undertaken—the construction of a united Europe, a human, social, forward-facing Community—must produce the creative enthusiasm. It must give our peoples an ideal, it must mobilize their energy, enrich their spirit, and cause them, as a result of self-discovery, to look to the future. Has not

President

Pasteur said that 'The inspiration behind human activity provides a measure of its grandeur'?

Let us drive out all sterile pessimism, since Europe seems to be making better progress as a result of the clear political realization on the part of all our governments, since December last, of the need to act in common and the danger of trying to solve problems in isolation.

For fifteen years, our Parliament, aware that its authority depends on direct election by our peoples—as provided for by the Treaty of Rome—has unsuccessfully looked for means to achieve direct election. While not closing our eyes to the difficulties which we shall have to overcome, a possibility has now become a probability with the prospect of direct elections after 1978.

In response to the stimulus given by our governments in December, our Assembly immediately established the conditions for such elections.

However, we must further awaken the minds of the citizens of our states to the Europeanization of their national will for democracy and the defence of freedom. We must provide them with information, since public opinion is usually unaware of our work and our positive decisions; for our Parliament and the Commission it will be an essential task to develop this information by our own means as well as through all the mass media and all the forces available in our states. An assembly derives its strength and its democratic power from the people it represents. What would happen if our peoples ignored the call to the ballot boxes which we shall be making in the future? Think of the French referendum of 1970 on the enlargement of the Community.

Our struggle hitherto has not, however, been in vain: our Assembly has obtained real budgetary powers which we are conscious of, which proves that our united will is a convincing force. The establishment of a conciliation procedure between the Council and the Parliament must reinforce these budgetary powers which, without this conciliation, might perhaps prove to be illusory and constitute a sometimes unbearable burden.

What hope have we that 'the competence of the Assembly will be extended, in particular by granting it certain powers in the Communities' legislative process' as provided for by the last summit meeting in Paris? We must remain vigilant on this point.

It is also certain that the concrete achievements which, in the spirit of Robert Schuman, should have been more plentiful and more rapid, have been slowed down by the institution of unanimous approval within the Council. The wider use of the majority vote made possible by the

Paris summit will certainly contribute to more effective action. The summit itself happily succeeded in completing the studies which we have been carrying out since 1969 as regards the creation and financing of a regional fund. The differences within each of our states are such that it was essential to devise this regional policy, otherwise our agricultural and industrial policies would run the risk of increasing these differences.

While we are endeavouring to achieve better internal equilibrium, at the same time we have never disregarded aid to developing countries with a view to improving world equilibrium. We therefore rejoice at the Lomé Convention which has been signed by 46 French-speaking and English-speaking states. This Convention binds us to these countries with new links inspired by equality and justice. But it also tightens the links between the states of the Community in regard to their individual interests which now become Community interests.

Europe is improving, as I said, but it will not operate properly until it has a soul and it has drawn up the outlines of the political union which will complete the historic task prudently undertaken 25 years ago by Mr Robert Schuman. That is why we ardently wish success to the mission entrusted to Mr Tindemans, to whom we shall give all our support in the deliberations and proposals required of us.

With this in view I express the hope that, at a time when the European Council is meeting in Dublin, our Community, aware of its geographical solidarity and each other's mutual interests, will remain a Community of Nine and even that it will enlarge later through the accession of new democratic states and that it may defend, as President Ortoli proposed on 18 February, Europe's will for 'independence, the control of its own destiny'.

Ladies and gentlemen, the President whom you will be appointing in your wisdom to direct our debates, mut forcefully express this desire for independence.

As for us, we must continue to give proof in our respective countries of the same European conviction as that which we give when we meet in this Parliament.

(Loud applause)

4. Election of President

President. — The next item is election of the President of the European Parliament.

President

I have received the following nominations: Mr Bertrand, Mrs Iotti, Mr Kirk, Mr Spénale and Mr Yeats.

Under these circumstances, pursuant to Rule 7(1) of the Rules of Procedure, the election must be held by secret ballot.

I would remind the House of the provisions of Rule 7 (2) of the Rules of Procedure:

'If after three ballots no candidate has obtained an absolute majority of the votes cast, the fourth ballot shall be confined to the two Representatives who have obtained the highest number of votes in the third ballot. In the event of a tie the elder candidate shall be declared elected.'

I would also remind it that, pursuant to Rule 35 (6), 'Only ballot papers bearing the names of persons who have been nominated shall be taken into account in calculating the number of votes cast.'

Ballot papers and envelopes have been distributed. Members should mark the name of the candidate of their choice on the ballot paper, place this in the envelope and deposit the envelope, when their names are called, in the ballot box on the speakers' rostrum.

I would remind you that, at its meeting of 19 April 1972, the Bureau decided that the names of Representatives who have taken part in a secret ballot would be included in the minutes.

To enable this to be done and to enable the vote to run smoothly, Representatives are asked to sign the list of Members near the rostrum before placing their vote in the ballot box.

They should then pass between the ballot box and the speakers' rostrum and return to their seat from the other side.

Lots will now be drawn to appoint the four tellers.

The four tellers will be: Mr Antoniozzi, Mr Corona, Mr Romualdi and Mr Fellermaier.

Are they present?

I note that Mr Fellermaier is absent. The fourth teller will be Mr Flämig.

Lots will now be drawn to determine the Representative at whose name the roll-call will commence.

The roll-call will commence at Mr Noè.

I call Mr Memmel for a procedural motion.

Mr Memmel. — (D) Mr President, we have in this House two Members by the name of Ber-

trand. I would therefore submit that their first names should be added.

President. — I call Mr Schuijt.

Mr Schuijt. — (NL) Mr President, I think it can be assumed that there are five official candidates whose names have been precisely specified.

It is therefore clear that, where the name Bertrand appears on the ballot paper, this is the candidate who has been officially nominated.

President. — I call Mr Lücker.

Mr Lücker. — (D) I feel it is very simple: you have five official candidates. If a ballot paper has the name Bertrand on it, it must be considered valid.

President. — It is true that one instance where two people had the same name caused difficulties in my country at the Presidential election.

However, in the ballot with which we are concerned, it is clear that the candidate Alfred Bertrand will be credited with all the votes which bear either his name and first name, or his surname only.

The ballot is open.

I ask the Secretary-General to call the roll.
(*The roll was called*)

President. — Does anyone else wish to vote?

The ballot is closed.

I asks the tellers to go to Room A 78 to count the votes.

The sitting is suspended.

(*The sitting was suspended at 11.50 a.m. and resumed at 12.15 p.m.*)

President. — The sitting is resumed.

Here is the result of the ballot:

Number of Members voting: 172

Blank or spoiled ballot papers: 1

Votes cast: 171

Absolute majority: 86

Mr Bertrand received 50 votes

Mrs Iotti received 12 votes

Mr Kirk received 18 votes

Mr Spénale received 45 votes

Mr Yeats received 46 votes

President

The following Members voted:

Mr Achenbach, Mr Adams, Mr Aigner, Mr Albers, Mr Albertsen, Mr Andreotti, Mr Antoniozzi, Mr Ariosto, Mr Artzinger, Mr Baas, Mr Bangemann, Mr Bayerl, Mr Behrendt, Mr Berkhouwer, Mr Bermanni, Mr Bersani, Mr Alfred Bertrand, Mr Pierre Bertrand, Lord Bessborough, Mr Blumenfeld, Mr Boano, Mr Bordu, Mr Bourdellès, Mr Bourges, Mr Brégégère, Mr Broeksz, Mr de Broglie, Mr Brugger, Mr Burgbacher, Mr Calewaert, Mrs Caretoni Romagnoli, Mr Carpentier, Mr Cifarelli, Mr Cipolla, Mr Cointat, Mr Colin, Mr Concas, Mr Corona, Mr Corrie, Mr Corterier, Mr Cousté, Mr Covelli, Mr Creed, Mr d'Angelosante, Mr De Clercq, Mr De Keersmaecker, Mr Della Briotta, Mr Deschamps, Mr Didier, Mr Dondelinger, Mr Dunne, Mr Durand, Mr Durieux, Mr Duval, Mr Dykes, Lady Elles, Mr Espersen, Mr Fabbrini, Mr Faure, Mr Fellermaier, Mr Flämig, Miss Flesch, Mr Frehsee, Mr Früh, Mr Galli, Mr Gerlach, Mr Geurtsen, Mr Gibbons, Mr Girardin, Mr Giraud, Mr Giraudo, Lord Gladwyn, Mr Glinne, Mrs Goutmann, Mr Guldberg, Mr Van der Gun, Mr Hansen, Mr Hartog, Mr Härzschel, Mr Herbert, Mr Houdet, Mr Hougardy, Mr Howell, Mr Hunault, Mrs Iotti, Mr Jahn, Mr Johnston, Mr Jozeau-Marigné, Mr Kaspereit, Mr Kavanagh, Mrs Kellett-Bowman, Mr Kirk, Mr Klepsch, Mr Krall, Mr Laban, Mr Lagorce, Mr Lange, Mr Laudrin, Mr Lautenschlager, Mr Leenhardt, Mr Lemoine, Mr Lenihan, Mr Leonardi, Mr Ligios, Mr Liogier, Lord Lothian, Mr Lückner, Mr McDonald, Mr de la Malène, Mr Marras, Mr Martens, Mr Meintz, Mr Memmel, Mr Mitterdorfer, Mr Willi Müller, Mr Emile Muller, Mr Mursch, Mr Ney, Mr Brøndlund Nielsen, Mr Knud Nielsen, Mr Noè, Mr Nolan, Mr Normanton, Mr Notenboom, Mr Nyborg, Mrs Orth, Mr Osborn, Mr Outers, Mr Patijn, Mr Petersen, Mr Pêtre, Mr Pianta, Mr Pintat, Mr Pisoni, Mr Poher, Mr Premoli, Mr Radoux, Lord Reay, Sir Brandon Rhys Williams, Mr Rivierez, Mr Rizzi, Mr Romualdi, Mr Rosati, Lord St. Oswald, Mr Sandri, Mr Santer, Mr Scelba, Mr Schmidt, Mr Scholten, Mr Schuijt, Mr Schulz, Mr Schwabe, Mr Schwörer, Mr Scott-Hopkins, Mr Seefeld, Mr Shaw, Mr Spénale, Mr Spicer, Mr Springorum, Mr Starke, Mr Suck, Mr Terrenoire, Mr Thomsen, Mr Thornley, Mr Vandewiele, Mr Vernaschi, Mr Vetrone, Sir Derek Walker-Smith, Mr Walkhoff, Mrs Walz, Mr Yeats and Mr Zeller.

As none of the candidates has obtained an absolute majority of the votes cast, a fresh ballot will be held.

Nominations for the second ballot must be submitted in writing to the office of the Secretary-General before the sitting is resumed.

The proceedings will now be suspended until 3.00 p.m.

(The sitting was suspended at 12.30 p.m. and resumed at 3.05 p.m.)

President. — The sitting is resumed.

A second ballot will now be held.

I have received the following nominations: Mr Alfred Bertrand, Mrs Leonilde Iotti, Mr Peter Kirk, Mr Georges Spénale and Mr Michael B. Yeats.

The procedure will be the same as for the first ballot.

The ballot is open.

I ask the Secretary-General to call the roll.

(The roll was called)

President. — Does anyone else wish to vote?

The ballot is closed.

I ask the tellers to go to Room A 78 to count the votes.

The sitting is suspended.

(The sitting was suspended at 3.30 p.m. and resumed at 3.45 p.m.)

President. — The sitting is resumed.

Here is the result of the ballot:

Number of Members voting: 172

Blank or spoiled ballot papers: 5

Votes cast: 167

Absolute majority: 84

Mr Bertrand received 45 votes

Mrs Iotti received 12 votes

Mr Kirk received 19 votes

Mr Spénale received 47 votes

Mr Yeats received 44 votes

The following Members voted:

Mr Achenbach, Mr Adams, Mr Aigner, Mr Albers, Mr Albertsen, Mr Andreotti, Mr Antoniozzi, Mr Ariosto, Mr Artzinger, Mr Baas, Mr Bangemann, Mr Bayerl, Mr Behrendt, Mr Berkhouwer, Mr Bermanni, Mr Bersani, Mr Alfred Bertrand, Mr Pierre Bertrand, Lord Bessborough, Mr Blumenfeld, Mr Boano, Mr Bordu, Mr Bourdellès, Mr Bourges, Mr Brégégère, Mr Broeksz, Mr de Broglie, Mr Brugger, Mr Burgbacher, Mr Calewaert, Mrs Caretoni Romagnoli, Mr Carpentier, Mr Cifarelli, Mr Cipolla, Mr Cointat, Mr Colin, Mr Concas, Mr Corona, Mr Corrie, Mr Corterier, Mr Cousté, Mr Covelli, Mr Creed, Mr d'Angelosante, Mr De Clercq, Mr De Keersmaecker, Mr Della Briotta, Mr Deschamps, Mr Didier, Mr Dondelinger, Mr Dunne, Mr Durand, Mr Durieux, Mr Duval, Mr Dykes, Lady Elles, Mr Espersen, Mr Fabbrini, Mr Faure, Mr Fellermaier, Mr Flämig, Miss Flesch, Mr Frehsee, Mr Früh, Mr Galli, Mr Gerlach, Mr Geurtsen, Mr Gibbons, Mr Girardin, Mr Giraud, Mr Giraudo, Lord Gladwyn, Mr Glinne, Mrs Goutmann, Mr Guldberg, Mr Van der Gun, Mr Hansen, Mr Hartog, Mr Härzschel, Mr Herbert, Mr Houdet, Mr Hougardy, Mr Howell, Mr Hunault, Mrs Iotti, Mr Jahn, Mr Johnston, Mr Jozeau-Marigné, Mr Kaspereit, Mr Kavanagh, Mrs Kellett-Bowman, Mr Kirk, Mr Klepsch, Mr Krall, Mr Laban, Mr Lagorce, Mr Lange, Mr Laudrin, Mr Lautenschlager, Mr Leenhardt, Mr Lemoine, Mr Lenihan, Mr Leonardi, Mr Ligios, Mr Liogier, Lord Lothian, Mr Lückner, Mr McDonald, Mr de la Malène, Mr Marras, Mr Martens, Mr Meintz, Mr Memmel, Mr Mitterdorfer, Mr Willi

President

Müller, Mr Emile Muller, Mr Mursch, Mr Ney, Mr Brøndlund Nielsen, Mr Knud Nielsen, Mr Noè, Mr Nolan, Mr Normanton, Mr Notenboom, Mr Nyborg, Mrs Orth, Mr Osborn, Mr Outers, Mr Patijn, Mr Petersen, Mr Pêtre, Mr Pianta, Mr Pintat, Mr Pisoni, Mr Poher, Mr Premoli, Mr Radoux, Lord Reay, Sir Brandon Rhys Williams, Mr Rivierez, Mr Rizzi, Mr Romualdi, Mr Rosati, Lord St. Oswald, Mr Sandri, Mr Santer, Mr Scelba, Mr Schmidt, Mr Scholten, Mr Schuijt, Mr Schulz, Mr Schwabe, Mr Schwörer, Mr Scott-Hopkins, Mr Seefeld, Mr Shaw, Mr Spénale, Mr Spicer, Mr Springorum, Mr Starke, Mr Suck, Mr Terrenoire, Mr Thomsen, Mr Thornley, Mr Vandewiele, Mr Vernaschi, Mr Vetrone, Sir Derek Walker-Smith, Mr Walkhoff, Mrs Walz, Mr Yeats and Mr Zeller.

As none of the candidates has obtained an absolute majority of the votes cast, a fresh ballot will be held.

Nominations for this third ballot must be submitted in writing to the office of the Secretary-General before the sitting is resumed.

I propose to suspend the sitting for 15 minutes.

I call Mr Durieux for a procedural motion.

Mr Durieux. — (F) Mr President, I propose that the sitting be suspended for half an hour.

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, I would suggest that you ask the political groups to inform you when they will have finished their discussions. You can then resume the proceedings a few minutes later.

I feel that a quarter of an hour is too short; even half an hour is probably too short.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) I think it would be advisable to agree on an approximate time. I would therefore propose that we agree to resume the proceedings at 4.30 p.m.

(Applause)

President. — We shall suspend the proceedings and resume at 4.30 p.m.

(The sitting was suspended at 3.55 p.m. and resumed at 4.45 p.m.)

President. — The sitting is resumed.

I call Mr Guldberg for a procedural motion.

Mr Guldberg. — (F) Mr President, on behalf of the Liberal and Allies Group I request the sitting be suspended for fifteen minutes.

President. — I call Mr Jahn.

Mr Jahn. — (D) On behalf of the Christian-Democratic Group I request that the proceedings be suspended for a quarter of an hour.

President. — I call Mr Kirk.

Mr Kirk. — With great respect, Mr President, we have already waited for a quarter of an hour longer than you said we would wait. You said we would sit at half-past four, and it is now a quarter to five. It is intolerable that we have to put up with these circumstances, and I ask that the sitting should commence. May a message be sent to the Christian-Democrats telling them that we are awaiting their pleasure so that they can tell us who their candidate is? As soon as we know that, we can get on with the sitting. (Applause)

President. — I call Mr Poher.

Mr Poher. — (F) Mr President, I am sorry about this, but I think it would be courteous to grant the suspension which has been requested, provided that the sitting is definitely resumed no later than five o'clock.

President. — I call Mr Kirk.

Mr Kirk. — With great respect, Mr President, a number of members of my delegation have to leave at half-past five for an important vote in the House of Commons. If they are unable to leave, it might create considerable domestic difficulties. We shall, of course, stay here if a situation arises where we cannot leave, but this will create great difficulties at home. It was clearly understood that we would start at half-past four. There is no doubt about that. It is now a quarter to five, and we should continue.

President. — Ladies and gentlemen, I have received a request from two political groups for the sitting to be suspended for a further quarter of an hour, and I propose that—while I understand the position of our Conservative colleagues—the proceedings be suspended until five o'clock.

The sitting is suspended.

(The sitting was suspended at 4.50 p.m. and resumed at 5.00 p.m.)

President. — The sitting is resumed.

The third ballot will now be held.

I have received the following nominations: Mr Alfred Bertrand, Mr Georges Spénale and Mr Michael B. Yeats.

President

The procedure will be the same as for the previous ballots.

The ballot is open.

I ask the Secretary-General to call the roll.

(The roll was called)

President. — Does anyone else wish to vote?

The ballot is closed.

I ask the tellers to go to Room A 78 to count the votes.

The sitting is suspended.

(The sitting was suspended at 5.20 p.m. and resumed at 5.45 p.m.)

President. — The sitting is resumed.

Here is the result of the ballot:

Number of Members voting: 171.

Blank or spoiled ballot papers: 3.

Votes cast: 168.

Absolute majority: 85.

Mr Bertrand received 55 votes.

Mr Spénale received 59 votes.

Mr Yeats received 54 votes.

The following Members voted:

Mr Achenbach, Mr Adams, Mr Aigner, Mr Albers, Mr Albertsen, Mr Andreotti, Mr Antoniozzi, Mr Ariosto, Mr Artzinger, Mr Baas, Mr Bangemann, Mr Bayerl, Mr Behrendt, Mr Berkhouwer, Mr Bermani, Mr Bersani, Mr Alfred Bertrand, Mr Pierre Bertrand, Lord Bessborough, Mr Blumenfeld, Mr Boano, Mr Bordu, Mr Bourdellès, Mr Bourges, Mr Brégégère, Mr Broeksz, Mr de Broglie, Mr Brugger, Mr Burgbacher, Mr Calewaert, Mrs Caretoni Romagnoli, Mr Carpentier, Mr Cifarelli, Mr Cipolla, Mr Cointat, Mr Colin, Mr Concas, Mr Corona, Mr Corrie, Mr Corterier, Mr Cousté, Mr Covelli, Mr Creed, Mr d'Angelosante, Mr De Clercq, Mr De Keersmaeker, Mr Della Briotta, Mr Deschamps, Mr Didier, Mr Dondelinger, Mr Dunne, Mr Durand, Mr Durieux, Mr Duval, Mr Dykes, Lady Elles, Mr Espersen, Mr Fabbrini, Mr Faure, Mr Fellermaier, Mr Flämig, Miss Flesch, Mr Frehsee, Mr Früh, Mr Galli, Mr Gerlach, Mr Geurtsen, Mr Gibbons, Mr Girardin, Mr Giraud, Mr Giraud, Lord Gladwyn, Mr Glinne, Mrs Goutmann, Mr Guldberg, Mr Van der Gun, Mr Hansen, Mr Hartog, Mr Härzschel, Mr Herbert, Mr Houdet, Mr Hougardy, Mr Howell, Mr Hunault, Mrs Iotti, Mr Jahn, Mr Johnston, Mr Jozeau-Marigné, Mr Kaspereit, Mr Kavanagh, Mrs Kellett-Bowman, Mr Kirk, Mr Klepsch, Mr Krall, Mr Laban, Mr Lagorce, Mr Lange, Mr Laudrin, Mr Lautenschlager, Mr Leenhardt, Mr Lemoine, Mr Lenihan, Mr Leonardi, Mr Ligios, Mr Liogier, Lord Lothian, Mr Lückner, Mr McDonald, Mr de la Malène, Mr Marras, Mr Martens, Mr Meintz, Mr Memmel, Mr Mitterdorfer, Mr Willi Müller, Mr Emile Muller, Mr Mursch, Mr Ney, Mr Brøndlund Nielsen, Mr Knud Nielsen, Mr Noè, Mr Nolan, Mr Normanton, Mr Notenboom, Mr Ny-

borg, Mrs Orth, Mr Osborn, Mr Outers, Mr Patijn, Mr Petersen, Mr Pêtre, Mr Pianta, Mr Pintat, Mr Pisoni, Mr Poher, Mr Premoli, Mr Radoux, Lord Reay, Sir Brandon Rhys Williams, Mr Rivierez, Mr Rizzi, Mr Romualdi, Mr Rosati, Lord St. Oswald, Mr Sandri, Mr Santer, Mr Scelba, Mr Schmidt, Mr Scholten, Mr Schuijt, Mr Schulz, Mr Schwabe, Mr Schwörer, Mr Scott-Hopkins, Mr Seefeld, Mr Shaw, Mr Spénale, Mr Spicer, Mr Springorum, Mr Starke, Mr Suck, Mr Terrenoire, Mr Thomsen, Mr Thornley, Mr Vandewiele, Mr Vernaschi, Mr Vetrone, Sir Derek Walker-Smith, Mr Walkhoff, Mr Yeats and Mr Zeller.

As none of the candidates has obtained an absolute majority of the votes cast, a fresh ballot will now be held.

I would remind the House that, pursuant to Rule 7(2) of the Rules of Procedure 'the fourth ballot shall be confined to the two Representatives who have obtained the highest number of votes in the third ballot. In the event of a tie, the elder candidate shall be declared elected.'

Mr Bertrand, do you maintain your nomination?

Mr Bertrand. — *(F)* Yes, Mr President.

President. — Mr Spénale, do you maintain your nomination?

Mr Spénale. — *(F)* Yes, Mr President.

President. — The candidates for the fourth ballot are therefore Mr Alfred Bertrand and Mr Georges Spénale.

I call Mr Durieux for a procedural motion.

Mr Durieux. — *(F)* Mr President, on behalf of the Liberal and Allies Group I request that the sitting be suspended for 45 minutes.

President. — We shall suspend the proceedings and resume at 6.30 p.m.

The sitting is suspended.

(The sitting was suspended at 5.50 p.m. and resumed at 6.35 p.m.)

President. — The sitting is resumed.

I call Mr de la Malène for a procedural motion.

Mr de la Malène. — *(F)* Mr President, on behalf of various group chairman I should like to ask you to suspend the sitting for at least half-an-hour.

(Protests from various quarters)

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Special situations, Mr President, justify special decisions. I am grateful to Mr de la Malène for making this suggestion. I would ask you to suspend the proceedings for at least 20 minutes.

President. — We shall suspend the proceedings and resume at 7.00 p.m.

The sitting is suspended.

(The sitting was suspended at 6.40 p.m. and resumed at 7.10 p.m.)

President. — We shall now proceed to the fourth ballot.

The procedure will be the same as for the previous ballots.

The ballot is open.

I ask the Secretary-General to call the roll.

(The roll was called)

President. — Does anyone else wish to vote?

The ballot is closed.

I ask the tellers to go to Room A 78 to count the votes.

The sitting is suspended.

(The sitting was suspended at 7.35 p.m. and resumed at 7.50 p.m.)

President. — The sitting is resumed.

Here is the result of the ballot:

Number of Members voting: 161.

Blank or spoiled ballot papers: 3.

Votes cast: 158.

Mr Bertrand received 72 votes.

Mr Spénale received 86 votes.

(Applause)

The following Members voted:

Mr Achenbach, Mr Adams, Mr Aigner, Mr Albers, Mr Albertsen, Mr Andreotti, Mr Antoniozzi, Mr Ariosto, Mr Artzinger, Mr Baas, Mr Bangemann, Mr Bayerl, Mr Behrendt, Mr Berkhouwer, Mr Bermiani, Mr Bersani, Mr Alfred Bertrand, Mr Pierre Bertrand, Lord Bessborough, Mr Blumenfeld, Mr Boano, Mr Bordu, Mr Bourges, Mr Brégégère, Mr Broeksz, Mr de Broglie, Mr Brugger, Mr Burgbacher, Mr Calewaert, Mrs Caretoni Romagnoli, Mr Carpentier, Mr Cifarelli, Mr Cipolla, Mr Cointat, Mr Colin, Mr Concas, Mr Corona, Mr Corterier, Mr Cousté, Mr Covelli, Mr Creed, Mr d'Angelosante, Mr De Clercq, Mr De Keersmaecker, Mr Della Briotta, Mr Deschamps, Mr Didier, Mr Dondelinger, Mr Dunne, Mr Durand, Mr Durieux, Mr Duval, Lady Elles, Mr Espersen, Mr Fabbrini, Mr Faure, Mr Fellermaier, Mr Flämig, Miss Flesch,

Mr Frehsee, Mr Früh, Mr Galli, Mr Gerlach, Mr Geurtsen, Mr Gibbons, Mr Girardin, Mr Giraud, Mr Giraudo, Lord Gladwyn, Mr Glinne, Mrs Goutmann, Mr Guldberg, Mr Van der Gun, Mr Hansen, Mr Hartog, Mr Härzschel, Mr Herbert, Mr Houdet, Mr Hougardy, Mr Hunault, Mrs Iotti, Mr Jahn, Mr Johnston, Mr Jozeau-Marigné, Mr Kaspereit, Mr Kavanagh, Mr Kirk, Mr Klepsch, Mr Krall, Mr Laban, Mr Lagorce, Mr Lange, Mr Laudrin, Mr Lautenschlager, Mr Leenhardt, Mr Lemoine, Mr Lenihan, Mr Leonardi, Mr Ligios, Mr Liogier, Lord Lothian, Mr Lücker, Mr McDonald, Mr Maigaard, Mr de la Malène, Mr Marras, Mr Martens, Mr Meintz, Mr Memmel, Mr Mitterdorfer, Mr Willi Müller, Mr Emile Muller, Mr Mursch, Mr Ney, Mr Brøndlund Nielsen, Mr Knud Nielsen, Mr Noè, Mr Nolan, Mr Notenboom, Mr Nyborg, Mrs Orth, Mr Outers, Mr Patijn, Mr Petersen, Mr Pêtre, Mr Pianta, Mr Pintat, Mr Pisoni, Mr Poher, Mr Premoli, Mr Radoux, Lord Reay, Mr Rivierez, Mr Rizzi, Mr Romualdi, Mr Rosati, Lord St. Oswald, Mr Sandri, Mr Santer, Mr Scelba, Mr Schmidt, Mr Scholten, Mr Schuijt, Mr Schulz, Mr Schwabe, Mr Schwörer, Mr Seefeld, Mr Spénale, Mr Springorum, Mr Starke, Mr Suck, Mr Terrenoire, Mr Thomsen, Mr Thornley, Mr Vandewiele, Mr Vernaschi, Mr Vetrone, Sir Derek Walker-Smith, Mr Walkhoff, Mr Yeats and Mr Zeller.

As Mr Spénale has obtained the most votes, I declare him elected President of the European Parliament. I congratulate him and invite him to take the chair.

(Prolonged applause)

IN THE CHAIR: MR SPÉNALE

President

5. Address by the President

President. — (F) Ladies and gentlemen, we have already taken up a great deal of time and a considerable amount remains to be done before we reach the end of the work we have to deal with during this constituent part-session. In the circumstances, I hope you will forgive me for being brief.

However, I must express my thanks and tell you how deeply touched I am at the confidence you have shown in me; it is particularly gratifying in view of the excellence of the other candidates. All the political groups in the Assembly put forward a candidate, with the exception of the Liberal and Allies Group, since the outgoing President was a member of this group.

Your confidence in me reinforces my commitment to Parliament and to Europe—and I think we are all agreed that Europe has lost none of the prestige and appeal it had for us in the early days.

In expressing my thanks, I should like to mention in particular two of our colleagues. First,

President

our Oldest Member, for the admirable way in which he has presided over this constituent part-session...

(Applause)

and his fine speech, emphasizing the role of our Parliament and its unique place in the Community as a stimulus to progress and a symbol of democracy.

If we had not known that he was our Oldest Member, nobody would have guessed it, so young is he in heart and spirit.

We know, too, that throughout his long career as an official, and later as a minister, in my country's government, then as a member of the Council of Europe and, since 1968, of this Parliament, he has never ceased to work for Europe, and for this he deserves our gratitude.

Secondly I must thank the outgoing President, Mr Berkhouwer, for his work in the past two years.

(Loud applause)

Mr Berkhouwer took over the office at a time when its responsibilities were increasing as a result of the accession of three new Member States, and he had to contend with the problems arising from the energy crisis, monetary difficulties, inflation and unemployment.

Throughout these difficult and changing times, his Dutch perseverance, his European culture and his personal abilities, particularly as a linguist, enabled him to keep abreast of all Parliament's affairs and ensure that its views were always represented outside. Parliament has been involved in a greater variety of fields than ever before. During his term of office, there have been a number of major developments, in which he played a role in keeping with his responsibilities and the position of Parliament—the Lomé Convention, the establishment of a conciliation procedure between Parliament and the Council (for which we have great hopes), the creation of the new Social Fund, the imminent (if somewhat belated) setting up of the Regional Fund, to mention just a few. Many other examples could be quoted. All this is evidence that, like his predecessors Mr Poher, Mr Scelba, and Mr Behrendt, who are here today, he has faithfully served the European Parliament and the European ideal, and we must express our gratitude.

Mr Berkhouwer has often said that we still had a long way to go, and he was right—Europe is only in its infancy, and much remains to be done.

Mr Houdet, you said that the new President will have to affirm and forcefully uphold Europe's

desire for independence. I shall try to live up to this, working in collaboration with the political groups, the committees and their chairmen, and all my other colleagues. There are two points which I should like to make to demonstrate this.

The first, at a practical level, is that for the past ten years I have worked closely with all these groups, which have fought to strengthen Parliament's position and promote European integration.

The second is on a more philosophical plane. There is one school of thought according to which one should serve mankind rather than one's country, another which says that one's country should come first. I believe that, in serving the European ideal, we are combining these two points of view, and together we shall serve both our countries and the human race.

(Loud applause)

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — *(I)* Mr President, I should like, on behalf of the Commission, on behalf of President Ortoli, and on my own behalf, to congratulate you on your election.

Your long political service in your own country and your long commitment to the European Parliament are the best possible guarantees for what you have just said; that you commit yourself to work for Europe, for its people, for the European citizen of tomorrow, for ourselves and our children, and for future generations.

In this perspective and with these sentiments I should like to express the hope that relations between the Parliament and the Commission, which under your predecessor were excellent—and that is something I should like to offer my heartfelt thanks to President Berkhouwer for—should remain so during your presidency, and indeed become stronger, for the next two years are going to require a still greater effort if we are to make this Europe of ours more meaningful for its citizens.

(Applause)

President. — Thank you, Mr Scarascia Mugnozza. We shall suspend the proceedings until 8.30 p.m. to allow nominations for the Vice-Presidents to be submitted.

The sitting is suspended.

(The sitting was suspended at 8.00 p.m. and resumed at 8.45 p.m.)

President. — The sitting is resumed.

6. Election of Vice-Presidents

President. — The next item is the election of the Vice-Presidents of the European Parliament.

I have received the following nominations:

Mr Behrendt, Mr Berkhouwer, Mr Bersani, Lord Bessborough, Mr Bordu, Mr Burgbacher, Mr Corona, Mr Guldberg, Mr Martens, Mr Santer, Mr Yeats.

The list which I have just read out gives the names of the candidates in alphabetical order. The order of precedence of the Vice-Presidents will be determined later.

Does anyone wish a ballot to be held?

Under the circumstances I propose that election should be by acclamation pursuant to Rule 7(1) of the Rules of Procedure.

(Loud applause)

I therefore declare the candidates whose names I have just read out to be Vice-Presidents of the European Parliament.

I congratulate these Members on their election.

The membership of the new Bureau will be notified to the Presidents of the European Institutions.

7. Order of business

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

The draft agenda has been distributed, but I must inform you of a number of changes.

The report by Mr Delmotte on two regulations and a decision on the European Regional Development Fund was adopted yesterday evening by the Committee on Regional Policy and Transport.

This is a very urgent matter and I would remind you that the delegation from Parliament led by Mr Berkhouwer gave an undertaking to the Council that our opinion on this matter would be delivered during the present part-session. I therefore propose to include this in the agenda for tomorrow's sitting, when it will form the subject of a joint debate with the report by Mr Aigner on a transfer to the European Regional Development Fund from the EAGGF and on the draft amending and supplementary budget No 1 of the European Communities for the financial year 1975.

The report by Lord Bessborough on programmes of research and development actions in the field

of energy and that by Mr Pintat on the communication from the Commission to the Council on the common energy policy, which were to be discussed in a joint debate on Thursday, will be discussed separately.

The two reports by Mr Flämig on Community research and the revision of the multi-annual research and training programme, which were to be discussed jointly on Thursday, are removed from the agenda.

The oral question without debate by Mr Ansart and Mr Lemoine, which was included on the agenda for Friday, will now be put at Question Time.

At the request of the rapporteur, the motion for a resolution by Miss Flesch on the Lomé Convention will be included at the beginning of Friday's sitting, following the votes without debate.

Finally, the Committee on Agriculture should this week adopt an urgent report by Mr Martens on sugar beet, which might be included in the agenda for Friday.

I call Mr Cointat.

Mr Cointat. — *(F)* Mr President, yesterday Mr de la Malène pointed out to President Berkhouwer that the vote on the Regional Fund was down on Thursday's agenda while the debate on this important matter has been fixed for Wednesday afternoon, and he asked whether it might not be expedient, in view of the conditions regarding majority, to take the vote on Wednesday as well so that we can be sure of the necessary 92 votes.

I do not think that Parliament wants to be cast as the Institution which delayed the implementation of the Regional Fund. I think there is a risk that there will not be enough Members present on Thursday, which would mean postponing the vote until the next part-session—which would be a great pity.

May I therefore reiterate the point made by my group's chairman?

President. — In view of the need for a quorum and of the fact that the President of the Council will only be able to attend tomorrow's sitting, it would be desirable for the vote on this important budgetary matter to take place tomorrow.

In this case, however, the time-limit for tabling amendments could present us with some difficulty.

I call Mr Aigner.

Mr Aigner. — (D) I share Mr Cointat's concern about a quorum. This is the most important question. If we do not have a quorum, we will be check-mating ourselves. As the House has sovereign powers as regards the interpretation of the Rules of Procedure, I would ask Parliament to decide, therefore, not to adhere to the time-limit rule, so that we can vote while there is still a quorum.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I should like to know whether the committee responsible approved Mr Aigner's report unanimously. If so, I think it would be in order for us to waive our right of amendment.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, in reply to this question I would inform the House that the two motions for resolutions, the two draft amendments and the proposal on new maximum rates were all adopted unanimously in the Committee on Budgets.

President. — I call Mr Gerlach.

Mr Gerlach. — (D) Mr President, the time-limit for tabling draft amendments was set at 4 p.m. today. We will therefore undoubtedly be able to proceed in accordance with our Rules of Procedure tomorrow.

President. — I therefore think we can include the vote on the budget in the agenda for tomorrow's sitting.

I call Mr Mitterdorfer.

Mr Mitterdorfer. — (D) Mr President, did I understand you to say that the report of the Committee on Regional Policy and Transport will be debated and voted on at the same time tomorrow as the Aigner report?

President. — That is correct, Mr Mitterdorfer. We have added this report to the agenda because it deals with associated matters.

I call Mr Cointat.

Mr Cointat. — (F) Mr President, Mr Cousté has asked me to call your attention to a point concerning the agenda for Thursday, 13 March. Mr Cousté should, in fact, then be presenting his report on the economic situation in the Community, but since he will not be able to attend Thursday's sitting and it is not possible to ask

you to take his report a day earlier, he would be prepared to postpone it until the April part-session.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission of the European Communities. — (I) Mr President, there is one problem. Unfortunately my colleague Mr Haferkamp, who suggested that the debate on this report be brought forward, will be unable to attend the April part-session because of commitments which will oblige him to be away from the Community during that period.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, forgive me if I now speak as managing director without portfolio, as it were.

The Committee on Economic and Monetary Affairs decided that this report should definitely be dealt with in March because there can be little point in discussing in April what Mr Haferkamp said in February since the situation may by then have changed completely, thus necessitating a new resolution and a new report. Mr Cousté knows this. I do not therefore really understand why he has had Mr Cointat make this statement. I would be grateful if this matter could be dealt with during this part-session. I also say this because rapporteurs have been replaced in the past. I feel that once the committees have been formed, a vice-chairman who has taken part in the discussions can deputize for the rapporteur and the matter can be debated.

I would consequently recommend that this item be left on the agenda.

President. — As Mr Cousté's report has already been tabled, and ready for consideration for a long time, I think it would be difficult to postpone discussion of it for two months.

Mr Cointat, could somebody not deputize for Mr Cousté?

Mr Cointat. — (F) I was simply expressing a wish, Mr President. Of course, it is Parliament's decision. I simply wanted to convey to Parliament Mr Cousté's regrets at not being able to attend.

If Parliament decides to keep this report on the agenda, then Mr Cousté will have to be replaced. There is nothing further I can say. I merely want to convey the rapporteur's wish.

President. — The Assembly must now choose between two alternatives. The agenda for Wednesday is too full for us to include this report. On the other hand, we cannot delay discussion of it for two months. It therefore seems to me preferable to retain it in the agenda for Thursday and leave it to the committee responsible to arrange for a replacement for Mr Cousté.

Are there any objections?

That is agreed.

The order of business is therefore as follows:

Wednesday, 12 March 1975

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

- appointment of committee members;
- Question Time;
- statements by the Presidents of the Council and Commission on the Conference of Heads of Government held in Dublin;
- joint debate on
 - the report by Mr Delmotte on the European Regional Fund;
 - the report by Mr Aigner on the transfer to the Regional Fund of an amount from the Guidance Section of the EAGGF;
 - the report by Mr Aigner on the amending and supplementary budget No 1 for 1975 (including the vote on this budget);
- report by Mr Radoux on the Conference on Security and Cooperation in Europe;
- oral questions with debate to the Council and Commission on voting subject to confirmation;
- oral question with debate to the Commission on GATT negotiations.

Thursday, 13 March 1975

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

- interim report by Mr Gerlach on regional policy at the Community's internal frontiers;
- report by Mr Cousté on the economic situation in the Community;
- report by Lord Bessborough on programmes of research and development actions in the field of energy;
- report by Mr Pintat on the common energy policy.

The two reports by Mr Flämig on the assessment of the activities of the JRC and the multiannual research and training programme have been removed from the agenda.

Friday, 14 March 1975

9.30 a.m. to 12 noon:

- report by Mr Jahn on the programme of action on the environment (without debate);
- report by Mr Della Briotta on the European Convention for the protection of water courses (without debate);
- report by Mr Martens on rules for the purchase of sugar beets (without debate);
- motion for a resolution on the Lomé Convention;

The oral question without debate on the claims of French fishermen had been converted into a question for Question Time on 12 March 1975.

- report by Mr Cifarelli on aid for certain cheeses;
- report by Mr Mitterdorfer on the elimination of technical barriers to trade for motor vehicles and certain equipment;
- report by Mrs Orth on the exchange of information concerning atmospheric pollution;
- report by Mr Schwabe on aid in the transport sector.

Are there any objections?

That is agreed.

8. Decision on urgent procedure

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

Are there any objections?

The adoption of urgent procedure is agreed.

9. Limit on speaking time

President. — In accordance with the usual practice, I propose that speaking time be allocated as follows for all items on the agenda:

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

President

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

- 10 minutes for the author of the question;
- 5 minutes for other speakers.

Are there any objections?

That is agreed.

10. *Agenda for next sitting*

President. — The next sitting will be held tomorrow, Wednesday, 12 March 1975, with the following agenda:

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

- appointment of committee members;
- Question Time;
- statements by the Presidents of the Council and Commission on the Conference of Heads of Government held in Dublin;

— joint debate on

- the report by Mr Delmotte on the European Regional Fund;
- the report by Mr Aigner on the transfer of an amount to the Regional Fund;
- the report by Mr Aigner on the amending and supplementary budget No 1 for 1975 (including vote on this budget);
- report by Mr Radoux on the Conference on Security and Cooperation in Europe;
- oral questions with debate to the Council and Commission on voting subject to confirmation;
- oral question with debate to the Commission on GATT negotiations.

The sitting is closed.

(The sitting was closed at 9.05 p.m.)

SITTING OF WEDNESDAY, 12 MARCH 1975

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 10.10 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received the following documents:

(a) from the Council of the European Communities, a request for an opinion on the proposals from the Commission of the European Communities to the Council for

I. a regulation on the production and marketing of eggs for hatching and of farmyard poultry chicks

II. a regulation on the common system of trade for ovalbumin and lactalbumin

III. a regulation fixing the basic price and the standard quality for slaughtered pigs for the period from 1 November 1974 to 31 October 1975

IV. a regulation determining the Community scale for grading pig carcasses

(Doc. 531/74).

This document has been referred to the Committee on Agriculture;

(b) from the committees, the following reports:

— report by Mr Heinrich Aigner on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council (Doc. 491/74) for a regulation on the transfer to the European Regional Development Fund of 150 000 000 units of account out of the appropriations held in reserve by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (Doc. 532/74);

— report by Mr Heinrich Aigner on behalf of the Committee on Budgets on the draft

amending and supplementary budget No 1 of the European Communities for the financial year 1975 (Doc. 530/74) - (Doc. 533/74);

— report by Mr Pierre Giraud on behalf of the Committee on Regional Policy and Transport on the amended proposals from the Commission of the European Communities to the Council (Doc. 528/74) for

I. a regulation establishing a European Regional Development Fund

II. a decision setting up a Regional Policy Committee

III. a financial regulation supplementing the Financial Regulation of 25 April 1973 applicable to the general budget of the European Communities

(Doc. 534/74).

3. *Verification of credentials*

President. — At its meeting today the enlarged Bureau verified the credentials of Lord Bethell, whose appointment as a Member of the European Parliament was announced on 11 March 1975.

Pursuant to Rule 3(1) of the Rules of Procedure, the Bureau has made sure that this appointment complies with the provisions of the Treaties.

It therefore asks the House to ratify this appointment.

Are there any objections?

This appointment is ratified.

On behalf of Parliament I warmly welcome the new Member.

(Applause)

4. *Membership of committees*

President. — The next item is the election of members of the committees of the European Parliament.

Pursuant to Rule 37(2) of the Rules of Procedure, the Bureau has drawn up the list of nominations for the various committees.

The list corresponds to the number of vacancies to be filled.

I ask the Secretary-General to read out this list. *(The list was read out)*

Political Affairs Committee

Messrs Achenbach, Amendola, Andreotti, Ansart, Ariosto, Behrendt, Berkhouwer, Alfred Bertrand, Blumenfeld, Colin, Corona, Corterier, Durieux, Faure, Giraudo, Lord Gladwyn, Messrs Jahn, Kirk, Lenihan, Lückner, McDonald, de la Malène, Knud Nielsen, Patijn, Radoux, Lord Reay, Messrs Rivierez, Scelba, Scott-Hopkins.

Legal Affairs Committee

Messrs Bangemann, Bayerl, Bermani, Broeksz, Brugger, Calewaert, Cipolla, Concas, D'Angelosante, De Keersmaeker, Duval, Lady Elles, Messrs Espersen, Geurtsen, Jozeau-Marigné, Lautenschlager, Memmel, Outers, Pianta, Rivierez, Santer, Scelba, Schmidt, Schuijt, Schwörer, Shaw, Springorum, Vernaschi, Walker-Smith.

Committee on Economic and Monetary Affairs

Messrs Achenbach, Albertsen, Artzinger, Berkhouwer, Bordu, Bourges, de Broglie, Burgbacher, Carpentier, Cifarelli, Cousté, De Keersmaeker, Delmotte, Dykes, Guldberg, Van der Hek, Hougardy, Lange, Leenhardt, Leonardi, Mitterdorfer, Normanton, Notenboom, Sir Brandon Rhys Williams, Messrs Scholten, Schwörer, Starke, Suck, Vetrone.

Committee on Budgets

Messrs Aigner, Artzinger, Bangemann, Brugger, Cointat, Concas, Durand, Fabbrini, Miss Flesch, Messrs Früh, Galli, Gerlach, Hansen, Houdet, Kirk, Lagorce, Lange, Lautenschlager, Lord Lothian, Messrs Maigaard, Notenboom, Pêtre, Radoux, Schmidt, Scholten, Shaw, Terrenoire, Vernaschi, Yeats.

Committee on Social Affairs and Employment

Messrs Adams, Albers, Albertsen, Bermani, Alfred Bertrand, Carpentier, Dondelinger, Durand, Dykes, Lady Elles, Messrs Geurtsen, Girardin, Glinne, Mrs Goutmann, Messrs Van der Gun, Härzschel, Kavanagh, Laudrin, Marras, Lord O'Hagan, Messrs Pêtre, Pianta, Pisoni, Premoli, Sir Brandon Rhys Williams, Messrs Rosati, Santer, Terrenoire, Yeats.

Committee on Agriculture

Messrs Baas, Boano, Bourdellès, Brégégère, Cifarelli, Cipolla, Della Briotta, Espersen, Frehsee, Früh, Gibbons, Hansen, Houdet, Howell, Hunault, De Koning, Laban, Lemoine, Ligios, Liogier, Lückner, Martens, Ney, Brøndlund Nielsen, Mrs Orth, Lord St. Oswald, Messrs Scott-Hopkins, Vetrone, Zeller.

Committee on Regional Policy and Transport

Messrs Albers, Antoniazzi, Ariosto, Lord Bessborough, Messrs Bourdellès, Colin, Corrie, De

Clercq, Delmotte, Fabbrini, Gerlach, Giraudo, Herbert Johnston, Kavanagh, Mrs Kellet-Bowman, Messrs Liogier, Marras, McDonald, Mitterdorfer, Mursch, Noè, Nyborg, Pêtre, Romualdi, Scholten, Schwabe, Seefeld, Starke.

Committee on Public Health and the Environment

Messrs Adams, Albertsen, Antoniazzi, Lord Bethell, Messrs Brégégère, Creed, Della Briotta, Didier, Duval, Hartog, Herbert, Mrs Iotti, Messrs Jahn, Jakobsen, Liogier, Marras, Martens, Meintz, Willi Müller, Emile Muller, Ney, Noè, Mrs Orth, Messrs Petersen, Premoli, Rosati, Schwabe, Spicer, Springorum.

Committee on Energy, Research and Technology

Mr Andreotti, Lord Bessborough, Messrs Burgbacher, Cointat, Covelli, Flämig, Gibbons, Giraudo, Guldberg, Van der Gun, Hartog, Van der Hek, Hougardy, Krall, Lautenschlager, Knud Nielsen, Leonardi, Martens, Memmel, Willi Müller, Noè, Normanton, Osborn, Petersen, Pintat, Rizzi, Springorum, Vandewiele, Mrs Walz.

Committee on Cultural Affairs and Youth

Messrs Broeksz, de Broglie, Caillavet, Calewaert, Mrs Caretoni Romagnoli, Messrs Corrie, Creed, De Sanctis, Deschamps, Giraudo, Hougardy, Howell, Hunault, Klepsch, Laban, Lord Lothian, Messrs Meintz, Knud Nielsen, Nolan, Pisoni, Petersen, Sandri, Schuijt, Schulz, Suck, Terrenoire, Thornley, Walkhoff, Mrs Walz.

Committee on External Economic Relations

Messrs Baas, Bayerl, Pierre Bertrand, Bersani, Bermani, Lord Bethell, Messrs Boano, Bourges, Brégégère, Cipolla, Corterier, Cousté, D'Angelosante, De Clercq, Didier, Dunne, Fellermaier, Jahn, Kaspereit, Klepsch, Maigaard, Emile Muller, Nyborg, Patijn, Pintat, Rizzi, Schuijt, Schulz, Lord St. Oswald, Messrs Spicer, Thomsen, Thornley, Vandewiele, Vetrone.

Committee on Development and Cooperation

Messrs Aigner, Bersani, Broeksz, Corona, Deschamps, Dondelinger, Durieux, Fellermaier, Miss Flesch, Messrs Galli, Glinne, Mrs Goutmann, Mr Härzschel, Mrs Iotti, Messrs Jakobsen, Jozeau-Marigné, Kaspereit, Krall, Mrs Kellet-Bowman, Messrs Lagorce, Laudrin, Ligios, Mursch, Brøndlund Nielsen, Knud Nielsen, Nolan, Osborn, Lord Reay, Messrs Sandri, Schmidt, Schuijt, Schwörer, Seefeld, Walkhoff, Zeller.

Associations Committee

Messrs Baas, Behrendt, Boano, Mrs Caretoni Romagnoli, Messrs Carpentier, Concas, Corrierort,

Cortier, Cousté, D'Angelosante, De Clercq, Dunne, Fellermaier, Gibbons, Girardin, Giraud, Glinne, Hansen, Jahn, Klepsch, Lemoine, Emile Muller, Patijn, Pintat, Poher, Radoux, Rivierez, Lord St. Oswald, Messrs Santer, Schuijt, Schulz, Scott-Hopkins, Thomsen, Vandewiele, Vetrone, N... (Liberal and Allies Group).

President. — I call Mr Covelli for a procedural motion.

Mr Covelli. — (I) I am sorry to have to point out to the new President and to the Assembly that once again a group of Members of this House have been unfairly treated, and that we have once again an instance of discrimination which is intolerable in a Parliament calling itself European.

Mr President, my reasons for drawing your attention to this problem are twofold.

Firstly, even if there is no desire to consider what seems to me a preliminary requirement, namely the competence of each Member of Parliament, or to entertain the requests we made before, during and after the last session with respect to democratic behaviour and the Rules of Procedure of the European Parliament, it is at least necessary to prevent the non-attached Members from being considered once again as second-rate parliamentarians with a status well below that of their colleagues.

Secondly, we must avoid constantly violating the terms of Rule 37(2) of the Rules of Procedure, which is worded as follows: 'Committee members shall be elected at the beginning of the session which opens each year on the second Tuesday in March. Candidatures shall be addressed to the Bureau of Parliament, which shall place before Parliament proposals designed to ensure fair representation of Member States and of political views.'

We urge the President to examine the position of two countries, Belgium and Italy, in regard to fair representation of their Members on the committees. We ask him to raise this point at one of the coming meetings of the Bureau, for the principles of fair representation which I have just mentioned have clearly been ignored as far as Italy and Belgium are concerned.

Furthermore, Mr President, as I pointed out to your predecessor, the President of Parliament should not merely record the authoritarian decision of the majority. In any self-respecting Parliament, the President's first duty is to defend the rights and demands of the minorities. However, in this Parliament the rights of the minorities have hitherto been constantly neglected and betrayed.

Mr President, we should like to give you credit for making a proposal. We have been told that

at the meeting of the Bureau, one of the Members—to whom we are most grateful—presented a request which the other Members received in a hardly honourable and eloquently icy silence. You proposed that the position of the non-attached Members should be fully examined at one of the Bureau's coming meetings. As the new President of this Parliament, we give you full credit for this first act of yours, which certainly deserves our attention. The problem will have to be studied and resolved. We are convinced that a President of your ability could not do less than give proper consideration to the rights of a minority and so ensure that the past experience and competence of those Members who have applied to be on the committees are not neglected.

Should this not be possible owing to the fact that the series of meetings between the chairmen of these groups—from which non-attached Members are excluded—has now been completed, we sincerely hope that Rule 37(2), which expressly calls for fair representation of the Member States on all committees, will be respected.

(Applause)

President. — Mr Covelli, you have been accurately informed of what has just taken place in the Bureau: I explained to the Members the contents of the letter you had addressed to me, and the Chairman of one of the Groups said that, at a future meeting, we should indeed turn our favourable attention more closely to examining the position of the non-attached Members.

I must put the record straight on one point, however. You mentioned the 'icy silence' of the other Members of the Bureau. When, after a proposal has just been made, the President asks if there are any objections, an 'icy silence' means that there are none.

That means that your request received quite a favourable hearing. The Bureau's decision to examine at a future meeting and as favourably as possible the situation of the non-attached Members was thus quite in line with your wishes.

Does Parliament wish to elect the members of the committees by acclamation?

(Applause)

The membership of committees therefore corresponds to the list which was read out.

The proceedings will now be suspended until 11 a.m.

The House will rise.

(The sitting was suspended at 10.25 a.m. and resumed at 11.10 a.m.)

5. Question Time

President. — The sitting is resumed.

The next item on the agenda is Question Time. The texts of the questions have been published in Doc. 1/75.

I call Mr Broeks for a procedural motion.

Mr Broeks. — (NL) Mr President, Rule 47 of the Rules of Procedure lays down that oral questions must not be aimed at procuring documents or statistical information.

This is the second time I have brought this up. Today there is again an oral question aimed at obtaining statistical information. Mr President, I would ask you to ensure that no more such questions are admitted. I have no objection this time to this question being put; it may in any case be withdrawn as the questioner is not present. All I want is for you to give this matter your consideration and ensure that no more oral questions of this nature are admitted.

President. — I call Mr Espersen for a procedural motion.

Mr Espersen. — (DK) Five members of the Committee on Agriculture, including myself, have put down questions for Question Time today, which is scheduled to last until 12 noon. The constituent meeting of the Committee on Agriculture is, however, timed for 11.30 a.m. This is naturally unfortunate, since it requires us to be in two places at once.

I therefore propose that this morning's constituent meetings be postponed for half an hour, so that they start at 12 noon instead of 11.30 a.m. This will enable us to perform our duties both here and at the constituent meetings.

President. — I call Mr Kirk.

Mr Kirk. — Reverting to Mr Broeks's point of order, I believe he was referring to the question by my colleague, Mr Scott-Hopkins, who is not here at the moment. We have arranged for someone else to ask it. However, I rather agree with Mr Broeks that it is probably outside the guidelines. We will withdraw it and rephrase it.

President. — Mr Broeks, I take note of your statement, which is in conformity with Rule 47A of the Rules of Procedure. In this case there is no further problem as the question has been withdrawn, but the Bureau will ensure that

these purely statistical questions are no longer admitted in future.

The overlap between this sitting and the constituent meetings, raised by Mr Espersen, is due to the fact that we are half an hour ahead of our timetable. This was drawn up with a view to allowing time for a vote on the composition of the Committees, if this should prove necessary.

I therefore propose that the House approve Mr Espersen's suggestion. The meetings timed for 11.30 a.m. would then not start until 12 noon, and those timed for 12 noon would not start until 12.30 p.m.

Are there any objections?

That is agreed.

We shall begin with Questions to the Council of the European Communities. I call Oral Question No 1 by Mr McDonald on the trade in live sheep, mutton and lamb. It is worded as follows:

'Will the Council say what the situation will be regarding the access of Irish live sheep, mutton and lamb to the French market at the end of the transitional period in 1977; also would the Council say why certain other Member States have more favourable access than Ireland to the French market for these products?'

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — I hope it will be considered in order, Mr President, if, before replying to the question, I extend on my own behalf and on behalf of the Council of Ministers our warmest congratulations on your election. We look forward to working closely with you through the various channels, including the consultation mechanism. I am sure that we will have there many lively but always constructive discussions.

On several occasions, and even before the Accession Treaty, the Council took note of the fact that the Commission had undertaken to put forward proposals for the organization of the markets in mutton and lamb. This undertaking was reaffirmed in 1973 in the memorandum submitted by the Commission on the adjustment of the Common Agricultural Policy. To this date, no such proposal has reached the Council. As soon as the matter is referred to the Council, it will be called upon to give its views and to decide as appropriate on the setting up of a common organization. It is hoped that it will be set up before 1977.

Pending the introduction of such a common organization of the market, certain national mechanisms have continued to exist on a pro-

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visional basis after the expiry of the transitional period provided for in the Treaty of Rome, in accordance with Article 43(3) of the Treaty and Regulation EEC No 827/68. These mechanisms, to which Articles 45 and 46 of the Treaty also apply, may be maintained, however, only to the extent that they do not distort the general rules of the Treaty establishing the Common Market.

In these circumstances, and bearing in mind the situation of the French market before accession, trade between the six original Member States has continued to develop since that time. If by the end of the transitional period a common organization of the market has not been established, the same trading arrangements will apply between all members of the Community.

President. — I call Mr McDonald.

Mr McDonald. — Is the President of the Council aware that France, the country which provides the largest export market in the Community for Irish and, indeed, British sheep meat, has the most severe protectionist system in force?

Imports of chilled mutton and lamb are authorized only sporadically within a very small quota, while those of sheep and lamb on the hoof and meats other than chilled are allowed only when the internal market price exceeds a certain threshold.

In addition, a compensatory tax is levied as well as customs duties, and its level varies with the internal French market price. This is in contrast to other Member States of the original Community. There are no quantity restrictions on imports from other Member States.

Will the President of Council therefore elaborate on the part of my question concerning the situation after 1977?

President. — I call Mr FitzGerald.

Mr FitzGerald. — My understanding is that, as far as the new Member States are concerned, the tariffs which continue to apply on a degressive basis, as in the case of industrial goods, will phase themselves out by 1977. It is my understanding that the minimum import prices—the other restriction which operates, as Mr McDonald said, sporadically—will cease to operate after the transitional period.

President. — I call Mr Liogier.

Mr Liogier. — (F) Is it not true that ever since 1967 at least, France, through the Council and some of its representatives in this Parliament—first and foremost those of our Group—has been

pressing, and is continuing to press for a Community organization of the markets in live sheep, mutton and lamb, as well as of certain other products not yet covered by market organizations, such as horsemeat, potatoes and alcohol?

President. — I call Mr FitzGerald.

Mr FitzGerald. — That, I understand, is the case, as it is with all other Member States like mine. We are awaiting a proposal from the Commission on which the Council can act.

President. — I call Mr Gibbons.

Mr Gibbons. — Is it not the case that since the accession of Great Britain and Ireland the supply situation to the mainland has altered radically? Is it not also the case that the position of the producers of sheep meat in Great Britain and Ireland is aggravated by the continued importation of New Zealand lamb? Will it be possible gradually to phase out these importations of lamb?

President. — I call Mr FitzGerald.

Mr FitzGerald. — Part of the problem of securing a common organization of the market is, I am sure, the fact that in respect of one Member State there are large imports from outside the Community. No doubt these are part of the political background to the problem. But when the Commission makes a proposal it is to be hoped that the Council will be able to establish a regulation for these products, because there is certainly an anomalous situation since, for these products and for virtually no others, we have neither the industrial-type régime nor the agricultural-type régime. We have the continuing operation of these obstacles to trade.

The Council will consider proposals, therefore, for a common regulation of the market as soon as it receives such proposals from the Commission.

President. — I call Oral Question No 2 by Mr Durieux. It is worded as follows:

'Does the Council of the Community envisage having recourse to the procedure under Article 235—as proposed by the Commission—in respect of the correcting mechanism for national contributions to Community expenditure?'

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Following consideration of the principle of a correcting mechanism by the Council of the Communities

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yesterday on the basis of a communication from the Commission, a proposal will be put forward by the Commission to the Council, probably based on Article 235 of the EEC Treaty. The Council will then, of course, consult Parliament.

President. — I call Mr Durieux.

Mr Durieux. — (F) I thank the President-in-Office of the Council for this prompt answer, given that the Council's decision was taken only yesterday in Dublin.

I should nevertheless like to put some supplementary questions in view of the fact we have already had—as you know—an extremely irritating precedent in respect of the supplementary budget for the regional policy. In that case the European Parliament was confronted with a *fait accompli*. Does the Council of Ministers share the view of the Heads of Government, who would like to leave Parliament out of the problem posed by the correcting mechanism? Also, what provision of the Treaty—apart from Article 235 which you have just mentioned, Mr FitzGerald, and which provides for the consultation of Parliament—could serve as a legal basis for the introduction of this correcting mechanism? Furthermore, supposing Parliament expresses an opinion on this matter, to what extent does the Council of Ministers consider itself bound by the decision of the Council of the Communities? Could it depart from it to take account of Parliament's opinion and participate in the conciliation procedure?

President. — I call Mr FitzGerald.

Mr FitzGerald. — Parliament will realize the very special circumstances that govern this matter. The Council of the Communities, in considering this matter yesterday, took very full account of the wishes expressed by Parliament with respect to the continued membership of the United Kingdom. It was very much in the spirit of Parliament's views on this issue that a solution was sought to this matter and that a political orientation was given by the Council of the Communities yesterday, which will guide the Commission in the proposals that it will make to the Council with a view to a solution to the problem posed. Of course the Commission's proposal, when made to the Council, will be subject to consultation with Parliament, but Parliament will realise the extreme difficulties that arise in this case and the significance for us all of the orientations given by the Heads of Government acting in the Council of the Communities yesterday.

President. — I call Mr Patijn.

Mr Patijn. — (NL) Mr President, I should like to ask the President of the Council whether the decision whose broad outlines were laid down yesterday—which in itself is a good thing—does not in fact conflict with the decision of 1970 concerning the granting of own resources to the Community in accordance with Article 201 of the Treaty, with the result that yesterday's decision may have to be ratified. Article 235 is after all an inadequate basis for this.

President. — I call Mr FitzGerald.

Mr FitzGerald. — No Sir. I think that the Council of the Communities is satisfied that that is not the case and that the arrangements that are proposed in respect of the correcting mechanism will not prejudice the own resources principle, nor its effective operation, since it is designed, amongst other things, to maintain the system of Community preference.

President. — I call Mr Kirk.

Mr Kirk. — Will the President-in-Office of the Council confirm that this correcting mechanism is of general application, that it applies not only in the one case which he cited, and that it is for a transitional period? If so, will he say how long the transitional period will be?

President. — I call Mr FitzGerald.

Mr FitzGerald. — Yes, it is expressed as being of general application. It is conceivable that within the period in question—seven years—a country other than the United Kingdom, which has been particularly envisaged, could benefit from this mechanism. That is a possibility which cannot be arithmetically excluded.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Can the President of the Council say whether, if the European Council achieves a breakthrough towards European Economic and Monetary Union, this seven-year period is considered so flexible that it might be shortened?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The decision will apply for an experimental period of seven years. The question is a hypothetical one and I do not think I can give any specific answer to it. If European Monetary Union were to be achieved within that

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period, the Council and all countries might wish to consider aspects of the decision or orientation that has now been given. But it is too hypothetical a question for me to be able to answer in an authoritative way.

President. — I call Oral Question No 3 by Mr Marras. It is worded as follows:

'Has the Council, in choosing West Berlin as the location for the European Vocational Training Centre, considered the difficulties that will beset the Centre's functional operation owing to the fact that Berlin has a special status under international law?'

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — After due consideration of all the factors involved, the Council has decided to establish the seat of the European Centre for the Development of Vocational Training in West Berlin, where it will be able to carry out its activities under the most appropriate conditions. In particular, the Centre will benefit from the presence in that city of a series of highly qualified scientific and research institutions as well as two universities which offer the scientific infrastructure necessary for the development of its activities.

President. — I call Mr Marras.

Mr Marras. — (I) Mr President, although I know that some Members of the Socialist and Christian Democratic Groups have submitted—in the form of a question for written reply—the same question which I am putting in the oral procedure, I should like to ask the President of the Council whether, in view of Berlin's special status under international law, there have been protests or diplomatic notes from the countries affected by this choice, which, quite apart from the geographical disadvantages, has drawbacks from the point of view of foreign policy as well.

President. — I call Mr FitzGerald.

Mr FitzGerald. — When the Council took its decision on 20 January last, the German delegation explained to the Council that that decision was compatible with the Four-Power Agreement on Berlin and that this view had also been expressed by the three Powers responsible for guaranteeing the status of West Berlin namely the United States, France and the United Kingdom. Following that decision, protests were made initially by the Soviet Government to the governments of the United States, France and United Kingdom; and USSR embassies in other

Member States subsequently delivered similar protest notes to the governments of those states.

President. — I call Mr Corterier.

Mr Corterier. — (D) Mr President, is it not true that this Vocational Training Centre will have no executive powers at all? Does this not show clearly that it cannot, in any way whatsoever, conflict with the Four Power Agreement on Berlin and with the status of Berlin? In view of this, is it not ominous that some eastern European governments, and now even some Members of this Parliament, are campaigning against the establishment of this Centre in Berlin? Are we therefore not justified in fearing that the intention is to jeopardize the status of Berlin—and hence the policy of détente between East and West?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The view that is expressed in the first part of the question was also the view of the Council: that there is no incompatibility whatever in view of the nature and character of the Centre. Perhaps I should add that when the Treaty of Rome was signed, all the signatories expressed their concern over Berlin; and the decision in favour of Berlin for this institution gives concrete expression to the concern expressed at that time.

President. — I call Lady Elles.

Lady Elles. — The minister has said that all due consideration was given before taking a decision on where this Centre was to be set up. I would ask him what consideration was given to the people who are meant to be using the Centre—because it will be unemployed young people who are interested in vocational training. Regardless of the fact that a political decision is involved, could the people who are to benefit from a centre sometimes be considered? On another occasion, could there not be a centre in a place more accessible than Berlin?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The Centre is a study centre, a place for coordination of documentation, and therefore I do not think the question of accessibility to workers in the Community arises in any direct sense because of the particular character of the Centre and the particular functions that it has to carry out.

President. — I call Mr Seefeld.

Mr Seefeld. — (D) Mr President, can you confirm that the links between West Berlin and the Community were explicitly recognized in the Final Acts to the Treaties of Rome, in order—and I quote—'to strengthen and promote the viability of Berlin', and that this in itself guarantees that institutes and offices can operate freely in Berlin, as in any other city in the European Community?

President. — I call Mr FitzGerald.

Mr FitzGerald. — I would not like, without making any immediate reference to that exact text, to express a view on the precise words used by the speaker, but there are references to Berlin in the Treaty. As I have said, the action taken in locating the Centre in Berlin respects the spirit of those references in the Treaty.

President. — I call Mr Schulz.

Mr Schulz. — (D) The question I wanted to put to the President of the Council has been partly superseded by Mr Seefeld's question. May I nevertheless ask specifically: does not the President of the Council feel that, by virtue of the Treaties of Rome signed on 25 March 1957 and the Protocols exchanged by the Contracting Parties at that time, West Berlin is in any case an integral part of the European Communities, and that this fact has nothing to do with either the special status of the city under international law or with the Four Power Agreement?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The point that I made in my earlier reply was that the choice of Berlin expresses in more concrete form the attitude of the signatories of the Treaty of Rome to Berlin.

President. — I call Mr Bermani.

Mr Bermani. — (I) We discussed this question in the Committee on Social Affairs and Employment, and we realized that the choice of location for the Centre was an awkward point. Berlin, too, is a centre of emigration, but I should like to know whether it would not have been advisable to choose another location in the Community from where emigration is higher.

President. — I call Mr FitzGerald.

Mr FitzGerald. — I believe that I have already partly answered that question, because by its nature this body is concerned not so much in dealing directly with the workers who are to be trained vocationally as with more general considerations of a research character. The fact that there were already a number of important bodies concerned with vocational training in the city and the fact that the Berlin Senate had offered an extensive site in a very central position were important practical considerations in taking this decision.

President. — I call Oral Question No 4 by Mr Blumenfeld. It is worded as follows:

'How does the Council view the fact that bilateral agreements on trade, credit and cooperation between individual Member States and third countries, especially state-trading countries, are still being concluded (e.g. the recent agreement between the United Kingdom and the Soviet Union) and what position will it adopt on this question?'

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — The Council would like to remind the honourable Member that negotiations for and the conclusion of economic cooperation agreements fall within the competence of the Member States. However, under the information and consultation procedure adopted by the Council on 22 July 1974, Member States are bound to inform both other Member States and the Commission beforehand of such negotiations and to enter into consultation if a Member State or the Commission so requests. Obviously, any such cooperation agreements should not contain any factors covered by the common commercial policy for which only the Community is competent. The Commission keeps close watch over such matters through the activities of the Committee on Cooperation Agreements set up under the above mentioned Council decision.

With respect to agreements recently signed by the Prime Minister of the United Kingdom during his visit to Moscow, the United Kingdom delegation had informed the Committee on Cooperation Agreements on 24 January 1975 of the intention of the United Kingdom Government to conclude with the Soviet Union a supplementary agreement which was to form part of the long-term agreement concluded with that state in May 1974. The aim was to specify and identify operations and sectors qualifying for cooperation. At the same time, the United Kingdom delegation gave some indication of the likely content of the agreement.

At the first meeting of the Committee on Cooperation Agreements following Mr Wilson's

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visit to Moscow, the United Kingdom delegation provided other Member States and the Commission with the text of the 'Long-term Programme' signed in Moscow. To date, neither the Commission nor any Member State have felt it necessary to initiate the consultation procedure with respect to this agreement, from which it might be concluded that the agreement does not seem to give rise to any objections.

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) I should particularly like to thank the President of the Council for the diplomatically phrased reply at the end of his statement and request a few more details from him.

Does the President-in-Office not share the view—expressed repeatedly by the Commission in this House—that the consultation procedure adopted by the Council of Ministers on 22 July 1974 and first applied in October 1974 to the negotiations between France and the Soviet Union in fact only embraces a very small part of what was actually decided?

Will the Council of Ministers shortly submit proposals to strengthen the procedure, so that—among other necessary moves—the Council has to publish information received from the Member States on cooperation agreements instead of leaving this information to moulder away 'confidentially' in some drawer or other?

One last question on this matter: does the Council of Ministers think that the Committee on Cooperation Agreements actually investigated the agreement between the United Kingdom and the USSR, or did it only take note of it?

President. — I call Mr FitzGerald.

Mr FitzGerald. — Mr Blumenfeld asked first whether the Council will submit proposals to strengthen the arrangements. The Council's function is to take decisions on proposals submitted by the Commission, and it would be for the Commission to make a proposal for any modification of the consultation procedure with a view to strengthening the Community's position in relation to these agreements. To my knowledge, the Commission has not, to date, indicated its intention to submit such a proposal, and the Council can act only on the basis of such a proposal if submitted.

On the second part of the question, the procedure in regard to the committee is an information procedure. As far as I am aware, the information submitted was that which was required to

enable the committee to take a view on the agreement. As I have said, I am not aware that any Member State or the Commission has reacted to that information, either suggesting that it was inadequate or raising any issues on it.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, would not cooperation agreements between the Community—and I stress the words 'between the Community'—and third countries such as Iran perhaps strengthen the Community's commercial policy which is at present seriously endangered by bilateral cooperation agreements?

President. — I call Mr FitzGerald.

Mr FitzGerald. — We have to distinguish between cooperation agreements, the conclusion of which is within the competence of Member States, and other types of agreement which may be concluded by the Community with different countries. The question whether there should be an agreement between the Community and Iran and what form it should take has been given preliminary consideration by the Council of Ministers.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, do you share the view that any cooperation agreements which the Community may conclude with third countries do not preclude the possibility of bilateral cooperation agreements between Member States and other countries?

President. — I call Mr FitzGerald.

Mr FitzGerald. — One must distinguish between cooperation agreements which are within the competence of Member States and which are signed bilaterally, and other agreements, which can cover quite a range and are concluded by the Community. The wide variety of these agreements is known to the House. There is no incompatibility 'between the two procedures.

At some stage in the future the Community may decide to go further in 'Communitizing' cooperation agreements. But at the moment there is a distinction between the two. The procedure followed in this instance has been in accordance with the practice and procedures of the Community.

President. — I call Oral Question No 5 by Mr Glinne. It is worded as follows:

‘What arrangement regarding representativity, competencies (Article 229 of the Treaty) and practical organization has the Council made now that the 29th General Assembly has granted the Community observer status at the United Nations, with the right to speak in committee?’

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — The following practical arrangements have been adopted regarding organization of the representation of the Community as an observer in the United Nations General Assembly.

The Community delegation is composed of a representative of the country holding the office of President of the Council and a representative of the Commission. Secondly, the position to be put forward by the Community is defined in advance, in accordance with Community provisions and according to the usual procedures, by means of discussions with the Community bodies in Brussels and/or coordination on the spot.

Thirdly, when a joint position has been established, the rôle of spokesman for the Community is undertaken by the representative of the country holding the office of President of the Council and by the Commission representative, and the duties are allocated according to the subject matter dealt with and the circumstances prevailing at the time when the Community position is defined. It is understood that the Commission is normally the spokesman for the Community in all matters covered by common policies, although different arrangements can be agreed upon if circumstances so require.

President. — I call Mr Glinne.

Mr Glinne. — (F) Mr President, phrased in the way we have just heard, the reply given by the President of the Council might have been given two years ago. The essential fact is that in 1974, at the 29th General Assembly, the Community was granted observer status at the United Nations. In view of this, what changes have there been since then in relation to the previous situation, i.e. before the Community possessed observer status, and what is the status of the Community within the Specialized Agencies of the United Nations?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The change in status is, of course, fundamental. At the United Nations, at the General Assembly and within its commit-

tees, including the Second Committee which deals with economic problems, the Community as such was not previously officially represented. It now has the right to speak on matters for which it is responsible.

President. — I call Oral Question No 6 by Mr Seefeld. It is worded as follows:

‘In view of the fact that since 1971, daily allowances for European Community staff have not been adjusted to take account of price rises, especially in the services sector, when will the Council award this long overdue rise?’

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — The Council has acknowledged the urgent nature of the problem of daily mission allowances. At your request and at that of the Commission, it has therefore separated this matter from the general review of the Staff Regulations and has given it priority. At its meeting on 3 and 4 March 1975, the Council adopted regulations comprising, in particular, first a 10% increase in daily mission allowances, to take effect on 1 March 1975, and secondly the introduction of a more flexible procedure for future adjustments to these allowances.

The Council has stated that this is an initial measure in this matter. It is therefore awaiting further proposals by the Commission in accordance with the aforementioned new procedure and has already instructed the Permanent Representatives' Committee to study these proposals with a view to a decision being adopted on them within two months of their submission.

It has been accepted that this new examination should take into account the price trends noted and the possibility of breaking down appropriately the rates of these allowances in accordance with grades and places of mission.

The Council confirms that daily mission allowances should cover actual expenses. Consequently, the examination of these allowances with a view to their adjustment cannot be confined to noting the increase in certain expenses in terms of percentages but should also concern the increases in absolute figures.

In the discussions held hitherto, it has already been stressed that particular attention should be given to the situation of officials in lower grades. The study requested by the Council should enable a satisfactory solution to be reached swiftly.

In the course of the Council meeting, in order to secure a satisfactory solution of this problem, I myself met the staff representatives on three occasions during the two days in question.

President. — I call Mr Seefeld.

Mr Seefeld. — (D) I should like to ask the President of the Council whether, in addition to all he has just said, he will also take account of the fact that the failure to decide on the seat of the European Parliament means that staff are still forced to undertake missions on sometimes unreasonable financial conditions, and whether this will be borne in mind in the further consideration of the organization of missions?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The question of the seat of Parliament is, of course, a matter for Member States rather than the Council. However, the points made by the speaker will be taken account of in the consideration of the proposals put forward by the staff.

The Council is conscious of the problems that are posed for the staff by the arrangements that exist with regard to the seat of Parliament at the present time.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, if the Council changes its mind, will this decision have retrospective effect, so that the staff will not have to wait several months for tangible results?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The Council will act on proposals of the Commission in this respect.

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, do you not feel that this ruling should apply not only to the officials and employees, but also to other servants who, we feel, are not taken into consideration in the ruling and who are still being treated very differently as regards the daily allowances and accommodation expenses?

President. — I call Mr FitzGerald.

Mr FitzGerald. — That is, I think, a different question, and perhaps a different procedure is used to settle problems of that kind.

President. — I call Mr Kirk.

Mr Kirk. — Would not the Minister agree that 10% is grossly inadequate even as a temporary measure? Would it not be a good thing if he could go back to his colleagues in the Council and say that at least 20% is needed even to keep up with the rise in the cost of living that has occurred?

President. — I call Mr FitzGerald.

Mr FitzGerald. — The 10% has been recognized by the Council as being an initial payment. The whole question of how much the increase should be and even the expression to be given to it in terms of percentage amounts is something on which the Commission will make a recommendation upon which we will act.

There is no question of the 10% being considered to be adequate. It is, perhaps one can say, an interim payment pending settlement of the sum. I would hesitate to put forward any figure of the kind mentioned by Mr Kirk because, indeed, the staff representatives might not welcome any suggestions of a figure of that nature. They might very well hope that the figure could turn out to be something more than that.

At this stage I think we must, therefore, leave it to the Commission to make a proposal.

President. — I call Mr Nyborg.

Mr Nyborg. — (DK) Could not the Council consider transferring the Parliament officials—including the free-lance interpreters—to the Parliament administration?

President. — I call Mr FitzGerald.

Mr FitzGerald. — I believe that the Staff Regulations are common to all the Institutions of the Community. That system is one which, I think, by and large has been found to be satisfactory and which the various Institutions would wish to maintain.

President. — I call Mr Schwabe.

Mr Schwabe. — (D) Mr President, I think that alongside the criticism we should also gratefully acknowledge—if I have understood correctly—that it was probably this rapid first-aid measure of yours that made it possible for us to meet here for this important session in Strasbourg.

But I should like to ask a question. You said that there will now be an initial increase of 10%. Did you consider that it might not always

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be right to have a general across-the-board increase? There are different categories, and we have heard that the lowest-paid groups are particularly badly off. Could you not possibly—without of course jeopardizing the claims of the higher-paid groups—make it one of the criteria that the lower-paid groups should not be left behind?

President. — I call Mr FitzGerald.

Mr FitzGerald. — I am grateful for what the Member said on the subject of the quick action taken. I assure the House that the Council was very conscious of the fact that if it had not dealt promptly, sympathetically and flexibly with the views put forward by the staff last week, it could have prejudiced the working of this House.

It was because of our concern about that matter that I myself saw the staff representatives on three occasions. When I came back to the Council, on each occasion I found them very receptive and very willing to give time at various stages in the meeting to the views I brought back, because the Council was most concerned that no inaction or failure on its part should prejudice the working of this House.

On the question of the lower-paid groups, indeed we are conscious of the fact that it may be necessary to give different treatment here. The reference I made in my reply to the introduction of a more flexible procedure for future adjustments is a reference to this possibility. This is no doubt one of the matters that the Commission will be considering in preparing its views to put to the Council.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Does the President of the Council share my view that the increases in travel expenses, which must needs vary according to the groups, must on no account be lower than the rate of increase in the national budgets for those categories of officials who are constantly travelling to Brussels and the other seats of the European Community?

President. — I call Mr FitzGerald.

Mr. FitzGerald. — I do not think I could express a view on that, because obviously the position may be somewhat different for individual national officials. I think that we must await the proposals of the Commission, which will take account of all the considerations put

forward by the staff and will, I hope, provide a basis for a final settlement of this matter that will be satisfactory to all concerned.

6. Welcoming of various personalities

President. — Before turning to the Oral Questions to the Commission of the European Communities, I should first like to welcome, on your behalf, various personalities present in the public galleries, particularly the Minister of National Education of the Kingdom of Morocco, Mr Bouhamoud, who is accompanied by a delegation from his Ministry;

(Applause)

Sir Lekraz Teelock, Ambassador of Mauritius to the European Communities. As you know, Mauritius is one of the partner countries in the Lomé Convention;

(Applause)

and finally Mr Furler, a former President of this Assembly.

(Applause)

I should also like to reply to the congratulations extended to me by the President-in-Office of the Council and, above all, to thank him for his open-minded attitude to this Assembly in difficult circumstances, particularly during the conciliation procedure in Brussels on 4 March. I should also like to assure him that, like my predecessor in office and all the Members of this Parliament, I am determined, by dealing flexibly with people and by pressing the legitimate claims of this House for an extension of its powers, to achieve the widest and most constructive understanding with the Council. It goes without saying that the Commission is prepared to work for greater understanding, for this spirit of cooperation has long existed between Commission and Parliament.

7. Question Time (Resumption)

President. — We shall now proceed to questions addressed to the Commission of the European Communities.

I call Oral Question No 7 by Mr Radoux. It is worded as follows:

'Following the arrest of a certain number of prominent persons in Spain after the creation of the 'Junta Democrática de Madrid', can the Commission say what have been the results of démarches made by a certain number of its members to obtain the release of these persons?'

I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — I understand that none of the persons concerned are now under arrest.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I should like to ask the Commission for an assurance that its negotiations with Spain on a new trade agreement will be tough and businesslike, and that it will not let the Community make more concessions than Spain.

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — Our approach to these negotiations will be that they should be mutually beneficial both to the Community and to Spain.

President. — I call Mr Albers.

Mr Albers. — (NL) Mr President, will the Commission give us an assurance that the new trade agreement will on no account contain a 'further adjustment clause' which would allow both parties to start discussions at any time on an extension of the links between the EEC and Spain?

President. — I call Sir Christopher Soames.

Sir Christopher Soames. — We are in a very early stage of the preparatory discussions with Spain and I should not like to give any comments one way or the other at this stage.

President. — I call Oral Question No 8 by Mr Normanton, whose place has been taken by Lord Lothian. It is worded as follows:

'What practical measures have been adopted by the Commission to establish increased storage capacity for oil and oil products within the Community and is the Commission satisfied with the progress to date?'

I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Under Article 2 of Directive 72/425, the Commission submitted to the Council at the end of 1974 a report on measures adopted by the Member States to raise the level of stocks to 90 days.

This report showed that, assuming a mean utilization level of 85%, total storage capacity in

the Community in 1974 represented approximately 125 days' consumption at the level of the previous year.

On the whole, this capacity appears adequate for emergency stocks of 90 days, leaving a considerable capacity for commercial stocks.

The situation varies from country to country: where the capacity available to certain Member States is lower than required, the Commission recommends that there should be bilateral agreements allowing companies to keep their stocks in another Member State.

As for the second part of the question, the Commission stresses that no Member State has challenged the principle of increasing stocks to 90 days. It is generally felt to be an effective measure to combat difficulties in supply. Those Member States which have not yet been able to complete the necessary steps say that this is because of difficulties on the international petroleum market.

Between now and May, the Commission will submit to the Energy Committee a report on the progress achieved as a result of this Directive, and will also send it to the European Parliament for your information.

President. — I call Lord Lothian.

Lord Lothian. — May I thank Commissioner Cheysson for that full reply. Does he not agree that the Community as such has as yet no truly cohesive energy policy, that it is still vulnerable to politico-economic pressures and possibly even blackmail, and that only a truly coordinated comprehensive policy for the Community in this regard will suffice? Does he have any proposals as to how the Commission might achieve that?

President. — I call Mr Cheysson.

Mr Cheysson. — (F) Mr President, the Commission's firm resolve to see a Community energy policy agreed and implemented cannot be doubted, just as there can be no doubting the resolve of this Parliament.

The Commission has submitted numerous proposals, and the Council has initiated a continuous procedure to examine them. The meetings of 17 September and 17 December 1974 and 23 January 1975 are evidence of this, as is—as you have seen or will shortly see—the final declaration of the European Council just held in Dublin, which reflects lengthy discussions between the Heads of State or Government.

Cheyssson

The Commission will continue to follow the path it has chosen—as, in fact, this House asked it to do. It will continue to work towards developing a strategy for a Community energy policy by 1985.

As you know, Mr President, this policy is to be the subject of a debate in this House tomorrow, and my colleague, Vice-President Simonet, will of course be present.

President. — I call Oral Question No 9 by Mr Kirk. It is worded as follows:

'What is the difference in landed prices (including MCA payments) of feed grains from Community countries and from third countries at Liverpool and Belfast?'

I call Mr Lardinois.

Mr Lardinois, Member of the Commission of the European Communities. — (NL) Mr President, I regret that I cannot yet give a satisfactory reply to this question. In reply to a similar question at the last Question Time, the Commission stated that there was no difference in feed grain prices at Liverpool at Belfast. Unfortunately, I must now admit that this was a purely legalistic approach to the problem. The fact is that, under our regulations, differences are not permitted. In the meantime, however, we have found that these price differences certainly do exist.

This is why an investigation is at present in progress. These differences cannot be altogether explained by the differing port facilities in the two cities or by the transport costs alone. While it is true that Liverpool can take larger vessels than Belfast and has a larger grain harbour than Belfast there must be other reasons for these differences. The investigation I referred to is aimed at finding out whether there are short-term causes related to earlier placing of orders or whether there are longer-term causes. I assure the honourable Member that I shall give him and the Committee on Agriculture a full reply to this question as soon as I can.

President. — I call Mr Kirk.

Mr Kirk. — I am most grateful to the Commissioner for that reply. He will recall that I was very surprised at the reply which I obtained last month. May I urge him to make these investigations as quickly as possible, because grave anxiety is being caused to consumers of feed grains in Northern Ireland, to the producers who come from my part of the world, and to the associations as well? It is a matter of some urgency that this discrepancy, from whatever

cause it arises, should be ironed out as soon as possible.

President. — I call Mr Lardinois.

Mr Lardinois. — (NL) Mr President, my answer is that I shall do everything I can.

President. — Oral Question No 10 by Mr Scott-Hopkins has been withdrawn.

I call Oral Question No 11 by Lord Reay. It is worded as follows:

'Is the Commission considering proposals in order to prevent the possibility of Member States adopting divergent regulations to limit the extent of shareholdings taken up in Community undertakings by residents of third countries, and if so, are they thinking along the lines of a limitation of shareholders' voting rights, or of the establishment of an international investment fund with specified powers of investment in such undertakings, or other possibilities?'

I call Mr Gundelach.

Mr Gundelach, Member of the Commission of the European Communities. — (DK) Mr President, there are at present no Community regulations limiting the extent of the shareholdings in Community undertakings which can be held by residents of third countries. Nor are there any special national regulations which lay down specific limits or which limit the voting rights of residents of third countries.

Although the Commission favours the introduction of Community regulations for investment from third countries, it considers regulations specifically concerning shareholdings and voting rights to be a too narrow approach to the problem.

There are no Community regulations on investment from third countries in general, but as Members of the OECD all the Member States are bound by its capital code, which contains a complete set of rules on the coordination of the mutual relationships between the OECD countries.

I would add that the OECD countries are at present considering, in a special working party, their common attitude to the question of investments by third countries in such things as shares, and the Community is also participating in these discussions. All this is the result of the developments over the last few years which have made it economically possible for third countries—chiefly the oil-exporting countries—to invest on a large scale in the Member States of the Community. Since none of these oil-exporting countries is a member of OECD, there are no limitations to the substance of any regulations

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introduced by the Member States of the Community with a view to restricting or at any rate controlling investment by these countries. In actual practice, all Member States exercise some form of control, or they can at least keep a close watch on developments in this field.

Differences in the control regulations, however, make it possible to undermine a Member State's policy on the limitation of investment from third countries, since capital can, in theory, enter the country via another Member State which has a less restrictive policy.

This might have an unfavourable repercussion on Community efforts to liberalize investment, and it thus highlights the need for coordination. Any moves towards coordination, however, must take due account of the need to bring back capital—in other words, to recycle the 'petrocash'.

The Community is in fact faced here with a new aspect of an old problem. Up till now, the Council—despite two proposals from the Commission—did not consider the problem of investment by third countries serious enough to warrant Community intervention.

In view of the new developments to which I have referred, the Commission is now engaged in studying the problem—also in conjunction with the OECD—but it is still too early to say what steps may be decided upon. The possibility of an investment fund, such as the honourable Member proposed, will naturally be one of the various possibilities the Commission will take into consideration.

President. — I call Lord Reay.

Lord Reay. — Does the Commissioner agree that it should be possible to adopt means which would enable some countries which have the desire and the potential to do so, to take up shareholdings in Community undertakings without provoking fears among Community host countries about the control of certain industries falling into foreign hands, and that some sort of investment trust or fund might be a means of spreading such an investment without provoking such fears? Above all, should not this be done on a Community level and not a national level? It would therefore be up to the Commission in due course to produce further proposals.

President. — I call Mr Gundelach.

Mr Gundelach. — (DK) By and large I agree with the honourable Member's comments and think my reply was on the same lines as his

further comments. I can therefore only support Lord Reay's view of the situation.

President. — Since the questioner is not present, Oral Question No 12 by Mr Ansart will be replied to in writing¹.

I call Oral Question No 13 by Mr Terrenoire, whose place is taken by Mr de la Malène. It is worded as follows:

'To what extent is the Commission of the European Communities disturbed about the United States' present policy of laissez-faire in monetary matters and its consequences for:

- the pattern of international trade and, in particular, Community exports,
- the direction taken by the recycling of the funds released by the oil-producing countries?'

I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) The effect of changes in exchange rates on patterns of trade are not felt immediately, but become evident only after a certain time lag. The successive devaluations of the dollar since 1971 have helped greatly to reduce the balance of trade deficit of the United States. They have even led to a renewed surplus on the industrial goods balance. This sector—industrial goods—is of particular importance to the Community. The Community's overall balance of trade with the United States was approximately zero in 1971 and 1972. In 1974, the Community's deficit was of the order of 3 000 million dollars. The present downward trend in the dollar rate is accompanied by a slowing-down of inflation in the United States, and this combination will probably further strengthen the trend towards a balance of trade surplus. Both factors represent an improvement in the competitiveness of American goods on the international market.

As far as the second part of the question is concerned, we have been witnessing for some time now a trend towards diversification of the OPEC countries' investments. The difference in interest levels between markets in the United States and elsewhere, and the devaluation of the dollar itself, are at present encouraging these countries to invest their liquid assets in the Euromarkets or in certain international markets, rather than in the American money market.

The duration and extent of this diversification towards European currencies will depend essentially on the policy of the competent authorities, particularly with regard to control of the money

¹ Annex: Oral Questions which could not be answered during Question Time, with written answers.

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supply, interventions on the exchange market and exchange control.

The Commission is aware of the problems raised by the downward trend of the dollar rate and also, in general—and this must be added here—by the international monetary confusion. The Commission feels—and we have stated this often in this House that the multilateral coordination of economic and monetary policy between the principal countries should be intensified, particularly with respect to interest policy.

President. — I call Mr de la Malène.

Mr de la Malène. — (F) While thanking Mr Haferkamp for his reply, I should like to put another question of a slightly different, slightly more general nature.

We all know that in every monetary—or even economic—system, there is an active pole and an inductive pole. How does the Commission account for the fact that, in the present international economic and monetary system, the United States—faced with the economic difficulties with which we are familiar—can nonetheless play an inductive rôle by means of a non-stringent monetary policy, while the countries of the European Economic Community are unable to develop a monetary strategy in keeping with their economic and monetary potential?

This is an anomalous situation on which we should like to hear the Commission's views.

President. — I call Mr Haferkamp.

Mr Haferkamp. — (D) The answer to this question could well be the subject of extensive debate, since we would have to go into great detail on both the economic and monetary aspect. Although the American economy is currently going through difficult times, it is still very important and shares first place in world rankings. Moreover, if you take the currency basket used as a basis for the special drawing rights, the dollar—accounting for more than 30 %—is the most important component. These facts indicate the share of world trade held by the United States economy. On the other hand, it is also a fact that the weakness of European efforts in this field is becoming apparent, that we have not progressed as rapidly as we wished, over past years, in our repeated efforts to reinforce our coordination and our community of interests in economic and monetary policy. Our relative weakness is also largely our own fault.

President. — I call Mr Artzinger.

Mr Artzinger. — (D) Mr President, may I ask Mr Haferkamp how his remarks about coordinating the monetary policies are to be interpreted? I took the Commission's statements in Washington to mean that it realizes that, in the present situation, the floating exchange rates could probably not be dispensed with for some time yet. May I therefore ask what kind of coordination of monetary policies he has in mind, given that we shall continue to have floating exchange rates in the foreseeable future?

President. — I call Mr Haferkamp.

Mr Haferkamp. — (D) The coordination referred to here is not so much the coordination of exchange rates in the narrow sense.

We must of course expect to have floating systems or individual floating currencies for some time yet. What is essential is that certain rules or codes should be adhered to within the international system. It is, however, necessary to have liaison or a standardized procedure, if there is not to be even more confusion. These are my general comments with respect to exchange rates.

In this context, it would be useful to have coordination, or at least liaison, between the Member States on, for instance, major aspects of central bank policy, money supply policy, interest rate policy and reserves policy, in order to influence the disparities between economic areas and individual currencies, and to avoid creating difficulties.

My remarks on coordination should be interpreted in this light.

President. — Question No 14 by Mrs Goutmann will be answered in writing, since the author is not present.¹

As we are at the end of the time allotted to Question Time, the questions with which it has not been possible to deal today will be answered in writing, unless their authors request that they be included in the next Question Time.

Question Time is closed.¹

Thank you, Mr FitzGerald, Sir Christopher Soames, Mr Cheysson, Mr Gundelach and Mr Haferkamp.

¹ Annex: Oral Questions which could not be answered during Question Time, with written answers.

8. *Statements by the Presidents of the Council and Commission on the Conference of Heads of State and Government in Dublin*

President. — The next item is the statements by the President-in-Office of the Council and the President of the Commission of the European Communities on the results of the Conference of Heads of State and Government of the Member States of the European Community held in Dublin on 10 and 11 March 1975.

I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — It seems to be my fate to bring news from Heads of Government meetings hot foot to Parliament. This is the second occasion—the first was the meeting before my presidency, when acting on behalf of the French President—that by happy coincidence the opportunity for me to report to Parliament falls on the day immediately after the Heads of Government meeting. One consequence of this, however, is that in the time available it has not been possible for me to prepare my remarks as thoroughly as I should have wished.

I am in the curious position of having my Head of Government's speech only in the French language and I may have to translate parts of it for the benefit of the House. Subject to these qualifications and limitations, I shall endeavour to give you some impression of the outcome of the meeting and of its atmosphere.

You know already that the meeting was a success. The Heads of Government were able to deal successfully with all the issues before them and, above all, with those questions which remained in relation to the question of continuing British membership. You are aware, I think, that it had already been decided that, in contrast to earlier meetings of Heads of Government, this meeting, as the first of a new series of more regular meetings, would not be followed by a communiqué setting out in detail the views of the Heads of Government on every issue. Instead, a flexible procedure would be adopted under which, on certain matters, there could be declarations of a formal character, on others perhaps statements and on others merely a verbal report by the President of the Council to the public through the press on the particular matters discussed. On this occasion we have that mixture of forms of reporting of the results.

I shall start with the question of British membership. The discussion of this matter was carried out in an atmosphere of great good will, as indeed has been the case throughout these

negotiations. It was evident that all members present were anxious to reach a satisfactory conclusion on this matter at this meeting, and no efforts were spared in seeking solutions to particular problems, some of them very technical and very difficult.

The discussions were somewhat long at times, partly because of the complexity of the matter we were discussing when dealing with the correcting mechanism. Our problem was to meet not only the concern of the United Kingdom about the possible burdens on it in certain economic conditions but also the preoccupation of other Member States about the possible cost of any arrangements which might be made and the concern of some Member States about the desirability of minimizing, as far as possible, the rôle that customs duties and levies would play in the final formulae.

The reconciliation of these different considerations led us to explore a number of complex formulae, some of which proved abortive and not likely to give us the results we wanted, before finally we came to a relatively simple solution of the problem, which was one put forward by the President of France as a compromise solution. This finally proved acceptable to all the Member States present and, it must be said, also to the Commission, because it was on the basis of the Commission's communication that we were discussing the matter.

If I may summarize the results, therefore, the suggestions outlined in the Commission's communication were accepted, with two or three exceptions which I shall define. First, the balance of payments deficit criterion was removed as a precondition for making any refund payments under the correcting mechanism scheme. Secondly, the proposed two-thirds ceiling limit was eliminated and no longer applies. Instead, two new provisions were made.

First, it was agreed that there should be a limit of 250m u.a. on the total payment to be made under the scheme proposed, with the provision that as and when the Community's Budget reached a figure of 8 000m u.a. the limit would be expressed not in absolute terms of 250m u.a. but as 3% of the Community's Budget.

Secondly, it was also agreed in respect of the balance of payments, the criterion of a deficit as a necessary precondition for any payment having been removed, that where a moving average drawn up over three years indicated that the balance of payments and current account of the country in question was in surplus, the correction should affect only the difference between the amount of its VAT payment and the figure resulting from its relative share in the Community's gross domestic product.

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With these two new elements having been introduced and those I have mentioned having been removed the communication of the Commission on this matter was accepted. I believe that this was a major achievement, because from the beginning this was seen by the United Kingdom as being one of the most crucial elements in any decision that the government would take in recommending continued membership to the people of the United Kingdom, and on the side of the other Member States it was seen as one of the problems likely to prove of the greatest difficulty for obvious practical reasons as well as potentially for reasons connected with the basic principles on which the Community is based. The fact that it was possible to find a solution to this problem was the key to the success of this whole process on which we have been engaged during the past year.

The other matter which has to be dealt with in connection with British membership relates to the question of imports of dairy products from New Zealand under Protocol 18. Here the Heads of Government invited the Commission to present a report to prepare for the review provided for in Article 5 of the Protocol and to submit as soon as practicable a proposal for the maintenance after 31 December 1977 of the special import arrangements referred to in that article.

It is our understanding that the Commission is likely to be in a position to put forward such a proposal within a period of about four months, by July next. The Heads of Government observed that the Institutions of the Community have already, during the period of operation of the Protocol, carried out certain price adjustments within its framework. In the same spirit the Community, which remains attached to a fair implementation of the Protocol, expressed itself ready through the voices of the Heads of Government, meeting in the Council of the Communities, to review periodically and as necessary to adjust prices having regard to supply and demand developments in the major producing and consuming countries in the world and also to the level and evolution of prices in the Community, including intervention prices in New Zealand, taking moreover into account cost developments in New Zealand and trends in freight charges. It is on the basis of these considerations that the Commission is preparing a proposal to be submitted within this relatively short deadline to the Council.

On the question of the quantities involved, it was agreed that for the period to 1980 the annual quantities, depending on future market developments, would remain close to effective deliveries under Protocol 18 in the year 1974 and the quantities currently envisaged by New Zealand

for 1975. These considerations all relate to butter, because Protocol 18 provides that after 1977 exceptional arrangements for imports of cheese cannot be maintained. The Heads of Government agreed, however, that this situation, namely the termination of arrangements under Protocol 18 for cheese and problems which may arise therefrom, will be given attention with appropriate urgency. They went on to express the wish that in the same spirit as the Community approaches the application of Protocol 18 there should be ever closer cooperation and development between the Institutions of the Community and the New Zealand authorities with the object of promoting in their mutual interest the orderly operation of world markets in dairy products.

On that basis, a solution was found to the second outstanding problem.

In the light of these decisions and these orientations by Heads of Government, the United Kingdom Prime Minister will report to his Cabinet, I understand, early next week. That Cabinet will take a decision on the recommendation that it is to make to the people of the United Kingdom about continued British membership. It is clear that if the Cabinet decides in favour of a recommendation to the effect that the United Kingdom should remain a member of the Community, the Prime Minister will press home that recommendation to the British people; but, of course, the decision as to what recommendation to make must be taken by the British Cabinet.

You will appreciate, Sir, that these matters absorbed a good deal of our time, especially in view of the technical complexity of the correcting mechanism and the discussions concerning it. The Heads of Government, however, discussed a number of other matters. There was a useful discussion on the Conference on Security and Cooperation in Europe, at present in progress in Geneva, and a statement was issued on that subject. In the concluding paragraphs the Heads of Government pronounced themselves in favour of concluding the work of the Council as rapidly as possible and to this end intended to continue and intensify its efforts to seek in an open and constructive spirit positive solutions to problems still under discussion or outstanding. They hope that participating States will make, as the Council has decided to make, every effort to obtain a balanced and satisfactory result for all subjects on the agenda, as this would make it possible to conclude the Conference at an early date and at the highest level.

The Heads of Government gave considerable thought to the question of energy policy. It was agreed that intensive preparations for a conference involving both consumers and producers

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should be undertaken immediately within the Community framework. It was agreed that these preparations should relate to and be concerned with analysis of the different problems likely to arise during the conference and the preparatory meeting, both problems which specifically relate to energy, economic and financial problems and problems relating to developing countries which are directly linked to the question of energy. The aim will be to seek to define common positions on these matters which will take account of the positions taken, or likely to be taken, by the other participants to the conference.

The preparation for the conference is to be undertaken under the authority of the Council of Ministers of Foreign Affairs within the framework of an *ad hoc* committee at a high level composed of representatives of Member States and of the Commission. This *ad hoc* committee will work on the basis of an inventory of problems likely to come up during the conference and the preparatory meeting which will be established by the Commission and of proposals which the Commission will make to the Council, as well as on the basis of suggestions and, indeed, requests or proposals presented by Member States.

On the basis of that work, the Council will take appropriate decisions and will in particular fix the content and the modalities of the dialogue to be undertaken both with other consumer countries and with producer countries. The Council agreed to meet at the level of Heads of Government in adequate time to prepare the main Energy Conference.

These, then, were the decisions taken and incorporated in the declaration made by the Heads of Government on energy policy as it relates to the producer/consumer conference.

There was discussion of the economic situation in the Community and in the world, as indeed there was at the last Heads of Government meeting in Paris. The Heads of Government remain concerned at the very serious economic situation. The views that were expressed are to be taken into account by the Council of Finance Ministers of the Community which will take place on 18 March and which will examine the problems of unemployment and inflation which are affecting the Community and, indeed, the rest of the world so severely at the present time.

There was also a very useful discussion on the question of raw materials, a matter which has not come before the Heads of Government or, one might almost say, before the Council of Ministers to any significant degree until this time. It was decided that this problem should be

further considered by the Council of Ministers of Foreign Affairs on the basis of proposals to be presented by the Commission to the Council. This is a matter to which I am sure the Heads of Government will wish to return at future meetings.

The discussion was necessarily a preliminary one. As I have said, this is a matter which has not hitherto been given much consideration. It was very useful to have a first round of discussions on this subject, but much remains to be done before we can reach the point where any concrete proposals that would have a significant effect upon this whole area of raw materials can be arrived at.

On Cyprus the Heads of Government, recalling the statement issued by the Foreign Ministers following their meeting in Dublin on 13 February, expressed the hope that, in the context of the discussions currently being held at the United Nations in New York, there would be an early resumption of negotiations. The Nine will, of course, continue to keep in close touch with developments as regards the situation in Cyprus. Those were the matters discussed by the Heads of Government. I apologise again for the informal nature of the report I am making in all haste at this time, barely 12 hours after the conclusion of the conference.

I shall, of course, be happy to listen to the views of Members. If there are any points that Members may wish to raise on which I can give further clarification, I shall be happy to deal with them at this stage if time permits. By that I mean, of course, your time and not mine, as I am available to you for the remainder of the day.

(Applause)

President. — Mr President, you were far too modest in apologizing for your report. It was extremely interesting and clear. We are grateful to you for the effort you have made to be with us today in order to present your information to us in person.

I call Mr Ortoli.

Mr Ortoli, President of the Commission of the European Communities. — (F) Mr President, before I speak about what happened in Dublin yesterday, I should like to congratulate you personally on your election to the presidency of Parliament.

We enjoyed excellent cooperation with your predecessor. I think the cooperation between us, which began when you were performing other duties, is proving equally good. You may rest assured that the Commission and its Pre-

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sident will cooperate with you in strengthening the bonds between our two institutions.

Mr FitzGerald has described the circumstances in which he and I myself are speaking today. I would add that having been obliged to be here by nine o'clock to chair the Commission meeting, I am not very well equipped either to give a systematic report on what was said.

The President of the Council has given you an overall view of the essence and scope of this European Council. However, I feel that, as President of the Commission, I should give an account not only of what was done, but of the manner in which the business was conducted, for what took place was not an experiment, but the beginning of a new process.

My first observation is that it is of course impossible to tell what the effects will be of this reorganization of our institutions. But what I can do, I think, is to make an initial assessment of the meeting which was held in Dublin.

There is no doubt that what is positive about the idea of a European Council is the political aspiration, the willingness to debate at the highest level the major issues affecting the Community and to produce, again at the highest level, policies which will enable the Community to get back on to the path from which, as we well know, it has strayed somewhat in the last few years. The first thing we have to decide is whether this is in fact what we have begun to do, while making all due allowance for the inadequacies inherent in any new experience.

The major issues were indeed dealt with and were dealt with properly. As Mr FitzGerald has pointed out, these issues naturally involved certain technical problems, but we know very well too that in any important question there comes a time when a political decision has to be made. The authors of the Treaty of Rome knew this too, and this is the case whether one is dealing with technical questions, questions of substance or questions of procedure. It is indisputable that right from the very choice of issues, including the greatest of them all, namely the cohesion of our Community, the way in which the business was conducted and the spirit in which the nine Heads of State or Government and the Commission worked were on the whole what one might have expected of this first meeting.

There is no doubt that the meeting fought shy of certain admittedly important problems, but these were problems which did not require joint reflection and a joint commitment by the leaders of our respective countries.

There can be no doubt either that the debate on the most vital issues also led to positive con-

clusions. The institution's action cannot therefore be called 'hesitant', since we managed to deal, within a very short space of time—a day and a half—with the questions on the agenda, and these were questions of major importance.

Secondly, the trap of acting as a court of appeal was avoided. The Council did not have to deal with problems which the Council of Foreign Ministers has failed to settle. That was one thing you were worrying about, as the Commission was too. During the preparations for the meeting Mr FitzGerald and I took great care to ensure that the temptation to tackle certain questions was resisted. We felt that if at the very first meeting of this Council we were led into discussing matters—however important—by way of arbitration, we would be putting the functioning of the machinery at risk, something which I am profoundly convinced should be avoided at all costs. I am not saying that the European Council will never act as a court of appeal. I am not even saying that we shall not be tempted to ask it to do so. This is one of the danger areas on which we shall have to keep an extremely watchful eye.

It would be a very bad thing to turn the European Council into an arbitration board. But even during our talks on this major issue of British Membership we did not fall into this trap. The political problems were settled at the right level. This second observation of mine is therefore also positive, but I would repeat that we must continue to be watchful.

My third observation will not surprise you since it concerns a matter of major importance in Parliament's eyes: the rôle of the Commission was respected to the full. What we might have feared—and what we may fear in the future, as this was only the first of these meetings—is that the tendency for matters to be dealt with in a more comprehensive manner and the slightly less formal character of our work might lead in fact to what we have always tried to avoid, namely to the Commission's being dispossessed of the rôle assigned to it by the Treaty of Rome.

I am sure Mr FitzGerald will not disagree with me; the comprehensive treatment of matters did not have any such effect. On the contrary, the Commission was very much in evidence throughout, it took an active part in all the work, and questions falling within the terms of reference of the Community were dealt with, in the Commission's view as they should have been. This means that the Commission's rôle as guardian of the Treaties was respected throughout and was maintained as effectively as could have been wished. It also means that work will carry on as it should within the institutions, and in par-

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ticular within the Council, in conformity with the rôle which the Commission must play. Finally, it means that the Commission is involved in the whole of this process by playing not only its legal rôle in respect of the Treaty, but its political rôle too.

Please do not get the idea that what I am saying is that everything in the garden is rosy and that we have founded an institution which is going to solve all our problems. On previous occasions here I have revealed a certain amount of anxiety. I would not go so far as to say that the experience of the last few days has shown this anxiety to be unfounded, as we must continue to be watchful, but there are very promising facets.

I should like to make another observation about the actual content of the discussions. I shall not dwell upon this since Mr FitzGerald has already provided you with the necessary details.

The central issue of this Council meeting was of course the British question. As we might have expected, it was the subject of detailed, serious, balanced, political study. As regards the questions on the agenda, this study was based on the proposals put forward by the Commission. As Mr FitzGerald has told you, our proposals met with very wide approval. It may be said, therefore, that this Council meeting made it possible to complete the file on this issue, which is of such vital importance to Europe. Last month I set out the Commission's position on this major problem of British membership of the Common Market and I explained the reasons why we hoped fervently that our British friends would remain among us. I said that we wished to settle the matter with conditions which would be satisfactory for the Community, for the interests of our various Member States and for the interests of the United Kingdom. At Council level the issue is now closed. The debate must now be brought before the British Cabinet and then before the British people. We, for our part, have done what we had to do. We have reached the culmination of a process in which our Treaty has shown both its strength and its qualities, and among these qualities the vision and discipline which are readily attributed to it, as well as a certain inherent flexibility which we have rediscovered in all our work since last April.

The Commission has played a full part in the process which came to its conclusion at the Council yesterday, since the discussions involved our dual rôle of initiative-taking body and guardian of the Treaty.

I shall not dwell upon this point any longer, as everyone knows that there is no problem of

greater importance to the Community today than that of British membership of the Common Market. I regard with satisfaction the fact that we are now approaching the moment of decision.

Mr President, I thus come to the conclusion of this very brief speech. I am all the more pleased, for all the reasons I mentioned and for others too, that we have been able to achieve this clarification in conditions which seem to me now to be perfectly clear-cut. I do not take back anything I said here last month about the problems facing the Community, about the need for it to set its sights high enough and advance steadfastly. We must put an end to our uncertainties as to the way in which we work together and as to what we are. The coherence and the sweep of the Community are decisive factors which must help us to fulfil our appointed task, to press ahead with our work and to deal with our problems while showing due respect for the institutions.

The British problem was not the only one on the agenda; there was the energy question too, and I am most pleased with the decisions which were made in this field. These are of course procedural measures, but the European Council will often provide general guidelines and take procedural measures. It seemed a good sign to me that, despite the length of the debate on the British problem, the Council was willing to tackle the problem of the preparation for the conference which it is planned to hold after the preparatory meeting in order to seek a common approach. This issue gave rise to a considerable number of problems and difficulties. I hope that this new procedure, which was introduced with great vigour and determination, will bear its full fruit, more fruit than the work we did in other circumstances. As I have clearly stated, you know what disappointments we have sometimes endured in this area. The Council will have to meet again to talk about this specific problem, and this too provides an incentive and encouragement; it is a kind of challenge to our ability to devise joint solutions to the major problems.

Those then, Mr President, were the thoughts I wished to put before you. The results, let me repeat, are of the kind that the Commission would have wished. Watchfulness will be necessary as regards our institutions, but if a little political inspiration returns to our manner of conducting business, I do not think that anyone will complain either in Parliament or at the Commission. We are well aware that, however commonplace words like 'resolve' or 'political inspiration' may sound, this is after all what makes it possible to press ahead and overcome those sometimes absurd obstacles which we put in the way of our own progress.

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Mr President, I cannot conclude without noting that the atmosphere at this Council meeting was good and that the debate has shown that the atmosphere is better when things are conducted and organized efficiently. We received a warm, kind and friendly welcome from our Irish friends—'a hundred thousand welcomes', they say over there. I was delighted with this welcome and with the faultless efficiency and organization, for which we must thank the Secretariat of the Council and the Community's interpreters too. The quality, authority and competence of the presidency always represent an appreciable contribution, though difficult to assess in precise terms, to any positive results achieved. We had this atmosphere, we had this authority and this competence, and we had efficiency!

(Applause)

President. — Thank you very much, Mr Ortoli, for this additional information and these encouraging remarks.

I would remind the House that, pursuant to the last paragraph of Rule 32 of the Rules of Procedure, following statements by the Commission or Council in plenary sitting the chairman of the committee responsible may be heard for five minutes and other Members of Parliament for a total of fifteen minutes without, however, engaging in debate on the subject.

I call Mr Patijn.

Mr Patijn. — (NL) Mr President, I am very grateful to Mr FitzGerald and Mr Ortoli for their statements about this conference. After years of summit conferences of varying degrees of success this was the first normal Council meeting. I am delighted that the Minister and the President of the Commission have returned here so rapidly from Dublin to give us their reports as quickly as possible.

First of all I should like to say something about the character of this Council meeting and at the same time comment on what Mr Ortoli said. I agree with him when he says it is necessary to keep a close watch on what the Council does in the future. I also think it is significant that he said the Commission had been able to play its political rôle. Mr Ortoli has said that the Commission must continue to play a definite political rôle. I am confident that with the European Council in this mood we are now on the right road and that the Commission will have much more opportunity than in the past of playing its political rôle at summit conferences. We shall therefore examine future Council meetings to see whether the political rôle

which the Commission considers to be allotted to it is really fulfilled.

I congratulate the Commission on the initiative it took in introducing a correcting mechanism. The result obtained yesterday proves that this particular proposal was not only technically but also politically appropriate and that it is a first step on the road to the political rôle which the Commission can play in the new Council.

I should now like to make two comments on what Mr FitzGerald said.

Regarding the British problem, I would just say that as a 'Continental Socialist', to use the English term, I am extremely glad that the first step has now been taken towards a favourable outcome of the referendum. We hope and believe that things will continue to go the right way and that in the not-too-distant future we shall be able to welcome our political friends from the United Kingdom to this Parliament. This is why I am glad that yesterday's conference was a success.

I read in the press that Mr Wilson received a number of pipes for his birthday. Yesterday's result will cost the Community 250 million pounds, and we shall have to put this in *our* pipe and smoke it for the sake of British membership. But we shall do so gladly.

Let me repeat my warm congratulations to the Commission on its proposal which made this result possible.

As far as the New Zealand question is concerned, I did not fully understand from Mr FitzGerald's statement whether the Commission must make proposals for the introduction of a special system for New Zealand in 1978 or whether this has already been approved in principle and the Commission is only required to work out details for its implementation. There is an important difference here. If the principle is already established, the question of implementation is secondary, but if the principle of special arrangements still has to be considered by the Commission, the matter obviously assumes a quite different aspect. I did, however, understand that it was no longer a question of 'whether' but of 'how'. I should like to hear this confirmed by the President of the Council.

I also noticed that Mr FitzGerald hesitated to comment on what Mr Wilson would do. On this Mr FitzGerald said 'the Prime Minister will press home the recommendation to the British people', but he quickly added that this was obviously a matter for the British Government. The United Kingdom will, however, have an advantage of 250 million units of account for a period of seven years, with a view to its

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continued membership. So I can imagine that the other eight Member States, in view of this undertaking by the Community, which involved very considerable financial concessions by Chancellor Helmut Schmidt, President Giscard d'Estaing, the Benelux countries and the other Member States, asked to hear a little more about the extent of Mr Wilson's commitment. Perhaps Mr FitzGerald can make a further comment on this. He does not of course represent the British Government, but I should like to hear from him what was said by the other Member States of the Community.

(Applause)

President. — I call Mr Giraudo.

Mr Giraudo, Chairman of the Political Affairs Committee. — (I) Mr President, on the day following your election—and may I add my own congratulations on your appointment—I feel sure you must be pleased with the way in which your term of office has begun. Indeed, to have Mr FitzGerald and Mr Ortoli speak in this House only a few hours after the meeting of the European Council clearly shows the great importance which they attach to the European Parliament and this is of course most gratifying.

Secondly, I should like to stress that as both Mr FitzGerald and Mr Patijn have pointed out, the British Prime Minister has adopted an attitude which seems very promising even though the decision of the British Government as a whole has yet to be announced. This is then certainly an important step forward and not merely a passive stand on the part of the person chiefly responsible for British policy on the United Kingdom's continued membership of the Community.

I should also like to point out—in reference to Mr Ortoli's statements and in regard to our lengthy discussions last week about the rôle and function of the European Council in the Community—that we have good reason to share the satisfaction expressed by the President of the Commission, not only because of the rôle the Commission itself has assumed and will continue to assume in the European Council, but also because the European Council has, from the very start, shown its true character, based on the criteria given at the Paris summit.

As Mr Ortoli has pointed out it is obviously not simply a court of appeal. It is a body which issues directives and general guidelines, even though these include important concrete problems such as those which have already been tackled.

Thus, in my opinion, a stronger Community structure at this level can only lead to stronger structures at all the other various levels and so enable our Community to develop and progress towards the European Union we have set as our objective and to which we shall be devoting our work over the next few months in order to keep our deadline of 1980.

(Applause)

President. — I call Mr Jahn.

Mr Jahn. — (D) Mr President, ladies and gentlemen, I think we are all glad to have the President of the Council, Mr FitzGerald, and the President of the Commission, Mr Ortoli, here with us only a few hours after the Dublin Summit meeting ended. I think I am right in saying that this was the first time the Summit conference met as the European Council, in other words—if I may put it like this—not outside but within the framework of the Community's institutions.

The Heads of Government have at the same time accepted a number of responsibilities and tasks which they must now fulfil. We were pleased to hear it said here that this European Council will in future deal with all problems on a continuous basis and at the highest level. This institutionalization is something we have been awaiting for a long time. Up to now we have been stumbling from one summit conference to the next.

I was also pleased to hear the President of the Commission say that throughout the negotiations the Commission was accepted as playing an integral part in the new institution, and that in that capacity it put forward the questions which we have debated here and that it wishes to continue to be the guardian of the Treaty.

I think we can also regard with satisfaction the fact that an essential—I repeat—an essential requirement for the United Kingdom's continued membership of the European Communities has now been met. We agree with the principle of distributing burdens as fairly as possible. We cannot allow any one member to have advantages in this respect. I am therefore gratified that we have arrived at a fair distribution of burdens among the Member States, not only to the United Kingdom. Now that the wishes of London have been met as far as possible by the partner states, we must expect our British friends to make their due contribution towards the political and economic union of the European Community and to become involved in the process of integration with a full

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acceptance of their rights, and of their duties too. This needs to be stated clearly today. We cannot allow one state to be continually attempting to procure itself special arrangements, for we would then be marking time, or even slipping backwards.

I should like to make a comment on a third topic discussed by the European Council and mentioned here. In our view the common raw materials and energy policy is high on the list of priorities. With the approach of the conference of energy producer and consumer countries, in which the developing countries will participate, it is essential for Europe to have a uniform policy. Although Mr Ortoli has qualified this somewhat—what is involved basically is a question of procedure, the question, now settled, of how to organize joint action—we are of the opinion that, as at the ECSC negotiations, perhaps we too can pull ourselves together and conduct the negotiations with one voice. Whether the decision taken in Dublin to set up a new *ad hoc* body, namely a Committee of top ministry officials, will lead to real progress in energy policy remains to be seen.

I now come to my final remark. Unfortunately, I repeat, unfortunately, no concrete progress was made at the conference with regard to economic and monetary union. This we still regard, together with the political cooperation of the countries of the European Community, which is the objective of European union, as a matter of particular urgency. Above all it implies a joint struggle against inflation and unemployment within a stable European Community.

(Applause)

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — (D) Mr President, I should like to endorse the words of the previous speaker and say that the respect I already had for Mr FitzGerald and Mr Ortoli has been further enhanced by the fact that after so few hours' sleep they have been able to accomplish so much in order to report to us today. As Members of this Parliament we are very grateful for this.

I shall be very brief and mention only three points. In my opinion it is too early today to pronounce on the new changes involved in the correcting mechanism. As both Presidents said, we shall have to put it to the test, both here and in our national parliaments. I suggest that in doing so we should consider this new mechanism in its total context and not merely in relation to the United Kingdom, which is, as it were, first in the queue. Mr FitzGerald

and Mr Ortoli will, I am sure, understand that we must confine ourselves to thanking them for their additional information without giving an opinion on the matter.

Mr FitzGerald, I would like you to tell us whether in your opinion and in the opinion of Mr Ortoli too, we can really be sure that no further British demands will be made on the Community in connection with the June referendum. I think this question is of great concern to all the other Member States of the European Communities. You are not the British Government, Mr FitzGerald, but you are the President of the Council of Ministers, and the Community is involved in this. I hope that your answer will be a positive one.

And now that the British Prime Minister has celebrated his birthday and has received a present which should satisfy him at least for the remainder of his term of office, we hope that he will give us as much satisfaction with the referendum as you have done with the results you have presented to us today.

(Laughter)

My last question is addressed to both Presidents. In connection with energy policy you spoke of the *ad hoc* group of high-ranking officials which has just been set up, if I understood correctly. It is not quite clear to me whether this new committee is designed to have a kind of umbrella function for the Energy Agency, which works within the framework of the Eight, whereby the remaining bilateral and trilateral relations would all be taken care of, or whether it is just an additional grouping with the task of ensuring at last that in spite of the familiar differences which still exist—minimum prices, own oil production (for example in the United Kingdom)—a common energy policy will emerge. Or is this just another way of masking our inability to devise a common energy policy by setting up yet another committee? I should be grateful if we could have as precise an answer as possible to this.

(Applause)

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — Several points have been raised, and perhaps I may be allowed to reply to them to ensure that the complete picture is available to the House.

I thank the House for its reception of the account of the Dublin meeting which I gave and which President Ortoli developed. I also thank President Ortoli for the kind things he said

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about the atmosphere and arrangements in Dublin. We should like to think that they helped to produce a good conclusion. My country and the presidency were very conscious of their responsibilities with regard to the meeting in Dublin, recognizing that it is the first of a series of meetings. The way in which it was planned and organized and the procedures adopted were important, not merely for the sake of the success of the meeting but because, due to its nature, it would set a precedent for future meetings.

Our concern throughout was to ensure the full preservation of and respect for the Community powers and to ensure that the new arrangements would in no way interfere with the proper working of the Community. The Secretary of the Council was there throughout and played an active part in the practical work and in ensuring the efficient organization of the meeting, for which I am grateful. The Commission was present and played its full rôle as it does at Council meetings.

The Heads of Government were not taking formal decisions on Commission proposals but, in some instances, were giving orientations based on Commission communiqués. Therefore, the formal question of decision-taking did not arise. Community powers were fully protected throughout and the Commission played its full rôle. That was the wish and, indeed, if I may say so, the determination of the Irish presidency.

On the specific points raised, the proposition with regard to New Zealand is that the Heads of Government invited the Commission to prepare the review provided for in Article 5 of Protocol 18. It is a question of the Commission making proposals in the matter along the lines indicated by the Heads of Government, which I think are entirely in accordance with the views of the Commission as to what is appropriate within the framework of the Rome Treaty, the Accession Treaties and Protocol 18.

The period for which the correcting mechanism applies is expected to be an experimental period of seven years. The figure of 250m u.a. is a ceiling for any particular year. The amount shall not exceed that figure in any one year, or shall not, after the Budget reaches 8 000m u.a. exceed 3% of that Budget in a particular year.

On the question of Prime Minister Wilson's position, I note the assurance given by several speakers that I am not the British Government. I hope that the fact that it is felt necessary to reiterate this assurance does not indicate any fundamental doubt on this point which would certainly worry Prime Minister Wilson. I am in

the position that I cannot speak on his behalf. He spoke for himself last night in Dublin, and his government will be making up its mind in due course as to the line to take.

What is perfectly clear is that we are at the end of this process. There is no question of coming back again for any further negotiations on this matter. The arrangements that have been agreed will be put to Mr Wilson's government and they will be either accepted or rejected. If accepted, they will be recommended by him to the British people, and I am sure that he will wish to recommend them with the full political force of which he is certainly capable.

I hope I may be permitted to express the hope, which I know is the hope of everybody in this House, that the British Cabinet will form a favourable view, that it will recommend continued British membership on this basis and that this will be adopted and endorsed by the British people.

Mr Blumenfeld raised the question of the *ad hoc* group in connection with energy. The position is that this has nothing to do with the Energy Agency. It is a question of the Community as such concerting its position in preparation for the producer/consumer conference. Eight of the Community countries are members of the Agency. Any position adopted by the Community for the producer/consumer conference as a result of this concertation process will no doubt be carried through into discussions in the Agency in so far as it is relevant to its work.

We are talking here of preparations for the main producer/consumer conference. We are talking about trying to ensure that there is a single Community position as far as possible on all issues and setting up a process by which this may be done. It is, therefore, separate from the Energy Agency. It is a Community matter.

I am very glad that this decision was taken, because the fact that the Agency exists and eight countries are members and one is not has certainly created difficulties for us in the Community. This now represents a move towards a greater concertation of Community attitudes in relation to energy policy. This is, I would even say, overdue. I am very glad that the Heads of Government have taken this decision.

Those are the points that were raised in the debate to which I wished to reply very briefly.

In conclusion, I wish to say that it is a source of great satisfaction to my government that we have been fortunate enough to inherit the presidency at a moment when the Community is regaining momentum and that within the first

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10 weeks or so of our presidency so many matters which had matured under previous presidencies and on which so much work had been done under previous presidencies had reached the point of discussion: the conclusion of the ACP negotiations; the preparation of the GATT mandate; the final stages on regional policy and the regulations on the Budget which are now before you; the settlement, we hope, of the issue of British membership and, indeed, even matters such as the first regulations to be adopted in relation to the liberal professions.

We have been fortunate to inherit the presidency at this moment. I hope that the momentum of these first 10 weeks of the year can be maintained and that 1975 will be a year in which the Community, having perhaps for a period lost a certain momentum, will be seen to have regained it and that we can look back on this year as one of historic importance for the future of the Community. However, that is looking too far ahead after only 10 weeks. I can only hope that after 26 weeks I shall at least be able to think and talk in the same terms.

(Applause)

President. — Thank you, Mr FitzGerald, for replying to these points and for the hopes which you express and which we also share.

Consideration of this item is closed.

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

The House will rise.

(The sitting was suspended at 1.25 p.m. and resumed at 3.15 p.m.)

President. — The sitting is resumed.

9. Order of precedence of the Vice-Presidents

President. — The order of precedence of the Vice-Presidents has been determined as follows:

Mr Bersani, Mr Berkhouwer, Lord Bessborough, Mr Yeats, Mr Bordu, Mr Behrendt, Mr Burgbacher, Mr Guldberg, Mr Martens, Mr Corona and Mr Santer.

I call Mr Dykes for a procedural motion.

Mr Dykes. — Mr President, I hope you will not think me discourteous if I raise the question of Parliament's keeping strictly to time. I apologize for interjecting this matter now, and I do not wish in any way to be abrasive or difficult just at the time when you have the honour to be taking office and starting in your distinguished

position as President. However, I think it is important for all of us, as parliamentarians from different countries in the Community, to accept the solemn principle that all well-ordered, well-administered and effective Parliaments adhere ruthlessly to the practice of beginning their sittings on time. Once a Parliament ceases to start its sittings on time, it will be showing fear or favour to someone, or to a group or perhaps a section within that Parliament. It must be a solemn principle of the operation of all Parliaments that they show neither fear nor favour to any individual, group, section or party within them.

I hope, Mr President, that you do not mind my raising what I think is an important point. I hope you will be able to provide an assurance to all parliamentarians at this session that for the future this Parliament, like national Parliaments in the Community, will adhere ruthlessly and rigidly to a fixed and sound timetable. For example, this sitting was due to start at 3 o'clock and it has started almost 15 minutes late.

(Applause)

President. — I thank Mr Dykes for his comments.

We shall endeavour to remedy the state of affairs to which he has drawn our attention.

10. *European Regional Development Fund — Transfer to the European Regional Fund of an amount from the EAGGF — Amending and supplementary budget No 1 of the Communities for 1975*

President. — The next item is the joint debate on the following reports:

— report drawn up by Mr Delmotte on behalf of the Committee on Regional Policy and Transport on the European Regional Development Fund (Doc. 534/74);

— report drawn up by Mr Aigner on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation on the transfer to the European Regional Development Fund of 150 million units of account out of the appropriations held in reserve by the Guidance Section of the European Agricultural Guidance and Guarantee Fund (Doc. 532/74);

— report drawn up by Mr Aigner on behalf of the Committee on Budgets on the draft amending and supplementary budget No 1 of the European Communities for the financial year 1975 (Doc. 533/74).

President

In accordance with yesterday's decision, the vote will be taken immediately after the joint debate.

I would remind the House that speaking time allotted is 15 minutes for the rapporteurs and Group spokesmen, 10 minutes for other speakers and 5 minutes for speakers on amendments.

In accordance with the procedure provided for in the Resolution of 27 September 1974, voting on draft amendments which require for their adoption the votes of the majority of the current Members of Parliament will be by sitting and standing.

Further, voting on the proposal for a decision fixing a new maximum rate of increase for non-compulsory expenditure, which requires for its adoption the votes of the majority of the current Members of Parliament and three-fifths of the votes cast, will be by roll call.

Are there any objections?

That is agreed.

I call Mr Giraud, deputizing for Mr Delmotte, rapporteur.

Mr Giraud, deputy rapporteur. — (F) Mr President, first of all I should like to say how much I regret the absence of my friend and colleague Mr Delmotte, who has played such a decisive rôle in the development and adoption of a Parliament approach to regional policy, on the very day when we have at last reached the goal we had set ourselves. I am sure you will join me in wishing him a speedy recovery.

Here I shall be giving you the opinion of the Committee on Regional Policy and Transport, which has adopted this report by urgent procedure by 20 votes with 2 abstentions.

I shall leave it to my colleagues from the Committee on Budgets to discuss the financial and quasi-institutional aspects of the issue, and I will therefore only be dealing with matters of regional policy as such. First of all I would point out that the European Parliament has always pressed for the creation of a regional development fund and a committee on regional policy, and the adoption of the basic regulations in the near future will represent a real success for the House.

The Regional Fund is the first step towards the implementation of a Europe-wide regional policy, something that Parliament has been demanding since 1960, primarily in a series of reports by Mr Birkelbach, Mr Bersani, Mr Mitterdorfer and Mr Delmotte.

I would also remind Members that in 1966 Parliament recommended that a special fund be

established to finance regional development, as an instrument of a wider regional policy, in point 10 of the Resolution of 27 June following Mr Bersani's report.

The European Parliament should play a part in the implementation of this regional policy by exercising its power of control over the Commission, which is responsible for managing the Regional Fund. And today, when economic expansion is not an end in itself but above all a means to equalize living conditions, Parliament must ensure that the Commission does not attempt to back up the much-criticized process whereby wealth is attracted to wealthy areas. The Fund should help to keep alive, and indeed develop, regional communities.

The Committee on Regional Policy will no doubt be an important factor in the realization of these plans, as its rôle will be to coordinate the regional policies of the Member States and to arrive at an overall view of regional development in the Community, an essential factor in its progress.

At the sitting of the European Parliament on 19 February 1975, the President-in-Office of the Council invited Parliament to join the Council at a conciliation committee meeting to study the new draft texts relating to regional policy. At this meeting, held on 4 March 1975, the Parliament delegation—in which you, Mr President, played such an important part—found that the texts up for the Council's approval are in fact appreciably different from those taken as the basis for Parliament's opinion, and the delegation asked the Council to be consulted again.

The European Parliament delegation considered that as regards regional policy, the main points of difference between the new proposals and those adopted earlier by the European Parliament were as follows:

a) concentration of aid: the new texts state that Community aid should be distributed between the Member States on the basis of percentages fixed in advance; these distribution percentages are listed in the communiqué from the last Paris Summit and are based on a scheme proposed by the Commission.

Parliament had not been consulted on this point, and hopes that the aim will be better utilization of the Fund and equality for all the regions of the Community. The system recommended may help to counteract the most serious imbalances within the Community, but does not make enough allowance for the relative capacities of the different Member States to solve their own problems.

b) Community regional policy: the new texts do not seem to recognize the need to define and

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implement a true Community regional policy. On the contrary, they appear to be a means of providing subsidies for the regional policies of the Member States.

The European Parliament has always stressed the need to establish priorities at Community level, not solely at national level;

c) social investments: the new texts seem to be aimed essentially at promoting economic investments without any parallel contribution to social and human infrastructures such as education and training, which are key factors in development as a whole. Man does not live by bread alone, but by all those things which help to improve the quality of life and which could, by the same token, vitalize and invigorate the regions of Europe;

d) participation by regional authorities: the new texts do not give any guarantee of direct and effective participation by local and regional bodies in defining and implementing development projects. Today the citizens of Europe are increasingly desirous of playing a personal part in shaping their own future and that of the region where they live. We hope, therefore, that as much as possible will be done to allow them to help us in our task;

e) the permanent character of the Fund: the new texts do not clearly state that the Regional Fund will continue to be operative after the three-year experimental period and they give no details of progressive increases in the volume of aid after the experimental stage. We can only hope that at the end of the launching period, our regional development schemes will gain greater depth and scope;

f) financial implications: the financial implications form an integral part of the texts officially under consideration. However, this aspect is a matter for the Committee on Budgets, as far as the classification of expenditure and the distinction between payment appropriations and commitment appropriations are concerned. All the same, our Committee wanted to state publicly that it agrees with the conclusions of the Committee on Budgets, which will be explained in a few minutes by the honourable Members representing that Committee.

All these statements, which perhaps seem rather wordy and long-winded, follow from resolutions adopted earlier by the European Parliament. The Committee on Regional Policy and Transport has therefore adopted this report, which simply re-states the positions so often defended by the House in debates on Community regional policy. The report concludes that what we have here is not a real Community regional

policy, but a policy of assistance and support for the regional policies of Member States. Let us hope that this is only a transitional phase which will eventually lead to the establishment of the kind of policy we wish to see.

When the regulation is revised, that is to say before 1 January 1978, the European Parliament will have to examine how far the reservations it is expressing today have been taken into account. For the moment, however, we would recommend that Parliament refrain from proposing amendments, so as not to delay the implementation of the Regional Fund. I therefore ask the House to approve the text submitted to us, if possible unanimously, as I am sure, Mr President, that it will be the starting point for a full-scale Community regional policy.

(Applause)

IN THE CHAIR: MR MARTENS

Vice-President

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, ladies and gentlemen, I think it is best if I take both reports and resolutions at the same time and discuss them together, as they also overlap to a certain extent.

Mr President, I refer to my two resolutions, PE 39 749/fin. and PE 40 036. Here we are dealing with the new activities of the European Communities, with regional policy and its financial implications. I think the Committee on Budgets has the same misgivings as the Committee on Regional Policy and Transport, but we too feel we should be thankful that a start has at least been made. And with this in mind, we must concur with the other committees, at least on the central issue.

Mr President, both financial operations—the regulation on the transfer of 150 million units of account to the European Regional Development Fund, and the first supplementary budget—have their legal basis in the basic regulation, or proposal for a regulation, of the Council on the establishment of a European Fund for regional aid and the addendum to this. Here I should like to give the Council its due—after the first paper we originally received, the basic document that is, which prompted a number of questions in our debates—and emphasize that the explanatory memorandum is a remarkably logical and well-formulated work. I think we should thank the Council and its officials for this skilful formulation, especially in the addendum, and congratulate them on their thorough and intellectually demanding work.

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Mr President, it was in connection with this whole package that the Council invited us, for the first time, to a conciliation meeting over a legislative act, and I am sure I have the support of the whole House in thanking the Council, and especially our President-in-Office, Mr Fitzgerald, not simply for the invitation and this goodwill, which was clearly in evidence but also for the trouble he took, as the Chairman of the meeting, discussing the problem with us for several hours and trying to reconcile the radically differing opinions presented.

I am sure that it was not easy for him to accept Parliament's opinion, and then to find a common denominator with the other eight Foreign Ministers. But, Mr President, I want to express our thanks particularly because of certain negative comments made by the press after this meeting. I shall be quite forthright and refer to one of these comments in particular, because I thought it was one of the most stupid comments I read. It was in the 'Economist', and it slated our conciliation procedure in a way which completely missed the point. I would remind those concerned that of the whole Community the European Parliament was the driving force in bringing the regional policy into being. We almost had to issue an ultimatum in the 1974 budget consultations! We took a great deal of trouble to arrive at a certain formula—with the added difficulty of a voting majority which it was by no means easy to find in this House—a formula which turned out to be the key to the Paris Summit, which would otherwise have been unable to reach a decision—and now we are being criticized for our approach, simply because the delegation did not immediately say 'So be it'. The journalist responsible might at least have taken the trouble to find out about Parliament's normal working methods. As a matter of principle, a delegation cannot agree on a final formula without asking Parliament's opinion, especially if Parliament's opinion is tied to a particular voting majority.

I for one was amazed—after all, we have so many excellent journalists who really make an effort to acquaint themselves with the ins and outs of their subject and thus have the right to criticize. But when we are criticized by someone who does not know the first thing about our procedure, I think we are quite entitled to answer back.

I would suggest that our Information Division write a letter to the magazine and attempt to establish a correct and fair discussion, even at the level of journalism. Our journalists do not deserve to have their image spoilt by a few deadheads.

As for the financial implications, I can state that Parliament fully accepts the sum of 1 300 million

u.a. Although we are supposed to have a say in the budget, but were not consulted during the Summit Conference—that would admittedly have been very difficult to arrange technically—Parliament entirely approves this sum, which also, of course, entails a commitment for the 1976 and 1977 budgets. No Parliamentary Committee has so far asked for a single unit of account more than the 1 300 million. We are not in fact asking for anything which is not already contained in the Summit Conference's decision.

Another welcome feature of the regulation is the provision for a report to be submitted to Parliament in good time before the end of the three-year period. We want to use this report—and I hope that it really will be submitted in good time—above all in the budget consultations next year, to see to it that the continuity of these European activities in the sphere of regional policy is preserved.

As for the proposed enlargement of the budget, and the question of commitment and payment appropriations, we accept the suggestions made. There are no objections on this point either.

I should particularly like to thank the President of the Council for adopting our suggestion as regards staff. Indeed we were concerned that one of the aims of the regulation—the smooth and rapid flow of funds—might possibly be endangered if these posts were not created.

Again, in connection with the supplementary budget, we have no particular comments to make on the expenditure or transfer of funds against the item on the research and training programmes in respect of plutonium recycling in light-water reactors.

That leaves us with only three points calling for comment by the Committee on Budgets.

The first is the amount of the first annual instalment; the second is the question of the transfer of 150 million u.a. from the Agricultural Fund to the Regional Fund; and the third is the question of classification of this expenditure. The transfer of the 150 million u.a. affects the supplementary budget item of 50 million u.a. in Article 833 of the 1975 budget relating to the so-called Borschette reserve which we, in line with the Commission's proposals, had wished to see used for bolstering up individual projects.

But I shall come back to this in more detail later.

Mr President, let us begin with the amount of the funds for 1975. As you know, this regulation has not in fact added a single new unit of account to the budget for Community regional policy in the first year. Under the Council's proposal, 150 million in payment appropriations will be made

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available to the Commission in 1975. These 150 million are not new, however, but will simply be transferred from the agricultural budget to a new heading, for regional policy programmes. It should be clear—and I hope that both the Council and the Commission will bear with us—that Parliament cannot approve of this transaction, for the following reasons.

The Paris Summit was quite unequivocal about this, and I can read you the relevant passage. We abide by the decision of the Summit and the statements made to Parliament by the Commission and the Council following the Summit Conference. The final communiqué contains the following statement on regional policy: 'The Heads of Government have decided that the European Regional Development Fund, designed to correct the principal regional imbalances in the Community resulting notably from agricultural predominance, industrial change and structural under-employment, will be put into operation by the institutions of the Community with effect from 1 January 1975'.

And it goes on, in Point 23: 'The Fund will be endowed with 300 million u.a. in 1975, with 500 million u.a. for each of the years 1976 and 1977 i.e. 1 300 million u.a. for a three-year trial period.' This was the decision of the Summit. Mr President, immediately after the Summit on 10 December, Mr Cheysson made a statement to Parliament. I would remind you that it was on the basis of this statement that Parliament agreed to adopt the budget, and the amendment calling for twice 150 million u.a. for regional policy was withdrawn. But Mr Cheysson made this statement in Parliament, which I will now quote, and which was endorsed by Mr Poncelet as President-in-Office of the Council a few minutes later.

On 12 December 1974 Mr Cheysson said: 'This preliminary draft budget will at the very least show payment appropriations for 1975 of 300 million u.a., and will also cover certain other aspects, in particular commitment appropriations that will of course be upwards of 300 million u.a.'

Mr President, these are such unequivocal statements, and the Commission and Council gave such firm undertakings to Parliament to bring the 1974 budget consultations to a close, that we cannot just neglect them. This is why I am amazed that the Commission, too, has gone back on its statement and is interpreting the decision in such a way that, instead of the 300 million u.a. it requested in commitment appropriations, it is prepared to accept the 150 million in payment appropriations from the agricultural fund.

The Commission has advanced one valid objection which I accept entirely; it is saying that as

the start-up of the programme has been delayed, only 150 million u.a. can be put to use this year. This is the only valid argument the Commission has yet advanced in these consultations.

With this in mind, Mr President, we propose that we accept the 150 million u.a., although with certain reservations, and establish a reserve of another 150 million u.a. entered under Chapter 98.

I am suggesting this—and would like the Council to take note—because I think it would also be a means of reaching a compromise with the Council. There would be several possible ways of using this reserve, which we could perhaps specify in the budget framework of the further conciliation procedure. As I say, there would be a number of possibilities, and in discussing them we would not have to worry about vetoes by the national finance ministers. We all know, of course, how the Community finance ministers feel about coordination in this field.

But, Mr President, you may ask why Parliament and the Committee on Budgets attach so much importance to obtaining the full 300 million in the 1975 Budget. There are several reasons.

With 300 million u.a. payment appropriations over several reserves, the flow of funds will be much stronger and faster—especially once we have all agreed on backdating the implementation to 1 January 1975—and this is because our national regional policies have been in operation for several years. In other words, we will be giving the Member States concerned, and hence the Commission, greater freedom for faster launching of the programme.

But there is another reason too. If we agree to be content with only 150 million u.a. now, next year the finance ministers will have to provide the 500 million u.a. assigned for 1976 plus the 150 million u.a. which have not been granted this year. This would give a total of 650 million u.a., and they would have to stockpile payment appropriations for 1975. But surely nobody would claim that the 1976 budget situation of the Member States will be better than it is now. Mr Cheysson, if you are unable to accept this, we will find that precisely what we are afraid of has happened—that the programme is not really a three-year one, because the finance ministers may, and one can understand their motives, attempt to draw the programme out over a longer period, to cover four or five years instead of three. With the financial difficulties being experienced by the Member States at the moment, one must acknowledge that this is a very real danger.

And there is a third reason which is quite separate from the budgetary significance of the

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amount of funds: if the finance ministers intend to abide by the programme and allot 500 million u.a. in 1976 and 1977 I cannot help fearing, as the Committee on Agriculture so rightly fears, that the lack of funds in the Member States will lead to another raid on the agricultural fund, with the Council adopting precisely that policy which we condemn so utterly and which we are now trying to oppose before it is too late.

And allow me, Mr President, to explain the motives of the Committee on Budgets—I shall be quite plain. Next year, that is in the 1976 budget consultations, Parliament's scope to approve financing measures will depend on the volume of these payment appropriations. And I think it would be going too far, Mr President, for Parliament to voluntarily curtail its own rights by meekly accepting that the promise made in the 1975 budget consultation will not be kept.

I shall now move on to the second point, the classification of the funds. I would remind the President of the Council that it was this Parliament which interpreted Article 203 of the EEC Treaty as meaning that the statistical first maximum rate of increase should not apply to new activities of the Community. It was the Council and the Commission who forced us to say that all expenditure must be classified and thereby tied our hands. Expenditure must be either compulsory or non-compulsory—there is no third possibility.

You will remember, Mr FitzGerald, that in the 1974 consultations there was particularly intense conflict between us on this point. I would remind you that the Council discussed this point for more than an hour, whilst we retired for a break, and then arrived at a decision and informed Parliament and the delegation that it had agreed to classify the funds as non-compulsory. One does not have to be a lawyer to know that once such an agreement has been reached between two budgetary authorities, it cannot be broken by one party. In other words, the character of this expenditure can only be changed if Parliament agrees to classify it differently, as compulsory expenditure. We must assume—and I think that any lawyer and any court of justice would agree with us—that these funds are still non-compulsory expenditure. Thus it is Parliament, and not the Council, that has the last word about these funds, and we must insist on this. It is simply not open to discussion. I can quote several statements which prove that both the Council and the Commission accepted this as a basis. The best definition of the classification of the expenditure, Mr President, is to be found in the Council's explanatory memorandum of 1974. Allow me to read it to you: 'The Council was aware that the responsibility for determining the classification

did not rest with it alone and that the European Parliament too would, when having to determine the amendments and proposed modifications on which it was called upon to vote, have to use it as a basis during the budgetary procedure. The Council had the considerations outlined by the Parliament delegation firmly in mind when tackling the question.' And now we come to the most important part: 'It was confident of having evolved a basis for an acceptable agreement between the Institutions since the only expenditure to have been classified as compulsory was that'—in other words, was that for which the Council has the last word—'for which no budgetary authority, be it the Council for the European Parliament, was, because of the texts, free to determine an appropriation.'

Well, Mr President, this proves that the Council and Parliament have a certain latitude in fixing the amount of funds if they are non-compulsory expenditure. The Summit Conference and the Council could have put 100 million or 3 000 million instead of 1 300 million u.a.—they had the political latitude to do this. Going by the Council's definition, however, these funds are non-compulsory.

I will quote another passage from one of Mr Cheysson's speeches, this time from the sitting on 12 November 1974—and I would remind the President of the Council that we will of course abide by this formulation. Mr Cheysson said: '... expenditure which does not automatically result from prior decisions must progressively be brought under the category over which Parliament has the last word.' But in the draft amending and supplementary budget the Council has unfortunately moved away from the position jointly adopted by the three Institutions and proposes that this expenditure be classified as compulsory in the regional fund's three-year trial period. Yet the Commission shares our opinion on this point.

I shall now quote the relevant passages from the Council's last letter, dated 12 February 1975—you signed this yourself, Mr FitzGerald. 'As my predecessor told you at the meeting in Luxembourg, the Council, when examining the problems of augmenting the Parliament's budgetary powers, viewed the distribution of powers among the Community Institutions as an ongoing process. There can be no doubt about the existence of this will to advance in stages since this is the second time, in this very field, that a review of the Treaties of Paris and Rome has been commenced. The present review constitutes a further highly important step, following that already made when the Treaty of 22 April 1970 was signed, along the path which ought to lead to the exercise of continually growing powers by the Parliament.'

Aigner

And on the distinction between compulsory and non-compulsory expenditure you said: 'This distinction will be established pragmatically by common agreement between the Council and the Parliament within the framework of the budgetary procedure.' Well, this is exactly what happened. We reached agreement pragmatically.

Mr President, I felt I should quote these passages to the House, because the decision in the next round is bound to depend on the way this expenditure is classified. I beg you to understand that Parliament cannot afford to give way on this point. Mr President, I must state categorically, on behalf of all the political groups and committees in Parliament, that if we give way on the classification, we will be abandoning the rights laid down in the Luxembourg agreement and we will lose our position once and for all. If we accept this we will be betraying the Luxembourg agreement and our own national parliaments, for they have entrusted us with this mandate to safeguard it and not to betray it.

Mr President, if we accept the Council's interpretation we will be accepting the following state of affairs: the Council and Parliament jointly classify expenditure as non-compulsory, but if we then choose to make use of our margin of influence and do not agree with the Council as to the amount, the Council summarily issues a regulation and Parliament is virtually powerless. The Council can issue a regulation making this expenditure compulsory and the Council again has the last word.

Mr President, I hope that I have not kept you too long, but have shown that Parliament feels it simply cannot allow any slackness in the negotiations with the Council—Parliament's influence and the rights we fought for in the Luxembourg agreement are at stake. The important thing is that we should reach agreement about the amount of funds. In fact we have already agreed on this, for no one is asking for more than the 1 300 million u.a. But then the Council must concede that our legal position is valid, for we cannot abandon this of our own free will, and no one can force us to do so.

Mr President, I now come to the last point, the transfer of 150 million from the agricultural fund. As you know, 125 million u.a. of the 150 million come from the Borschette reserve, as it is called. Since 1972 we have been collecting funds for agricultural priority regions. We put in 25 million in 1972, 50 million in 1973 and another 50 million in 1974, so that we now have 125 million u.a. in reserve under Article 833. The Commission and the Council are proposing that these 125 million be taken from the reserve and used for the Regional Fund. The other 25 million are to be taken from the Mansholt reserve under Article 800.

The Committee on Agriculture has quite rightly raised considerable objections to this. The committee has pointed out that for years agriculture has been criticized, as costing too much; that hundreds of millions of units of account have been accumulated under the agricultural fund; and that now, instead of being spent on agriculture, they are suddenly transferred to regional policy. In other words, agriculture has taken the rap, and others will be taking the profit. Europe's farmers are hardly likely to be jubilant about this, and it is only natural that our Committee on Agriculture should express grave misgivings about the transfer of funds.

In spite of this the Committee on Agriculture stated in our discussion that it was prepared, although with reservations, to agree to the 125 million u.a.—as long as two points are clarified.

Firstly, it must be stated quite clearly that these 150 million u.a. will really be taken in relation to the 1 300 million u.a., in other words that there will be no further raids on agricultural funds to finance regional policy. It should not really be necessary to make this statement, as neither the Council statement nor that of the Summit Conference says anything to the contrary. In both it is stated that it is an exceptional payment and that the 150 million u.a. must be taken in relation to the 1 300 million u.a. I hope that there will be no further doubt on this.

The second argument was that assurances must be given that the whole of this sum will be available at least for the three-year period for the objectives of the withdrawn regulation on agricultural priority regions. Here too, I feel, there is no need for undue anxiety, for even if the regulation on aid for priority agricultural areas is withdrawn, the basic regulation on regional policy will cover these areas too. As far as the 125 million u.a. are concerned, then, I feel sure that unanimity might be possible, but I will go no further than to say that it *might* be possible.

The gravest misgivings were expressed by the Committee on Agriculture in connection with the 25 million u.a. from the Mansholt reserve.

The committee quite rightly points out that we might be creating a precedent and that there is no bar to further transfers of funds from the Mansholt tower. Mr President, I shall have no such misgivings, provided that a clear statement is issued by the Commission and the Council. I hope, however, that in spite of these misgivings we will be able to reach an agreement. Mr President, I have already suggested a compromise by proposing that instead of taking the controversial 25 million from the Mansholt reserve we take them from the funds remaining under Article 833.

Aigner

But then the Commission quite rightly protests that it intends to keep these 50 million in the reserve fund for individual projects, and that if we took 25 million from this fund, the agricultural sector would lose 25 million from the reserves for individual projects.

Bearing all these different interests in mind, then, I would, as our colleagues on the Committee on Agriculture, agree to the full 150 million being taken from the agricultural fund, with the proviso—and I beg the Commission not to give way to the Council on this point—that the 50 million u.a. for boosting the funds for individual projects are actually transferred. We shall also propose a new maximum rate. New revenue is not necessary—this is simply a matter of transferring funds. However, they have also to be incorporated in a new maximum rate owing to the change in the classification.

Mr President, if this is done—that is of course a precondition, and depends on the next conciliation meeting with the Council—then the Committee on Agriculture should withdraw its objections.

That is what I wanted to say, Mr President. I suggest that the first regional policy instalment be increased by 150 million—which is possible, as I have already said, without asking for a single penny more. The classification of the funds must remain unchanged. I approve the transfer of 150 million, and we accept the first amending and supplementary budget.

Mr President, I have just one more thing to say. The budgetary consultations are becoming more and more difficult for Parliament. In the 1974 consultations we gave the most emphatic warnings about this sort of 'amending budget' policy on the part of the Council. We have the first amending and supplementary budget before us now, the second is already on the way and the third and fourth are being prepared.

Ladies and gentlemen, if we are going to have to vote every three weeks on a supplementary budget with the majority required, that is with a qualified majority in the first instance and a majority of three fifths of the vote cast in the second instance, Parliament is virtually doomed to failure, as our double mandates simply do not permit this kind of permanent voting mechanism.

I should like to give the Council a warning. If, together with the Commission, it does not manage to condense the next supplementary budgets so that there are no more than two, or at the most three, supplementary budgets per year, the budgetary consultations are bound to fail.

Mr President, I therefore beg Parliament—and the Council—to do their utmost to ensure that it is technically feasible for the House to do its job properly. Thank you for your attention.

(Applause)

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins, rapporteur. — Mr President. I do not intend to take up the whole of my allotted time. Indeed, after the brilliant and exhaustive speech of the rapporteur for the Committee on Budgets, Mr Aigner, there is not all that much left for me to say. He has covered all agricultural considerations remarkably clearly and concisely. Nevertheless, one or two of the points he made bear repetition, and perhaps with slightly different emphasis.

The Committee on Agriculture, together with the House, has always been pressing for this Regional Fund. Far be it from me or the Committee on Agriculture to wish in any way to impede or stop the setting up of this Regional Fund.

I personally am very glad to see Mr Thomson, the Commissioner in charge of these matters, back with us. I am delighted to see him looking so well and I hope he will be able to continue his sterling work in this and other spheres.

As I said, we have no wish in any way to impede the setting up of the Regional Fund. Nevertheless, as you have heard from Mr Aigner, we in the Committee on Agriculture have grave misgivings about the way it is being financed. It seems almost like robbing Peter to pay Paul. You will remember, Mr President, that we have always said in agricultural matters that the common agricultural policy alone cannot deal with the problems and difficulties that exist in the countryside. They must be matched by a social policy and a regional policy. The three go hand in hand. It therefore seems rather strange that, in order to start off a Regional Fund, one should have to rob an agricultural fund which is dealing with the problems of the countryside.

It is true that massive reserves have been built up in the Guidance Section of the EAGGF. It is not the fault of either the Committee on Agriculture or of this House that those reserves exist and have not been used for the purposes for which they were originally designed. The fault, I fear, lies at the door of the Council. I am in what might be called a generous or benign mood today after the hard work that I know the President-in-Office of the Council has been doing in Dublin: after his success in Dublin, I do not wish to be too harsh; nevertheless, the fact that

Scott-Hopkins

these reserves have been built up and have not been used as intended must be laid at the door of the Council.

In spite of demands and requests made over the months by the Committee on Agriculture and the House, there have been consistent refusals to allow the release of these funds. As a result, a total of 125 million units of account is being demanded to be taken from the Borschette reserve, as it is called, which was to be devoted to agricultural priority regions.

We had trouble in defining those agricultural priority regions, but, luckily and happily, agreement was reached not only in this House but in the Council. The sums were built up. The figure of 125 million units of account exists. An extra 50 million for 1975 has not yet been touched.

However, the object of the agricultural priority regional fund was clearly laid down. I shall not weary the House by reading it; it is on page 10 of Mr Aigner's report, embodied in the Committee on Agriculture's opinion. Basically it is to improve agricultural productivity and the lives of those living and working in the countryside. The money has not been used, but it should have been, and the fault is that of the Council.

The money is to go into the Regional Fund. Are the criteria to be the same? Indeed they are not. They are not those mentioned by the Commissioner when he originally proposed the creation of the Regional Fund. The purpose now is to bolster up the national policies to help the backward regions. But that is a far cry from the Commissioner's original proposals. The Committee on Agriculture are particularly worried about this.

Will the Regional Fund go to improving the structure in the rural areas, or will it be used to prop up, improve and modernize, rightly perhaps, failing industries which are losing their place in this modern technological world—industries such as those in the north-eastern region of the United Kingdom? Such regions can hardly be described as rural areas.

These are our doubts, and I hope that the Council will be able to reassure us about them. We ask the President-in-Office of the Council to assure us that these funds will be used, to a very large extent—we cannot ask for 100 per cent—for the purposes laid down by the agricultural priority region directive. If he can do that, we shall have no further worries.

I turn to the question of the 25 million units of account of the Mansholt Fund. The Com-

mittee on Agriculture opposed and deeply resented the raiding of this fund. It has been built up over the years and it stands at 525 million units of account—an enormous amount. This is not the fault of the House, of the Committee on Agriculture or, I suspect, of the Commission. After all, the Council are working for derogation of Article 6 to set up the Regional Fund. Why will they not ask for it in order to release the funds in the Mansholt Fund to be applied to the backward agricultural areas? They have not done this over a period of four years, although they have been asked to do so time and again by this House and by the Committee on Agriculture.

There is a possible 50 million units of account in the agricultural priority or Borschette fund. The Commission's proposal is that it should be used for individual projects under the Guidance Section of EAGGF. Perhaps that will happen. The Council have blocked it. They have said that they want to look at the matter further. I hope that the President-in-Office will be able to say today that the 50 million units of account, when proposed by the Commission, will be used for individual projects under the Guidance Section.

I come back to the question of the 25 million units of account which will be raided from the Mansholt Fund. This raises fears that there will be further raids on the fund for purposes other than those originally set down, not for helping mountain or backward areas in agriculture or for helping industry in a backward part of Italy, in my country or in Denmark, but for entirely different purposes. We want an assurance that that will not happen.

What is suggested is deeply resented by the Committee on Agriculture. Although we have no wish to hold up the creation of this fund, we should have preferred to have the 25 million units of account taken out of the 50 million units of account for the agricultural priority areas in 1975. But that is not the decision.

I hope that the President-in-Office will be forthcoming. Those of us who deal with agriculture and rural areas are gravely disquieted, because we feel that principles are being breached. We wish to be assured that the Council are aware of the problems in the rural areas, that they will do their best to ensure that they are not forgotten and that, following the directive, they will keep their word.

(Applause)

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — On 12 December of last year, in the light of the decisions taken the previous day by the Heads of Government of Member States in Paris, my predecessor as President-in-Office of the Council, Mr Poncelet, declared before this Parliament that the Council would present a draft supplementary budget to enable the setting up of the European Regional Development Fund to take place as early as possible in 1975. It is to honour that commitment that I am pleased to present to you today the draft supplementary budget No 1 for 1975, which relates chiefly to the Regional Fund.

I know what has been said about the number of supplementary budgets now pending. The Council shares the concern of Parliament that there are a number of supplementary budgets of this kind, but I think that this arises in part from the slightly jerky manner in which the Community proceeds with its business when sometimes decisions are held up and eventually they come in a rush. That is something which neither we nor you like. However, given the situation we are in, it is better to get on with the business of the Community now that the log-jam is breaking, even at the expense of our having to undertake together to deal with a number of supplementary budgets.

Before establishing the draft budget, the Council benefited from hearing the preliminary views of the delegation from Parliament. Those views were closely considered before the Council reached its final position on the draft budget which is before us today.

As you also know, the Commission, in its preliminary draft, proposed the inscription of 300 million units of account in commitment appropriations and 150 million units of account in payment appropriations for the years 1975. Considering that, even though it would be possible to commit expenditure up to a ceiling of 300 million units of account in what remains of the present year, it was highly improbable that cash payments of more than 150 million units of account would be made during the rest of the year, the Council accepted the Commission's proposal on this issue, confident in the knowledge that the financial regulations governing the Regional Fund, the draft of which is at present before you for your opinion, would enable the total amount of 1,300 million units of account, determined by the Paris Summit, to be utilized to the full.

In addition to this, the Commission has agreed to submit to the Council by 1 October of this year at the latest a report on the Regional Fund cash-flow for 1975, and the Council has under-

taken to reexamine the question of this year's fund expenditure at that point should the need arise.

I should also add that the figures which I have quoted for commitment and payment appropriations include the credits intended to finance studies related to the operation of the fund and undertaken at the request of a Member State. That is because the text of Article 11 of the draft of the basic regional-policy regulation, agreed upon by the Council and also submitted to Parliament this week for its opinion, renders superfluous the creation of a budget entry specifically for such studies.

The Council, after having listened to the considerations put forward by the parliamentary delegation, has agreed in full to the Commission's request for new personnel for its regional-policy directorate. I thank Mr Aigner for his remarks about this, and I am glad that it was possible for me, in my capacity as President-in-Office, to help bring about the favourable decisions on this point.

In order to conform with the Paris Summit communiqué, the Commission further proposed that the 150 million units of account for payment appropriations for 1975 should be found amongst the credits reserved in the Guidance Section of the EAGG Fund. The Council has accordingly agreed with the Commission's proposal that 125 million units of account be taken from the reserve in Article 833 of the budget and 25 million units of account from the 1969 portion of the so-called Mansholt reserve.

Whether money will be spent in particular areas and for purposes similar to those originally provided when the money was first set aside, I am not in a position to say, but the Commission will be able to help on this point. The Council has not yet adopted a position on the question whether or not to accept the Commission's proposal to transfer 50 million units of account from the 1975 provision in Article 833 to Article 800 of the budget, and therefore I am not in a position to give the assurance that is sought. The Council has, however, taken the view that, since such a budgetary adjustment would not be related to the establishment of the Regional Fund, it is not a question which should be decided in the context of this draft supplementary budget. I hope you will agree with the Council that this question should be left over for settlement on a more suitable occasion.

The Council has, however, agreed to the Commission's proposals concerning credits for research and investment expenditure. It is clear from this that the Council as a Council has

FitzGerald

modified only in a minor way the proposals of the Commission and, from my recollection of the views expressed by your own delegation on two recent occasions when we met, it appears that Parliament agrees in principle with much of what the budget does. This fact and Parliament's known and oft-reiterated concern that the Regional Fund should be set in motion as quickly as possible prompt me to express the hope that the draft budget put before the House today will be largely acceptable.

So far as classification of Regional Fund expenditure is concerned, Parliament is aware that the one-year annual allocations for the Fund for the three years 1975, 1976 and 1977 were determined by the Paris Summit. I am sure that as politicians you will be the first to recognize that it would be politically unrealistic to seek to change those figures. This is why the Council took the view that it would be appropriate to regard this expenditure as obligatory for the first three years. I should make clear that the Council has already, when it met your delegation on 4 March, taken note of your views on this question. In consequence, it has decided to leave open the question of the classification of expenditure on the Regional Fund after 1977. Nothing that I have said is designed in any way to prejudge that position. Moreover, under Article 18 of the same draft text the Commission will in good time submit proposals concerning the shape of Community regional policy and the Regional Fund for the years after 1977. In these circumstances the Council has not thought it appropriate, as the Commission proposed, to fix a new maximum rate of increase.

I shall not dwell further on technical details of the draft budget. These are explained in greater detail in the Explanatory Memorandum accompanying it. I am, however, at the disposal of the House to answer any questions that Members may wish to put to me during the course of debate and which it is within my competence to answer. Before concluding, I should like to thank all those who have helped us in our efforts to move as quickly as possible towards the setting up of the Regional Fund and in particular the President, Mr Spénale, who is the retiring chairman of your Budgetary Committee, for the outstanding way in which he discharged that office.

I conclude by thanking Parliament for the rôle it has played in the long struggle to establish the Community Regional Fund. No one can doubt the influence that Parliament was able to exercise over last year's events which terminated in the decision taken by the Heads of Government in Paris to establish the fund. It is my own personal wish and the Council's una-

nimous wish that I formally lay the draft budget before the House and that Parliament will be able to cooperate with us, as it has done in the past, to ensure that Community regional policy finally moves from the realm of theory and becomes as quickly as possible the reality that we all so much desire.

(Applause)

President. — I call Mr Thomson.

Mr Thomson, Member of the Commission of the European Communities. — I believe it would be for the convenience of Parliament if I were to concentrate my remarks on the fund regulations and the critique made of them on behalf of the Regional Policy Committee of the Parliament by Mr Giraud, leaving my colleague Mr Cheysson to deal with the budgetary criticisms mounted so powerfully by Mr Aigner. I begin by congratulating my colleague Mr Giraud on stepping in and acting in the way he did as rapporteur for the committee in place of Mr Delmotte. I join him in wishing Mr Delmotte a speedy recovery and return to active work in the cause of regional policy, in which he has played such a notable part in this Parliament.

The Commission is grateful for the constructive spirit which has led the Regional Policy Committee of Parliament to abstain from formally proposing any amendment to the texts of the regulations and the decision so as to avoid delaying still further the start of the fund's active operations. The responsibility for the delay of a year or more in the starting of the fund certainly does not lie in any way at the door of Parliament. I echo the words used by the President-in-Office of the Council in his tribute to the work that Parliament has done over many years for the creation of a Community regional policy and a Community Regional Fund.

When there have been arguments both about the quantity of the fund and about the Community quality of the fund, it is Parliament that has always played the leading rôle. During the long and difficult negotiations that the Commission has conducted in the Council, the Commission has always done its best to take Parliament's view into account, even when, as sometimes happens, we felt that we could not follow it literally and, although we sympathized with its point of view, we felt that it would be impossible to gain the political assent of member governments to that point of view.

On looking at the regulations, we can see that as a result of the dialogue in the Council they are a great improvement from Parliament's point of view. It is against that background,

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therefore, that I should like to give the Commission's view on each of the five points of difference which Mr Giraud underlined and which are set out in the motion for a resolution. Some of these points of difference are sometimes rather severely expressed, but I never feel that it is for the Commission to complain that Parliament is severe in its language when basically we are on the same side in the same cause.

It is Parliament's job to keep the Commission and the Ministers of the Council up to the mark. If Parliament does not do that job, what on earth is Parliament for? I therefore take no offence at the sometimes sharp tone of some of the criticisms, and I shall tackle the substance of them.

First, the committee has criticized the Commission for its failure to produce a sufficient concentration of aid under the operations of the Regional Development Fund. Sometimes in the prolonged argument about the creation of this fund we all forget that its distribution is not set out on the basis of percentages fixed arbitrarily in advance, as a result of a bargain at the Paris Summit.

The percentages which emerged from the Paris Summit were themselves a reflection of the painstaking search for objective criteria to try to determine the relative severity of regional problems of under-privileged regions of the Community. Those of us who were involved in that search in Parliament, Commission or Council, where the present President-in-Office of the Council took an active and expert part, were very conscious of the difficulty of finding objective criteria that were applicable as between one Member State and another. It is perfectly true that, during the working out of these criteria, political judgments about what was politically possible at any particular moment played a not unimportant part. But what is important from the point of view of Parliament's coming to a judgment on the regulations is to recognize that there has been a very big shift in the thrust of the regulations with respect to concentration of the resources of the fund on various regions exactly as Parliament itself consistently sought.

Under the Commission's original proposals, for example, the worst-hit regions in Italy, Ireland and the United Kingdom were to have been entitled to around 64 per cent of the fund. Under the new regulations these regions stand to be entitled to make claims for up to 74 per cent of the fund. Now, under the changed emphasis in the regulations, over 90 per cent of the fund will go to these regions plus the two big prob-

lem regions of Greenland and the agricultural problem-areas of France.

As regards the Commission's powers of evaluation of relative degrees of severity as between one region of the Community and another, on which the committee is anxious, we believe that these are fully protected by the provisions of the regulations, notably Articles 5, 6 and 12.

That leads me to the second criticism concerning the Community character of the provisions of the regulations. It is true that the nine national regional policies are not to be replaced under these regulations by a single Community policy, but that was never even remotely the intention. If the Commission had had the bureaucratic arrogance to aspire to replace national regional policies by a single Community regional policy, Members of Parliament here would have been the first to call for a halt to that process and to say that it would be indefensible in their own national parliaments. Having said that, we have sought to create a framework of Community regional policy inside which the Community and Member States, through the programmes and through the very important regional policy committees, will be able more clearly to define Community objectives and Community priorities which must be followed.

I emphasize that this policy is not designed to replace national regional policies as such, nor should it do so. We should face frankly the dilemmas of Community policy-making that are before the House in this respect. After all, regional policy is by definition a policy of decentralization for which Community objectives must be determined in common but remain decentralized. The two proposals before Parliament—the fund and the Regional Policy Committee—between them comprise the necessary provisions and instruments to achieve this goal.

The Commission operates on the basis that with regard to a Community regional policy, it is the government 'on the ground' that knows best in detail what its priorities are bound to be. It must then put them up to Community level, and there they must be tested and the necessary decision-making machinery applied to ensure that these objectives are consistent with long-term Community objectives. As regards the geographical priorities to be taken into account when managing the fund, I would recall that the national priorities referred to in Article 3 of the fund regulations should be seen in the light of the Commission's policy for the coordination of regional aids. It is quite misleading, therefore, to suggest that

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there is to be no Community appraisal of these priorities. What we are seeking here—it is a difficult task—is a marriage between national priorities and Community objectives, with the decision-making power at the Community level to establish an agreed balance between these considerations.

The third criticism from Mr Giraud concerned the definition of the infrastructure that will be applied to resources from the fund. The Commission is much in agreement with the first point in the committee's motion for a resolution on the need to see regional development as a whole. As Mr Giraud quite rightly said, man does not live by bread alone. When one has limited resources and has to establish difficult priorities, one is bound to start from the point of view that without the bread and the job to provide it one cannot go ahead to the next stage of creating a richer quality of life for people. It is against this background that I would lay particular emphasis on what we have tried to do to bring about in these regulations a closer coordination with other Community instruments.

I do not want to trespass on budgetary arguments about the so-called raid on the Mansholt reserve—that is for Mr Cheysson to deal with presently—but perhaps I might try to reassure Mr Aigner and Mr Scott-Hopkins about regional policy aspects. The 25 million units of account coming from the Mansholt reserve and the 125 million coming in a budgetary sense from the Borschette reserve will both be used in agricultural priority areas of the Community.

I would remind Mr Scott-Hopkins that the original Borschette reserve was expressly designed to operate in agricultural priority areas to try to provide alternative industrial jobs in those areas. But we have gone further in order to have a kind of overall Community coordination, to which this Parliament has so often drawn attention. Some of these resources will be available in agricultural priority areas for providing rural infrastructure as a back-up for the aid that I hope will soon become available through the committee's new hill-farming scheme. These funds, however, will be devoted to purely rural and agricultural proposals, although coming from the Regional Development Fund. I hope that this will not only be useful in an agricultural sense but will be a very important first step towards the coordination of Community regional policies in both agricultural and industrial areas...

Mr Scott-Hopkins. — Would not the Commissioner agree that if that is really what is to happen, and while of course we are more than

happy that various Member States and Ministers, and particularly the United Kingdom, have said that it is intended that this money should be used not for creating jobs as such but for bolstering up places like Glasgow and Newcastle and to hell with the rural areas, therein lies a danger? If so, what will he do to prevent that happening?

Mr Thomson. — ...The Commission will be responsible to Parliament for the way it distributes the funds between the various kind of priority areas originally defined by the Paris Summit, and there is the safeguard that before October of this year we have to make a first report to Parliament on how we are spending these resources. That is the point that the honourable Member makes, and it is very much in our minds. As regards infrastructure, I am happy to say that the Commission has been able to persuade the Council to move some way towards what was Parliament's view. There is now an interpretation of the definition of infrastructure which includes exceptionally the provision that the fund may be used to assist infrastructure which is not linked with existing or planned industrial activity but which is an essential precondition for the development of such activity.

As to the criticism regarding the degree of participation in the work of the Regional Policy Committee by the competent regional representatives, the report that I should make about the result of the long dialogue in the Council is that by dint of perseverance and by the Commission's not pitching its demands too high, by approaching the issue realistically we have won a victory, with our colleagues of the Council, over Article 5 of the Regional Policy Committee text. Parliament will remember that the Commission got itself into some trouble with Parliament because we would not adopt the amendment that Parliament proposed which sought to make consultations mandatory. We thought that if we asked the Council to oblige the Committee to take evidence from the regions we should lose the provision for participation altogether. The tactic has, I believe, been successful and I am confident that in practice evidence will now be heard from the competent regional representatives. Certainly the Commission wants to give it. The problem surely is not now one of the wording. What is important and gratifying is that the Council has now accepted the principle of these consultations.

I come finally to the anxieties about whether the fund that is being set up is sufficiently permanent in character. I draw the attention of Mr Giraud to Article 1 of the regulation.

Thomson

It says simply that a 'fund is hereby established', and neither there nor in any other legislative text connected with the fund is that statement qualified by reference to a trial period.

What, however, I wish to emphasize concerning the final criticism of the Committee on Regional Policy and Transport is that we are now, of course, only at the beginning of a Community regional policy. It has been a remarkably long pregnancy to produce the Community's regional policy. Indeed, the birth itself has proved a rather difficult one and is not quite complete since we needed the help of Parliament as a midwife. However, we can console ourselves—if I may carry the metaphor dangerously one stage further—that what is important following the birth of a baby is that it should grow. What is important here is that we have the birth of a new Community policy that will certainly grow. I do not think we need to apologize about the size of this baby. By next year the committee's regional policy will already be, in terms of its goals on the Community's budget, the biggest Community fund after the Guarantee Section of the EAGGF.

I look forward confidently year by year to creating a Community that will have an agricultural fund, a regional fund, a social fund and a fund for the under-privileged nations to which we give help that together will form a balanced pattern of Community expenditure and create that human-based Community that is so important for us.

That is the road along which the Community has set its foot over recent years. In setting the pace along that road, and, indeed, in determining the goals at the end of the road, nobody has played a more prominent part than the European Parliament and its Committee on Regional Policy and Transport. I therefore thank them for all the help we have received.

I hope that, as a result of our discussions today, it will be possible to take the necessary formal steps to enable us by October to make a truly positive report to Parliament on the way in which the resources of the Community's Regional Development Fund are beginning to flow to the regions that so desperately need them.

(Applause)

IN THE CHAIR: MR SPÉNALE

President

President. — I call Mr Cheysson.

Mr Cheysson, *Member of the Commission of the European Communities.* — (F) Mr President, with your permission I shall now turn to the budgetary aspects of the problem, which Mr Aigner, the rapporteur for the Committee on Budgets—, whom I should like to thank on behalf of the commission—, has expounded with his customary clarity, and which have also been commented on by Mr Scott-Hopkins on behalf of the Committee on Agriculture.

Before I begin to discuss the budgetary problem specifically connected with Amending and Supplementary Budget No 1, already presented by the President of the Council of Ministers, I should like to refer back to a comment made by Mr Aigner, and again by the President of the Council, about the generous shower of supplementary budgets to which we are being subjected.

On this point, Mr President, I should like to re-emphasize the position adopted on several occasions by the Commission in dealings with the Council and Parliament, when we solemnly warned these two Community institutions that the cuts they had made in certain proposals in its preliminary draft budget were bound to provoke the shower of different budgets they are now protesting about. Allow me to point out, ladies and gentlemen, that if you need an umbrella now, it is because you have gone out of your way to make it necessary!

Let us take the preliminary draft Supplementary Budget No 2—I would remind Mr Aigner that the Commission protested vigorously to Parliament when it simply cut out certain appropriations for emergency activities to help the countries most severely affected by the crisis, as the Council did too, at a stroke, although it was obvious that we had to keep the Community's word—and the Community's word is no small thing!—and hence had to obtain budget appropriations. I feel, therefore, that the special effort we are compelled to demand of you this year, and which is placing a very heavy burden on the institutions, and especially on Parliament, should serve as a lesson for future budgets.

Mr President, I now come to the Amending and Supplementary Budget No 1, that is to the matter of the Regional Development Fund. First of all I should like to thank Parliament, as did my colleague George Thomson just a moment ago, for the support and understanding it has shown towards the Commission. On the budgetary aspect, I note that—sometimes with reservations and sometimes with concern—Parliament has accepted the major part of the Commission's proposals. I thank the House for this, and can assure you, on behalf of the Com-

Cheyssson

mission, that you will find your confidence has not been misplaced. I should now like to tackle each of the different points.

Firstly, the Council has backed us up in the matter of staff and we shall therefore be able to have the extra 27 posts we need. Parliament pointed out that these are only medium and lower-grade posts, since the Commission has agreed to supply the higher-grade officials by reorganization of its existing departments—which I think illustrates the determination it has so often evinced in this House, before which it is responsible for staffing matters.

Secondly, I should like to thank Parliament for its willingness, in spite of certain misgivings, to approve the allocation of 150 million u.a. from the EAGGF Guidance Section, to wit 125 million from the Borschette reserve and 25 million from the Mansholt fund.

Mr Thomson has made it amply clear that this money will not be diverted from its original destination, which was the development of under-privileged agricultural areas. I need not repeat what he said. I should just like to add two important points—first of all, the Commission in no way intends to treat this use of the Mansholt fund as a precedent, but on the contrary we regard it as an exception.

I should also like to clarify an ambiguous point concerning the Mansholt fund. The sums coming under this heading are indicated in the 'remarks' column of the budget. This is an interesting way of entering appropriations, but it does not conjure them into being: this money does not exist. You need only look at Article 880 which should show appropriations on the Mansholt fund and you will find that it says 'pour mémoire'; we all agree that it is a vast sum, but it does not give us unlimited scope for action!

This money, then, does not exist—these sums do not represent revenue. In other words, when we mobilize funds from the Borschette or Mansholt reserve we have to *create* new revenue, by allowing these appropriations to be drawn, which they cannot be at present. So in fact we are not 'taking money away' from agriculture—it would be given back to agricultural areas anyway—because this money is marked 'pour mémoire', a token entry totalling nil units of account. It represents potential expenditure which does not correspond to revenue and thus cannot be drawn on: it is only now, at the express instructions of the Summit, that it can be put to use.

The appropriations under Article 833, for operations in priority regions, are a completely different matter and I would draw the Council's attention to this point. These do correspond to

revenue and hence to potential expenditure and actual appropriations.

This is why we do not want to cut these 50 million u.a. in Article 833 and have proposed that they be transferred to Article 800, by withdrawing the proposal for a regulation relating to Article 833. These appropriations available under Article 833 could then be put to immediate use for individual projects and the improvement of agricultural structures, because this is an actual and not a potential item in the remarks section. We do not want to oppose the action jointly decided by Parliament and the Council; existing appropriations will be used for the purpose for which they were intended.

Mr President, we now come to the two most difficult points, the amount of payment appropriations for 1975 and the character of the expenditure. It is correct, as Mr Aigner so aptly pointed out, that on 12 December I said, on behalf of the Commission, that we would submit a preliminary draft budget forthwith and that we proposed to enter 300 million u.a. in payment appropriations. At that time I made it clear—as you will see in the record of the proceedings—that we were acting on the basis of our interpretation of the Paris Communiqué, cognizant of its content but not of the work which had led up to it. Since then we have realized, as you have, that when the Heads of State and Government spoke of an endowment of 300 million u.a. they were referring to the volume of operations to be launched in 1975. Mr President, your committees must have interpreted it in the same way, as you are also proposing a commitment appropriation for 1975 of 300 million units of account, the same as the amount given in the Paris Communiqué.

Without becoming too involved in the technicalities of the budgetary system, I must nevertheless draw honourable Members' attention to the precise meaning of 'commitment appropriation', as I fear there is some grave misunderstanding here. The financial regulations for the Fund, in the current version prepared by the Council, state that commitment appropriations represent the upper ceiling of expenditure which the Commission is authorized to commit for carrying out the operations to which they refer.

This means that the Commission must approve operations for a sum equal to the sum of commitment appropriations for the financial year 1975, and not a penny less. When we have settled all our problems, at the end of this mammoth pregnancy, to use the comparison made just now by Thomson, we shall therefore be obliged, in the few months we have left, to start up operations amounting to 300 million u.a.

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Obviously it will be impossible to complete all these by 31 December 1975.

Moreover, if we even attempted to complete them by that date, we would be running counter to certain key aspects of the regional development policy, which involves far more than specific individual schemes and extends to the promotion of regional development by investments and other operations over a certain period; after all, the financial regulation quite rightly states that the commitments are valid for three years.

300 million units of account, then—and not a single unit of account less—in commitment appropriations, which entail an irrevocable commitment of the Community's financial responsibility.

How much will we really spend in 1975? Certainly not 300 million—that would be betraying our aims and the very policy of development. We do not think that we will spend more than 150 million. I personally feel that we will spend even less. That is why we entered 150 million u.a. under payment appropriations in the budget at the same time taking the precaution mentioned by the President of the Council and then by Mr Thomson of reserving the right to ask for further payment appropriations, if necessary, in our report on 1 October or earlier.

The Commission therefore considers that the 150 million u.a. in payment appropriations are sufficient. Having said this, the Commission acknowledges that entering a further sum in non-usable blocked appropriations under Chapter 98 would not be inappropriate. If the other institutions agree to this, we see no objection. We do not think that it is necessary, especially in view of the guarantee given in the Council's explanatory memorandum. All the same, including an appropriation of this kind gives an extra margin of safety.

The rapporteur for the Committee on Budgets and the President of the Council both referred to the Commission's proposal regarding the classification of the regional development expenditure: both in the preliminary draft Amending and Supplementary Budget No 1 and in the preliminary draft Budget for 1975, and during the Council debate and Parliament debates in November and December, the Commission proposed that the expenditure be non-compulsory. This proposal was not just a passing fancy—it was based on the draft regulation as conceived and proposed by the Commission and, more fundamentally, it took account of the very nature of the policy concerned. It is a policy with a human face and a special character fundamen-

tally linked with human beings and especially, as Mr Thomson so rightly said, with human beings in difficult circumstances—a policy which matches and echoes social policy.

We therefore felt that in the political construction of Europe, it was only natural for Parliament, the direct representative of the people, soon to be directly elected, to have the last word on regional policy, as it does on social policy, and for much the same reasons—for classifying the expenditure as non-compulsory means that Parliament will have 'the last word'.

Of course we can embark on a detailed analysis of some text or other or some article or other of the regulation as it stands. The Commission's preference remains unchanged. But it would like to emphasize another aspect—it feels that it would be a serious matter if there were any conflict (which would inevitably be of a political nature) between the two institutions responsible for budget decisions, the Council and Parliament. On the one hand, we have no time to lose. The confinement has been a long one. We do not want to delay the birth for several months more! On the other hand, Parliament has a place in the construction of Europe and a particular responsibility for the policies which will shape the lives of Europe's citizens.

The Commission therefore hopes that the two institutions will reach an agreement, as the Council undertook to do in November, in the speech Mr Aigner quoted just now. The Council will no doubt have noted, as did the Commission, the moderation, reasonableness and sense of responsibility evinced by Mr Aigner a little earlier, when, though defending Parliament's right to have the 'last word', he made it clear from the start that he was committing Parliament to accept the ceiling proposed by the Council following the decision taken at the Paris Summit.

It is clear from this sense of responsibility that the discussion will not be about the sums involved, since both institutions are agreed on that, but more about certain matters of principle. A serious conflict must be avoided, however, for any conflict over the exact percentage of the rate could delay the work which we all agree is urgently necessary.

The Commission has a number of ideas on this point, and its proposals remain unchanged. We have several suggestions to put forward, if necessary, on the legal aspects. Believe me, we will make every effort to reconcile the opinion of the two institutions, which should be possible since there is no disagreement over the volume

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of appropriations and the commitments they represent, but simply over a point of interpretation.

(Applause)

President. — I would point out to the Honourable Members that there are still a number of speakers listed and I fear that the debate will go on for too long.

I propose that the first speakers listed be considered as the spokesmen for their Groups and should use the speaking time allotted to their Groups, other speakers being considered as speaking on their own behalf.

Are there any objections?

That is agreed.

I call Mr Notenboom to speak on behalf of the Christian-Democratic Group.

Mr Notenboom. — *(NL)* Mr President, I shall be as brief as possible. We are debating an extremely tricky question which we will not be able to solve unless we are ready to accept compromises. I shall confine myself to considering the budgetary aspects of the matter. But first of all I should like to say that we as Christian Democrats are very pleased that the fund has at last been set up; Mr Mitterdorfer will also have something to say about this shortly.

As far as the budgetary problem is concerned, I should like to thank, as well as the Council of Ministers and the Commission, the rapporteur of this Parliament who has done so much to make this compromise possible. I thank you too, Mr President, for the guidance you gave to the difficult work on this matter in your capacity as Chairman of the Committee on Budgets. I would thank Mr Scott-Hopkins too, who, as representative of the Committee on Agriculture at our meetings, was in a difficult position but who contributed to the work of reaching the compromise proposal.

The aim of the compromise is to obtain an adequate qualified majority after two ballots, so that the Regional Development Fund can get off the ground without the European Parliament acting as a brake.

I join the rapporteur in protesting against the idea that the need for a second ballot would cause undue delay.

Mr President, this is an established right deriving from the relations between the European Parliament, the Commission and the Council of Ministers. It is unacceptable that this pro-

cedure, for which only one month is needed, should be regarded as a source of delay.

In connection with this compromise, we must resign ourselves to certain facts, in particular the decision of the Paris Summit conference that 150 million units of account will be financed out of unused EAGGF reserves. The use of funds for another purpose within the framework of the long-awaited Regional Development Fund leaves a nasty taste in the mouth. We must resign ourselves to it this time, but we do not want this kind of manoeuvre to be repeated.

We derive a certain amount of consolation from the text of the Paris communiqué. We also derive consolation from the words which Mr Cheysson has just spoken, namely that we can be sure that this operation will stop at these 150 million units of account. For this we are thankful. My Group also wholeheartedly supports the proposal to spend 300 million units of account instead of 150 in 1975, i.e. not 150 million units of account of expenditure and another 150 million in payment appropriations alone. No, 300 million units of account in expenditure. If expenditure is trimmed down so severely in the first year, there is a great risk that part of the maximum amount of 1 300 million units of account will be put off until after the three-year period. I realize that in March we are already at the first round, but I remember what Mr Cheysson said in December 1974. I will not repeat the words Mr Aigner has already quoted. I merely observe—and I do not wish to offend Mr Cheysson—that these are different words from the ones he has just used. He has just said that what is involved is money to get certain activities off the ground. In December however he spoke about expenditure in excess of the 300 million units of account of payment appropriations. However, this has already been explained most competently by the rapporteur.

It is the Committee on Agriculture which has the greatest difficulty in accepting the proposals and this is understandable. Indeed, agriculture will have to pay for the launching of the Regional Fund without it being established whether in the distribution of the funds full account will be taken of the regions which would have obtained the most advantages if they had been distributed according to agricultural criteria. I know too little about the matter to be able to judge Mr Thomson's statement on its merits. I believe his intentions are good but we shall have to hear from the agricultural experts what the consequences of this will be.

As regards the responsibility of those of our colleagues who concern themselves with agricul-

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ture in our Community, my Group considers it necessary for the 50 million units of account which the Commission wanted to delete in Article 800 to be reintroduced by Parliament. This is consistent with the compromise as a whole. The 50 million units of account come from Article 833 (priority regions), and since the legal basis for this will disappear when the Commission, in accordance with its intentions, withdraws the relevant regulation, this will not have any further harmful effects.

In conclusion my Group fully supports the view that expenditure from the Regional Fund is non-compulsory expenditure, which is also the opinion of the Commission. We believe this firstly because of the nature of this expenditure. This is not expenditure which must be used for a specific purpose on account of a particular regulation, but expenditure which, up to a certain ceiling, may be used as desired; it is thus non-compulsory expenditure. Secondly, we support the proposals of the rapporteur, Mr Aigner, regarding the latitude of Parliament, which we consider essential.

The Christian-Democratic Group finds it unacceptable—and I think that every Group in this Parliament finds it unacceptable—that the Council should consider this expenditure as compulsory expenditure. This would be a serious contravention of the budgetary rights which our Parliament has gradually and painstakingly acquired and which are provided for in Article 203 of the Treaty.

The amount of non-compulsory expenditure is the reference amount on which the rate of increase is based. The considerable decrease in the reference amount therefore amounts to an enormous curtailment of the powers and scope of this Parliament.

Now that we have been told by the President-in-Office of the Council that it is intended to earmark the entire 1 300 million as compulsory expenditure we are certainly of the opinion that this is far too much.

Even after hearing the reply of the President of the Council, we continue to support the proposal of the rapporteur and of the Committee on Budgets, which states that we shall continue to consider this expenditure as non-compulsory expenditure.

In conclusion, Mr President, we naturally support the proposal for a draft decision concerning the new percentage increase of non-compulsory expenditure, since this follows logically from what I have just said.

(Applause)

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

Mr Gerlach. — (D) Mr President, ladies and gentlemen, Mr Thomson stated in his speech that the European Community was on the point of introducing a European regional policy. He thanked the European Parliament for its efforts over the past few years, made in response to the proposals and ideas of the Commission but on its own initiative too, to devise a European regional policy. This contribution has been accepted by the Commission in the most comprehensive way.

But in return I should like to thank Mr Borschette and you yourself, Mr Thomson, who have identified yourselves during your period of office with the main ideas of the European Parliament.

I have, however, also gathered from your remarks that a number of particular points need to be cleared up between you and Parliament, and in particular the Committee on Regional Policy and Transport. How do you see the concept of a regional policy as an overall policy, as presented in the appendix to Mr Ortoli's speech, and how do you intend to plan direct investments—also mentioned in the appendix? Moreover, how do you propose to coordinate individual national regional policies via the Commission?

I myself in fact have a different conception of European regional policy. Perhaps we will be able to talk about specific areas of European regional policy in tomorrow's debate on the problem areas around the internal frontiers of the Common Market. As you know, I come from such a problem area.

So much for that. I would just add this: even though I understand the Commission's attitude, I cannot help expecting, with regard to the formation of the Committee on Regional Policy, that the option embodied in Article 5 will develop into something other than you proposed in the decision. We might for example consider whether we should set up an advisory council, which would place itself at the disposal of all European regional and communal associations at the European Conference on Frontier Regions, in order to help them define the main elements of a European regional policy. We should give consideration to this.

I now turn to budgetary matters. I am grateful to Mr Aigner for submitting to you the reflections of our committee. But I am also grateful to Mr Giraud, who undertook the far from easy task of standing in for Mr Delmotte and almost

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overnight compiled the draft of the complicated report which he has submitted to you today.

Mr Cheysson, you have left it to us, in connection with resolutions of the European Parliament, to suggest ideas in the conciliation procedure with regard to the additional 150 million units of account in Chapter 99 in relation to compulsory or non-compulsory expenditure. Both Mr Aigner and Mr Notenboom have commented on this.

One thing must be said most emphatically, Mr President: this House cannot accept the reproach that it is slowing down the progress of a European Regional Fund with the conciliation procedure. It is compelled to use it by the very fact that the Council has taken such a long time to draw up decisions on the Regional Fund and its financing. We are not responsible for this and on behalf of the Socialist Group we categorically reject the reproaches which Mr Aigner has himself already rejected.

On the question of compulsory and non-compulsory expenditure I would like to recall—and I am addressing this in particular to the President of the Council—something which was said in December last year in Brussels during the discussions between the Council and Parliament on the 1975 budget in the presence of the Commission, about the question of compulsory and non-compulsory expenditure.

Mr FitzGerald, we asked your predecessor, Mr Poncelet, how the Council would divide up expenditure from the Regional Fund. Mr Poncelet said he could confirm that this expenditure would be classified as non-compulsory expenditure.

At the meeting of the Committee on Budgets I recalled this statement and the President of the European Parliament, who was then Chairman of the Committee on Budgets, drew my attention to the doubtless highly diplomatic remark of Mr Poncelet that where I had meant a half-full glass, Mr Poncelet had probably meant a half-empty glass. According to Mr Spé-nale, Mr Poncelet had said that at that stage—that is in November/December 1974—the Council's idea was to consider the resources in the Regional Fund as non-compulsory expenditure, which did not exclude their being classified as compulsory expenditure at a later date.

That is assuredly very diplomatic. But even if the representative of the Council was right in considering the resources in the Regional Fund in November 1974 as non-compulsory expenditure, at least at that particular time, I am inclined to wonder what plausible arguments

the Council can produce for going back on its previous opinion. I really can't think of any.

Even if we accept that the Summit conference—and the Council of Ministers did adopt its decision after all—earmarked 1 300 000 units of account for the three years, this cannot mean that as a result of the limitation of this sum the expenditure is thereby established as compulsory once and for all. I do not believe this, because in the procedure leading to the utilization of resources from the Regional Fund, this expenditure must in my opinion, according to the Rome Treaties, without any doubt be considered as non-compulsory expenditure.

Mr FitzGerald, with all due respect I would urge you to present our opinion, the opinion of the whole Parliament and the opinion which I am stating on behalf of the Socialist Group, as emphatically as possible to the Council.

After our work on the budget decision for 1975—and this is worth mentioning again here since it cannot be repeated too often—this work, in which, in true cooperation with the Council, we won through to a decision which has undoubtedly been acknowledged and approved by the Council, since we did not go beyond the given framework, we cannot allow the Council—and I say this most emphatically and with all due respect—to brush Parliament aside, Mr FitzGerald, by changing its opinion without first hearing Parliament. And let me add this: we assumed that any further expenditure in addition to the current budgetary provisions for 1975 concerning compulsory and non-compulsory expenditure would be classified into one of the two categories jointly with Parliament, not by unilateral decisions, but by joint decisions, even if these joint decisions can only be reached by means of conciliation. This, Mr President, seems to me the most important thing in the whole of Parliament's resolution on the supplementary budget.

I might almost say, and now I am speaking for myself only, that it doesn't seem to me all that essential whether we write another 150 million units of account into Chapter 99 of the budget. It seems far more essential to me, despite Mr Cheysson's statement that we shall probably not spend more than 150 million units of account in 1975, but possibly even less, that we should direct all our efforts to deciding jointly with the Council that, not only for the years 1975 to 1977, but in view of the fundamental structure of the Regional Fund and having regard too to the budgetary powers of the European Parliament, these resources should in all future years be classified as non-compulsory expenditure and remain thus. Mr FitzGerald, I can tell you from

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almost ten years' experience in this House that the European Parliament is capable of assuming its full responsibility towards the people of Europe in both negative and positive meanings of the term, and I would remind you that it has on no occasion missed its target yet, but that it will be responsible enough to realize the limits which the Community's budget must set, even for the European Regional Fund, both now and in the future. In other words, the European Parliament, though we regard the expenditure as non-compulsory expenditure, and will continue to do so in the future, will work together with the Council, in its capacity as the budgetary authority, to define the amount of this expenditure each year both in the technical, budgetary sense and in the fiscal sense.

I would ask you, Mr FitzGerald, to tell the Council this too: we are not afraid of responsibility, so please let us have it.

(Applause)

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

Mr Shaw. — I say straight away how glad I am to feel that I have not lost a president of a committee but rather have gained a President of a Parliament.

I agree with what Mr Gerlach said, and I shall come to that in a moment, if I may.

Although there are certain problems to discuss this afternoon, concerning which we want to make our points fairly to those concerned, we must now allow whatever we say by way of criticism and doubt to outweigh the general satisfaction which we all take in this debate and in the part that Parliament has played in establishing a regional policy and a Regional Fund. Whatever criticisms may be made, the fact is that without pressure from Parliament we should not have gone as far along this road as we have done today.

Mr Giraud has stressed the need for this policy, and I think that few would deny this. There are the needs arising in various parts of the Common Market and the needs arising from history, from geography and sometimes from old political pressures and decisions taken long ago. But the fact remains that if we are to make the most of our European heritage we must work as a team to create, and sometimes to recreate, potentialities in those parts of our countries that have fallen behind the rest.

We do not want in any way today to seek to hold up these proposals. Looking at what we are doing this afternoon, we have no desire to hold

them up. The fact is, however, that we are looking ahead and that we are anxious to see exactly what may happen in the future.

I believe that Mr Aigner and those who have spoken before me this afternoon have covered the ground very fully. I shall not spend long on points of detail, although I should like to make two points. The first is the question of the difference, and the difference in treatment, between the commitment appropriation of 300 million units of account and the payment appropriation of 150 million units of account. If we are not careful these terms become misleading, because if we search through the many books with which we are surrounded and look for the commitment appropriation, the odds are that we shall not find it, although we can find the payment appropriation. The Committee on Budgets felt that the budget should reflect these two appropriations—namely, the commitment appropriation and the payment appropriation.

I remember that on the first occasion when this matter was discussed I was rather on my own, because I said that I would not agree to sanction payments which were greater than those that were recommended as possible by the Commission. I was right, although whether I looked far enough ahead I am not so sure. The trouble probably lies in the use of the word 'fund'. When I was a young student, I was taught that the difference between a reserve and a fund was that the reserve was simply a good intention put on one side whereas a fund was an actual cash fund or an investment fund set on one side and appropriated to be used without question. In this instance the word 'fund' clearly does not have that meaning. On the other hand, in discussions we use the words 'reserve' and 'fund'. We have the Mansholt reserve and the Regional Fund. A fund is surely very much more definite than a reserve. Yet we put something aside each year for something like the Mansholt reserve. These funds may never be used, but they are still put on one side. Something which we are told we are intended to use and which is in no sense put on one side is called a fund. There seems to be an illogicality.

Mr Aigner has had a number of discussions with Commissioners and Members of the Council on this matter. I believe he is absolutely right to say that there should be a reflection of the additional sums we have sanctioned in one way or another this year but which are not in fact spent.

We have been told by Mr Cheysson that the commitment appropriation is the sum that limits the amount that can be spent in a year. He can go up to that limit—subject, of course, to our approval—but he does not think that he will

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spend it. Therefore, he has asked merely for a payment or appropriation of something less. But where is the difference in writing in the budget between what we are committed to and what we are in fact paying? If Mr Cheysson does not spend up to the limit in the year, there is nothing in the books to carry forward to add to next year. I shall be grateful to have an explanation of this from Mr Cheysson. It would be of assistance to have the position spelt out more clearly.

I now come to my last point regarding the difference between compulsory and non-compulsory expenditure. Perhaps I am being too candid, but I believe that far more people are aware that this expenditure is non-compulsory than have so far admitted, but, of course, awkward consequences flow from such an admission. We are frightened that if there is no clear commitment, what has been suggested for the first three years will not happen again.

The fact is that this method of using the Summit may be a frequent procedure in our budgetary affairs. If some large item of expenditure comes up in the future, is it to be said that on that occasion we shall have a Summit meeting that will lay down that so much will be spent and that as soon as that decision has been reached the character of the expenditure changes?

All we have at present is the assurance that our views have been noted. I hope that they have been noted. It may be that we shall not get all that we want out of this. Of course we want to make progress. However, we should have been wrong if we had not voiced, as Mr Aigner has done so rightly, our doubts on this matter very clearly and strongly. It is right that we should suggest our own guidelines as to the way we think development should go in future.

Our desire today has not been to slow down the development of the Regional Fund. It has been simply to ensure that its future development is not hindered by misunderstandings created at its inception.

(Applause)

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

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

Mr Herbert. — The European Communities finally have a Regional Fund, and for this we are grateful.

I congratulate Mr Thomson on his consistent efforts over the past two years. His original proposals—indeed, all his proposals—were endorsed by Parliament. They contained the basic needs of a realistic Regional Fund for the European Community. Unfortunately, the Council of Ministers did not share all his views. He must be praised for his courage, his tenacity and his defence of the peoples of the depressed areas of Europe. In spite of what he says, however, he must be bitterly disappointed with what is left today of his original proposals.

We in Parliament share that disappointment. We too had expected a realistic European Regional Fund that would correct Community imbalances. In the many debates in this House and in committee, Parliament was consistent in demanding a regional policy and a Regional Fund which would correct imbalances and revitalize the depressed regions.

The Regional Fund with which we are now faced as embodied in the new texts contains nothing of the high ideals of the Paris Summit that were reflected in Mr Thomson's proposals, particularly the first proposal, and were approved by all the Delmotte reports. What should have been a great day for Europe, I am afraid, is not a great day; it is a bitter anti-climax. The Community has lost a large degree of credibility among the people who needed the benefits of a realistic fund and who expected so much from it.

The fund which we shall have for the next two years cannot in any way be regarded as a Community fund. It can be summarized as a system of subsidizing national aids. The power of control rests effectively with the governments of Member States, to the exclusion of the Commission. The fund is not directed at the correction of Community imbalances. Even though aid is to go to national priority areas, there can be no comparison between the less developed areas of some Member States such as the Benelux countries on the one hand and those of Ireland and Italy on the other hand.

It is fair to say that some of the developed areas in Ireland are worse off than the less-developed areas of the Member States I have mentioned. On these grounds I have to condemn the method of granting aid from the Regional Fund based on national criteria rather than on Community criteria. There is no real concentration of funds in the worst-off areas. The predetermination of the allocation of the fund makes the Regional Fund merely a hollow gesture reeking of *juste retour*.

The system of payment of aid from the Regional Fund to the Member States lends itself to abuse

Herbert

by the governments in that they can replace national aid funds by Community aid funds. This could result in no extra funds being available for regional development projects. This is contrary to the policy of the Regional Fund so ably articulated by Mr Thomson in his basic report and his many statements in committee and in plenary session.

There now exists a great danger of Regional Fund allocations being hidden and absorbed in the central funds of Member States. The morality of this is questionable. Parliament has consistently emphasized that Community aid must supplement rather than replace national aid.

I have many other serious reservations about the so-called Regional Fund. Some of these are mentioned in the report and have been mentioned by other speakers. I look forward to expressing them when Parliament has an opportunity to discuss a fuller and more comprehensive report.

We feel that we must submit to the blackmail of the Council of Ministers. If we are to have a Regional Fund, a small and bad one is better than no fund at all. Our hands are tied, at least for the next three years. Parliament can criticize and condemn the texts, but we must accept them. We cannot be responsible for any further unnecessary delays in making the fund operational. This is the dilemma with which Parliament is faced. However, we must continue to criticize the shambles of a Regional Fund which we shall have until 1978. Our criticism must be directed at achieving the type of Regional Fund which we endorsed in the first Delmotte report.

We have spent two years—perhaps we have wasted two years—discussing and demanding a realistic Regional Fund with sufficient resources to develop the worst-off areas of the Community. Two years ago the imbalance between the Community's depressed and central areas was rated at 5 to 1. Today it is greater. With the passing of every month, the gap will progressively widen.

The people of the depressed areas which have huge economic and social problems are totally disenchanted, disillusioned and disappointed with the fund. They feel that they have been betrayed. A Regional Fund will not solve or correct Community imbalances. In my opinion, the depressed regions need access to long-term credits at low interest-rates. Such an institution should exist in the Community. I realize that one already exists in the EIB. Perhaps a re-adaptation or extension of the powers of the

EIB would suffice, enabling it to give the type of credit to which I have referred, not on a 40 per cent basis but on a 100 per cent basis.

I quote the example of my country. To provide the basic infrastructure required to correct the imbalance between Ireland and the central areas of the Community, £700 million is needed. This huge figure is far beyond our national intervention capacity, so that access to some other source is urgently needed. A Community loan invested in Ireland, where we have the projects, plans, will and expertise to implement such plans, would yield rapid and big dividends. The magnitude of this immediate financial requirement illustrates the paucity of our allocation from the Regional Fund, an allocation which has been described by the media in Ireland as 'the £35 million flop'.

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

Mr Fabbrini. — (I) Mr President, ladies and gentlemen, as you will have noticed, the Communist Group has presented no amendments. There are two important reasons for this. Firstly, in common with other Groups which have already spoken, we have no desire to prevent a prompt settlement of this problem which we have been discussing for so long. Although we are deeply disappointed by the limited size of the funds made available for the Regional Policy, we feel they should be mobilized without delay so as to contain the damage being wrought by the economic crisis which all countries are going through, but which particularly affects the most backward and underdeveloped regions of the Community: I am thinking here especially of the Mezzogiorno in my own country. Nevertheless, we entertain no illusions as to what those funds can actually achieve.

But, irrespective of the reception Parliament might have given to any amendments we had to make, the second reason is political, and of greater importance. We continue to have the distinct impression, not to say the certainty, that what are being discussed here are matters which have already been settled, once and for all, by the Council of Ministers. It would seem that the aim of our discussions is primarily to rubber-stamp decisions which have already been taken. Others have already made this point, and I simply wish to remind you of it. Indeed, it should not be forgotten that the decisions we are talking about were taken, even before they reached the Council of Ministers, at the Paris Summit. In other words, they were taken by a body which even today is still not a proper institution, a body beyond the control of Par-

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liament and also beyond the Council of Ministers itself. On the basic issues, that decision is so inflexible that it leaves the Council of Ministers little opportunity to make any adjustments of its own. For me, clear proof of the fact that the decision has largely been taken already, and that we are merely being called on to give it formal approval emerged from the meeting—which others have referred to here—between a delegation from our Parliament and the Council of Ministers on 5 March last. This was a delegation in which I had the good fortune and honour to participate. At the meeting it was clear that the Council wanted to reach a decision that very day, just as soon as we had left. This was spelt out very clearly by the President of the Council as well as by other members of the Council.

Therefore, if, as we believe, everything has been practically decided already, what value can there be in the resolutions which we are discussing here and which we shall presumably go on to adopt?

I greatly appreciated Mr Giraud's report, which summarized and repeated views already expressed in several resolutions adopted by this House. However, there is no escaping the fact that this resolution seems rather pointless.

In fact, this resolution is basically, just another catalogue of this Parliament's good intentions. I say 'another' because Parliament has expressed good intentions on the subject of regional policy in all the documents referred to in this House. Moreover, these good intentions will remain such for at least three years, that is, at least until the beginning of 1978. Then, as we are told time and again, we shall see. The word 'then' conceals what someone has called the mystery,—and what I shall call the little mystery of the temporary nature of the fund. The mystery has not yet been cleared up, and so I would invite the President of the Council of Ministers, whom we are fortunate to have with us today, to reassure us by giving an explanation of it.

In fact, this notion of the temporary nature of the fund did not necessarily arise from an interpretation of the second—and final official communiqué from the Council of Ministers, but may have resulted from an alteration made to that communiqué between the time that the Summit had approved the document and the time it was actually published.

As a Parliament, we cannot possibly accept that the permanent nature of the Regional Fund should be open to question. We must stress again that the Community's present imbalances

will not be overcome before 1977-78 and that Parliament cannot accept that this idea of the temporary nature of the fund could have sprung up by itself like a rabbit out of a hat. This, in fact, is what has happened with regard to this problem of whether the Regional Fund should be permanent, or provisional and experimental. I accept the President's suggestion that we should keep our speeches as short as possible, so that we can reach a decision on the other points; for this reason, I do not wish to repeat what has been said by other Members and with which I agree, particularly as regards the classification of expenditure which we consider non-compulsory but which the Council would like to make compulsory. Nevertheless, I feel I must make a few remarks and a proposal in connection with the documents we are discussing today.

Mr Aigner (we find it fairly hard to agree in the frequent discussions we have both in committee and in this chamber) in his conclusion, which eventually become the committee's motion for a resolution (a motion agreed unanimously so, it has been said; but I, unfortunately, had to be at another meeting, and was therefore, not present), says one thing with which I am in agreement, and which has also been brought up, if I have understood correctly, by the rapporteur for the Committee on Agriculture. In that motion for a resolution we deplore that fact that the Council of Ministers, acting on a decision reached at the Summit, had transferred 150 millions units of account from the Guidance Section of the EAGGF to the Regional Fund. We agree that this decision should be deplored, just as we agree with the request contained in the motion for a resolution submitted by the Committee on Budgets: the request namely, that the 150 million units of account from the Guidance Section of the EAGGF should be directed towards the less favoured farming regions.

Although this may not seem quite the right place to make the point, I believe that we must state very clearly and firmly that the funds which have been set aside for agriculture, more particularly for the Guidance Section of the EAGGF and which are earmarked for the modernization of farming structures, should be used for agriculture and nothing else. Furthermore, we ask that, in future, no more funds be switched, since the amounts we are dealing with here have been set aside to fulfil certain clearly defined tasks relating, in this case, to structures.

The second remark I should like to make involves a request which may seem strange coming after the scepticism I have displayed as to the possibility of changing anything. But I

Fabbrini

feel it is my duty to do so, since Article 5 of the decision instituting the Committee on Regional Policy states that this committee may—as I remember—sound out and collect the opinions of local authorities, trade unions and professional bodies. As I say, I am very sceptical, but I cannot refrain from putting forward a request for an alteration (even though I have not presented an amendment, for the reasons I stated earlier). However, I shall accept the Council's judgment on this proposal.

This request is simple in form, but of considerable importance in its political content. When the Council finally adopts the regulation, I should like it to replace the word 'may' by the word 'must'. Only in this way is it possible to get the local authorities we are referring to involved in formulating and administering a regional policy which, above all, is aimed at overcoming the existing imbalances.

I put this request forward in the hope that the Council of Ministers may be able to take it into consideration. For the reasons I outlined a few moments ago, we obviously do not want to take a negative attitude towards the regional policy that is being initiated, even though, we are deeply dissatisfied with the size of the funds that have been made available. On the other hand, neither can we give our consent to documents which, as I was saying, are simply a political rubber stamp for decisions which have already been taken. My Group will therefore abstain.

(Applause from the Communist and Allies Group.)

President. — I call Lady Elles.

Lady Elles. — I should like to express our great appreciation to the Minister, Mr FitzGerald, for what he said this morning about the Heads of Government meeting in Dublin. All Members on these benches will very much welcome his statement. We appreciate the haste with which he came here and was able to give us news of the meeting.

I am sure that all of us in my group would also wish to extend a warm welcome to Mr Thomson, which will be shared by Members of both Houses of our Parliament. We are glad to see him in good health once again. It is particularly apposite that he should be here today considering, to use one of his metaphors, that his baby is being born in this Parliament. We hope that it will have a long, happy and full life.

My group welcomes the setting up and establishment of the fund. Successive governments

have desired it, and therefore we welcome the fact that it is with us. It has been fought for by all Members of this Parliament. We also welcome the conciliation procedure which was used at the beginning of this month and on which our former colleague, Mr James Hill, commented very favourably. It is a good sign that there can be cooperation between the institutions of the Community with fruitful results.

It is nevertheless clear that the great economic imbalances in the Community cause grave concern. As the economic situation continues, if not to deteriorate, at least not to improve, one of the major factors in this situation is the great disparity between economic developments in the different regions of the Community. It is therefore more than ever necessary that active measures be taken if any attempt at implementing the preamble to the Treaty of Rome is to be made, because every time we discuss economic situations we cannot get away from the fact that the essential objective of the Community is to improve the living and working standards of all people in the Community, and this above all means those who are least able to benefit from the riches and wealth of the central areas of the Community.

We realize that there were difficulties in the setting up of the fund as it was originally intended and in establishing satisfactory criteria, especially since the fund was based on statistics which in many cases were in no way comparable from one region to another. Nevertheless, my group is not entirely satisfied with the way in which the fund is now being allocated. If I speak personally, I think it is with a sense of regret that my country must be one of those which receive more from the fund. I hope that it will be one of the countries which ultimately will need less of the fund to achieve economic wealth and good living.

Nevertheless, we regret that the fund is being planned for only a short, three-year term. I cannot imagine any proper industrial or agricultural planning which can be limited to a term of three years. The amount of capital that must go into effective industrial planning today must be of such a size that three years is not long enough to see any possible fulfilment of an effective plan. Therefore, the Conservative Group regrets that it is at present only a three-year plan, although we realize that there will be opportunities—at least, we hope so—to extend the plan. Nevertheless the present arrangements must limit the long-term objectives for the money which is to be applied in the near future.

Thirdly, all economic planning must be contemporaneous with social planning. It is

Lady Elles

inconceivable that money should be applied to a region merely for an industrial purpose without taking into account the social, educational and housing needs of the people in the region concerned. I hope that there will be continued and continuous consultation between national governments and regional authorities when deciding on the needs of the people concerned, because that is the ultimate object of a successful regional policy.

In conclusion, I therefore draw attention to the fact that we must be thankful for small mercies. We must look forward to further discussions in Parliament with a view to improving the fund and to developing its potential. We realize that limited resources must mean, for the time being, limited objectives. But this does not mean that we must limit our vision of achieving in the future a fairer distribution of the economic advantages which have already accrued to part of the Community.

(Applause)

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

Mr Mitterdorfer. — *(D)* Mr President, may I say a few more words on behalf of the Christian-Democratic Group on the subject of Mr Giraud's report and the proposals for the setting-up of a European Fund for Regional Development and the Council's decision on the creation of a Committee on Regional Policy.

I should like to start, Mr President, by saying how pleased I am that we have got this far. I should also like to thank the Commission which has tried so hard for many years at least to get a regional policy off the ground. I must, however, state that the proposals before us do not come very far towards meeting Parliament's requirements. This must be said, even if many objections and excuses can be offered.

Basically, we agree with the conclusions drawn in Mr Giraud's report. But we want them to be understood as meaning that Parliament's ideas on regional policy should again be set against the necessity of making the means to set up a Community Regional Policy available as quickly as possible. Discussion of these ideas has been going on for many years. We should like to stress this again, so that the Commission and the Council know how Parliament pictures the Community regional policy, now and in the future.

Similarly, we note that basically the resolution adopts only points—sometimes word for word—contained in resolutions previously passed by

this Parliament. However, the Christian-Democratic Group also shares the view that in order to avoid delay no changes should be proposed.

On the other hand, we wish to make it quite clear that this does not mean that we consider that there need be no further discussion on the form and content of a Community Regional Policy. On the contrary, this initial stage and the experience we shall gain must be used to help achieve a Community policy of the kind we believe to be necessary.

The Summit led to a predetermined carve-up of the cake with every Member State getting something. It may be that this was the only way to reach a decision. In this sense it was realistic. But I should like to express my doubts about whether it can really be said to be showing a Community spirit.

It means, for example, that no Community average can be established as a criterion; we have to use national averages. To the extent that national priorities take precedence here, action on a Community level is restricted.

But I deplore the lack of Community spirit even more than the lack of a concentrated use of the funds which to some extent results from the prefixed distribution. In this way, any effective integration is lost—in return for the willingness to cooperate which is becoming apparent. I consider this to be not only regrettable but also dangerous.

I find it particularly encouraging that the infrastructure investments have been included in the Council's directive on agriculture in mountain and hill farming areas and in less favoured areas.

I must stress this point.

I should like to say a word or two about the Committee on Regional Policy and the way in which the Fund will work. I would stress once again what various speakers have said before me, namely that one point is certainly unsatisfactory even if arguments can be adduced for it. The representation of the regions in no way corresponds with the ideas of Parliament. It should be quite obvious, Mr President, that it is difficult to conceive of a regional policy which does not involve the active participation and representation of the regions. Regional policy should not only be a policy for the regions, but should also help to ensure that a policy of the regions is achieved with the help of the Community. I feel that little attention has been paid here to certain wishes, which were voiced at least by the Christian-Democratic Group.

Mitterdorfer

I should like to repeat our willingness to approve these texts without alteration. It seems to me to be more important to get a regional policy off the ground now than to lose time in proposing more improvements. But we are quite prepared, at the end of the initial period—to quote the Final Communiqué of the Paris Summit—which we consider to be an initial period during which the regional policy can be further thoroughly developed, to draw further conclusions based on the experience gained and with renewed energy to perform the duty incumbent upon us.

President. — I call Mr Kavanagh.

Mr Kavanagh. — I should like to deal with Document 534/74. My colleague Mr Gerlach has already discussed the financial measures in the report of Mr Aigner.

We welcome the decision which has finally been reached by the Council of Ministers to set up a Regional Fund. In order to facilitate its earliest operation the Socialist Group will not table any amendments to the proposal, even though there are many areas of it that could be improved and which we find inadequate.

The responsibility for the long delay that has frustrated the desire of Parliament for a regional policy can only be laid at the door of the Council of Ministers. As far back as November 1973 Parliament passed its second report on this proposal, and in the resolution it urged the Council to adopt the proposals as soon as possible so that the fund could be established by the date fixed by the Paris Summit Conference, which was 31 December 1973. This House did not stop the clock on that occasion, and it was regrettable to read in the Press during the past week that the European Parliament's request for consultation with the Council was being interpreted as an effort further to frustrate the setting up of the fund.

The urgency which the issue is being dealt with today should establish beyond doubt the genuine desire of Parliament, and certainly of the Socialist Group, to put the fund to immediate use. My colleague Mr Delmotte, who is unfortunately unable to be present because of illness, has by his unceasing efforts over several years demonstrated his and our great desire to have the fund commence its operations.

The proposals outlined in the regulation of the Council of 28 February 1975 fall far short of what we consider necessary to constitute a policy for the whole Community, and it is perhaps useful at this time to remind the Council

and the Commission of what we considered to be some basic essentials for that policy.

We considered that economic and monetary union could not have a solid basis without a reduction of the most serious regional imbalances and that the fund should be an instrument of European cooperation, thus excluding the principle of fair return. We think that the means available must, if they are to be effective, be concentrated on a number of limited regions whose development should be a priority. We consider that the problems of developing the peripheral regions are the most urgent and are by their very nature substantial and complex. We also consider that the regions and areas with the most serious imbalances, and situated in Member States with the lowest relative intervention capacity, should be assisted on a priority basis and should receive the bulk of the interventions from the fund.

Bearing those facts in mind, the application of the fund seems incompatible with the resources which the Council proposes to put at its disposal—that is, 1,300 million units of account over three years. As interventions by the fund can apply to a great variety of activities in one region, resources should not be dispersed over too great an area but should be concentrated on a few regions whose recovery is a serious and urgent matter. Regional imbalances must be dispelled if progress is to be made towards economic and monetary union.

The proposals from the Council take into account the seriousness of the imbalances, but they ignore a factor which justifies Community aid—that is, the inability of a country to finance on its own a programme which would effectively and rapidly remedy the imbalances. If Community aid is given where national aid is possible or adequate, this represents a waste of Community resources and an opportunity for the state in question to save money.

The most representative example of regional imbalance is my own country, Ireland, which has practically no single region which is able to make up for the disadvantageous position of the other regions. The per capita income is the lowest in the Community, and the growth rate of the GNP is low and has been so for several years.

In the case of Italy the northern part has for many years carried the excessive burden of aid for the South.

There are other smaller regions throughout the Community which suffer from underdevelopment because of the inadequacy of national aid. The aim of us all should be to strengthen those regions. In that regard, the policy should pay

Kavanagh

especial attention to the economic and social development of regions which border on third countries and whose growth may be hampered by non-economic factors.

In view of what I have said, the upper level of assistance available for infrastructure investment should not be limited to a maximum of 30% of the expenditure incurred by public authorities but should be raised to at least 50% of national expenditure.

Probably the most disappointing feature of the whole regulation is that the fund must now concentrate on national priority areas. This limits the framework of areas to be aided.

I have tried to outline some of the criteria which we in the Socialist Group would like to have embodied in the document, but we do not propose at this time to delay its implementation by debates on amendments. Therefore, having voiced some of our reservations, the Socialist Group supports the adoption of the regulations. *(Applause)*

President. — I call Mr Liogier.

Mr Liogier. — *(F)* Mr President, ladies and gentlemen, at its last plenary part-session this Parliament (on the initiative of my own Group, I might add) passed a resolution calling for the Regional Fund to be given the go-ahead immediately. We are therefore pleased to be discussing today the problem of how the Fund should be financed. Nevertheless, there are many objections to the proposal to transfer to the Regional Fund 150 million units of account from the appropriations held by the Guidance Section of the EAGGF.

As a matter of principle we are obviously very happy to see the Regional Fund being launched, although we would point out that the decision to launch it comes only slightly less than four months after the decision taken at the Summit.

This decision does not satisfy us completely, however, since it goes back on the Summit proposals, which provided for a budget of 300 million units of account for the Regional Fund during its first year of operation. Far from creating new resources, the Council is actually proposing to syphon off 150 million units of account from an agricultural budget which has vast requirements of its own that at present are not being met. This single budgetary measure gives the impression that the aim is to create a conflict of interests between the regional policy and the common agricultural policy, instead of to coordinate them. True, 25 million of the 150 million units of account are to come

out of the 'Mansholt reserve'. But this reserve is earmarked for projects relating to the structure of agriculture, and the fact that it continues to be held by the Member States makes no difference to the problem, since it may be mobilized and, indeed, would have been had agricultural structures developed as was originally forecast. The reason why certain agricultural projects have not progressed in a desirable way is that the directives upon which they were supposed to have been based have been, and continue to be inadequately enforced in the various Member States. Of course, we should also remember that we are still in a transition period.

Whatever one may think of the case for these directives or of the need to adapt them to the new situation facing European and world agriculture, it is serious indeed to be mortgaging future structural projects at a time when these projects, like the guidelines on which they are based, have yet to be revised and brought up to date.

I shall not spend much time on another question, which I discussed at length as rapporteur for the EAGGF. The remainder of the financing of the Regional Fund i.e. the other 125 million units of account, is being taken from reserves allocated solely to agricultural priority regions. These are EAGGF appropriations which, since 1972, could be used for development loans in those regions provided that they were directly concerned with agriculture. The problems of farmers in the less favoured regions cannot be solved merely by a market and prices policy. There must be specific action.

Of course, the Guidance Section of the EAGGF and the Regional Fund may cover similar but not identical objectives, since the scope of the two funds is different.

Indeed, we cannot be sure that the 125 million units of account which it is intended to transfer to the Regional Fund will actually be used for agricultural purposes and nothing else. It seems more likely that they will be used in a broader economic context. But we certainly have no wish to obstruct in any way the creation of a Regional Fund.

It is for this reason, in spite of our many reservations as to this method of financing, which we consider inadequate and perhaps even unfair, that we are simply asking that the appropriations should be so allocated as to benefit the farming community as a whole.

There is a legitimate cause for concern in the provisional nature of the Regional Fund programme, which is apparently being presented

Liogier

as a kind of trial period lasting three years—300 million units of account in 1975, 500 in 1976, 500 in 1977. It would be a pity if the sacrifice imposed on the EAGGF turns out to have been in vain, if this body is deprived of one of its limbs for the sake of a Regional Fund which was no more than a seven-day wonder.

The refusal by the Council and the Commission to set aside 300 million units of account in payment appropriations starting this year, is certainly not very reassuring. Nevertheless, we hope the Regional Fund will not turn out to be a mirage.

As regards the transfer of 50 million units of account on the 1975 budget from the joint schemes relating to priority regions to the individual projects, we entirely approve of this measure, since it would appear to have a preventive effect. Given that the Member States are implementing the 'structural' directives more slowly than was planned, the majority of requests still concern individual projects. Therefore until we get a swifter development of joint schemes, there must be an exhaustive appraisal of the many interesting individual projects which are as yet unfulfilled. However, today we wish to urge the Commission to reduce the time required for examining and sorting through this large number of individual projects.

By way of conclusion, I wish to protest strongly against the system of open examination and discussion imposed on us every time we have to deal with a measure of the utmost importance, whether it is to do with the policy on the structure of agriculture or the Regional Fund. The Delmotte report, dealing with the regions involved and the various kinds of project required in each of them, was largely self-contained. Yet the time allotted to me as an individual speaker prevents me from setting out my thoughts on the subject, because it has been deemed necessary to discuss it together with the two other very interesting reports by Mr Aigner. I should also mention the excellent opinion given by Mr Scott-Hopkins, dealing with the question of financing—a question which has taken up all the time allowed to me.

Thus, we have three important reports, any one of which is sufficient to mark what we hope will be a decisive turning-point in Community policy, given over to a joint overall discussion. From the point of view of the rules of debate and speaking times, all three have been treated together in the same way as one very minor report on the particular name of some brand of cheese or the wording of a label setting out the ingredients of some tasteless, insipid or vinegary liquid.

The same was true of the debate on the directives on the structure of agriculture, which was combined with a debate on agricultural prices into the large shapeless mess which has characterized other important debates held more recently.

Errare humanum est, perseverare diabolicum. We would do well to remember this, if only to avoid the ridiculous, even grotesque scenes witnessed in this House, where the unlucky speaker has to speed up his delivery and raise his voice in order to make his final points heard before they are ruled out of order by the President's merciless hammer.

(Applause from the Group of European Progressive Democrats)

President. — I call Mrs Kellett-Bowman.

Mrs Kellett-Bowman. — I follow those Members who have welcomed the establishment of the Regional Fund on the perfectly simple basis that half a loaf is better than no bread at all. I am particularly glad to be joining this Parliament and the Committee on Regional Policy and Transport at the very time when the Regional Fund is at last getting off the ground. I accept, as does every other Member who has spoken, that the fund as it stands is wholly inadequate to the task allotted to it, but I do not believe—and in this I share the confidence of the Commissioner—that it will long remain so.

I can appreciate fully the feelings of Mr Giraud, who in his very able presentation lamented that many of the things which the Regional Policy Committee had wanted and worked for over many years appeared to have been lost sight of or, at the very least, to have been substantially watered down. I share, too, his concern that the Community fund should not at any cost be regarded by member governments as a soft option enabling them to reduce their own national help to their regions and leave it instead to Community funds.

I regret therefore the wording of Article 4, and trust that all Members will do their level best and accept the responsibility of ensuring that their own governments do not abuse the spirit of the fund by taking action such as this.

Mr Fabbrini asked what was the point of discussing matters which had already been decided; I share the view of the last speaker that we are being much too hurried in our discussion. I hope, however, that the Committee on Regional Policy and Transport will be far from impotent in this regard and that, now that the fund is in being, it will be able to

Kellett-Bowman

improve the criteria and the working of the fund out of all recognition. I believe that this was the view of the Commissioner. I cannot think that he would have accepted it had he not known that from the tiny thing that is before us today we could forge a very effective Community instrument which would bring great benefit not only to those who, as Lady Elles said, are now obliged to accept assistance from it but to the spirit and feeling of the Community as a whole.

(Applause)

President. — I call Mr Bersani.

Mr Bersani. — *(I)* Mr President, ladies and gentlemen, I, too, should like to speak briefly, principally to congratulate Mr Aigner and Mr Giraud on their excellent reports, and to pay tribute to Mr FitzGerald, and the representatives of the Commission, for the exceptional openness they have shown, at least in their statements, with respect to this problem which Parliament has regarded for so many years and more than ever today as a fundamental turning point, one marked by a wealth of social, political and human significance.

It is at last possible to implement a set of measures relating to the regional policy and, more specifically, to the Fund and its operational mechanism. We are all aware of the questions raised by the Council's decision and by the two draft regulations.

I should like to point out briefly, on the subject of regional policy, that by no means all that we have repeatedly asked for has been included in these proposals. We are all deeply perturbed when we hear that this is only an experimental measure, when we feel again the dead weight of scepticism bearing down on this initial stage of the Regional Fund, when we observe that all these measures will not provide that decisive impetus which we had fervently hoped for and which represents one of our most firmly held political convictions.

Nevertheless, I think it is important to get this policy finally off the ground—even if a number of other measures relating to priority regions, definition of criteria and so on have been dropped—and then to bring as much pressure as possible to bear on governments so that they produce clearly defined programmes and concentrate in particular zones the regrettably limited funds available in this phase.

It is precisely because this phase is experimental, because it is intended to jolt us out of a generally stagnant situation, that greater funds should have been provided and more definite criteria drawn up; it should have been possible to

respond more sensitively to the dynamic nature of this phase. Instead, we find various checks dictated by a sense of caution. This is something we must resist. I see we have with us several members of the Commission who will be responsible for operating the new mechanisms. I am looking forward to great things from them. For our part, we shall do our best to back them up in their far from easy task.

On the question of getting the regions and the representatives of local bodies directly involved, I too feel that the Council's decision should be modified. In any case, I would strongly urge Mr Thomson as well as the other Commission officials concerned to implement on a practical level what we have been advocating for the last ten years regarding this fundamental political problem.

On the question of the Fund, I agree with the points set out by Mr Aigner, the substance of which, indeed, was not challenged, either by Mr FitzGerald or by any of the Commissioners who have spoken. I agree that it was wise not to touch the 50 million u.a. set aside for individual projects which in the light of individual Member States' experience with procedural adjustments constitute at present the most effective way of helping the weaker regions to develop their most backward agricultural structures.

Admittedly, the amount of 300 million u.a. for 1975 is a compromise allowing us to preserve the basic principle which, via the classification of non-compulsory expenditure, directly affects the powers of our Parliament. As such it seems acceptable on the terms expressed so vigorously by Mr Aigner and which Commissioner Cheysson has indeed shown himself prepared to accept.

As to the problem of coordinating the Fund with the other measures, I must say that I view with great concern the disorganized array of methods, time scales and instruments with which we are confronted every day. While this does give us a certain room for manoeuvre I believe that the Commission would do well to harmonize the criteria and procedures involved as soon as possible. In this connection, I am not clear as to what is actually being done with the Social Fund in the poorer regions. It is within our present power to re-establish a common basis for these new criteria relating to the Regional Fund, as well as the policy on the structure of agriculture.

Mr President, ladies and gentlemen, these are the points I considered it appropriate to raise. Together with other honourable Members I have stressed the fact that, now the first step has been taken, we can hopefully look forward to achieving the aims which we have cherished for so many years.

(Applause)

IN THE CHAIR: MR SPÉNALE

President

President. — I call Mr Corrie.

Mr Corrie. — May I first say that it is a very great honour to be here as a Member of the European Parliament? I look forward to playing my full part, both here and in committee, for, I hope, many years to come.

I hope that the adding of one more accent to the Chamber will not confuse too many people. Although I am a member of the Westminster Parliament I come from Scotland, which is not just another piece of land at the top of England but a nation proud in her own right which, I hope, will always remain part of the United Kingdom, to which she rightly belongs, and will not break away and become a separate unit at the very time when nations should be coming closer together.

Many of us are saddened by what is happening in Britain at present, but I am sure that before this summer is out the British people will have given a resounding 'Yes' to Britain's staying in Europe. I deeply believe that Britain could not survive on her own and that Europe would not be complete without Britain as a member of the family.

Turning to regional policy and the setting up of the Regional Fund, I must give it a very warm welcome as it will particularly affect my country and my region. I cannot comment in depth, having been here for only two days, so I shall make only general observations. Many people have fought for many years for the setting up of this fund. Although it is not as large as we first hoped, it is the first step down the road to helping regions who have never in the past been able to improve the lives of their citizens because they did not have the funds to do so.

It will also get a warm welcome at Westminster, where successive governments of all parties have urged its establishment. I am optimistic enough to see this as a step toward greater things to come: I do not share the pessimism of some of those who have spoken today.

The region in which I live is on the west coast of Scotland; 12 000 of my people live on islands that are 20 kilometres from the mainland, where living is difficult because of the high costs of transport by ferry. These are the kinds of areas that I hope the fund will help in Britain. I have always believed that people should not suffer because of the area in which they

lived and that help should be given to people in such areas to keep the population there.

I recognize that there are differences between the new regulations and the earlier proposals on which Parliament expressed detailed views. I hope that nations will use the fund, as was always intended, for the betterment of people in the poorer areas, to give them the chance to live like their better-off neighbours. I hope that eventually there will be direct contact between regions and the Community. I believe such contacts to be necessary.

I look forward to the day when we have a comprehensive Community regional policy as a complement to national regional policies. This policy should not be limited to industrial and service activities, but should also cover social, cultural and environmental considerations. In this way populations can stay in the less-favoured regions with all the services they require rather than flock to the already overcrowded urban areas.

I warmly welcome the setting up of the fund. The sooner it is functioning, the better it will be for all.

(Applause)

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — I wish to respond briefly to the debate.

I fully recognize the sense of frustration which, on some aspects of the proposals and procedures before Parliament, is felt by Members. This is all part of the fact that the Community is still developing. As we feel our way forward, Parliament comes up against obstacles. Sometimes old ones and sometimes new ones seem to be raised. Parliament has to keep pushing and circumnavigating, and in that process the Community will develop.

I have to speak here as President of the Council of Ministers. Many criticisms have been made of the Council. While many of them are justified, one must in fairness recall that the Council operates today in many vital matters by what is in effect a process of unanimity.

When Members criticize the Council, I must defend the decisions of the Council. They may not always be decisions that I personally like; they may not be decisions I support; in some instances they may even be decisions which would not be made but for the views of one country on a specific issue; they may, in fact, be decisions on which most Members of the Council might have a different view, but that too is part

FitzGerald

of the process of building the Community. That that is the decision-making mechanism and that I have to stand here in a sense sharing collective responsibility for decisions which may be very much minority decisions under our present system is part of the burden we all bear in trying to create something worthwhile out of this extraordinarily complex part of the European continent.

I recognize, therefore, that the proposals before Parliament are imperfect. They are a compromise. The policy itself is a compromise. Few people expressed stronger dissatisfaction as individual Ministers about this than possibly I did myself. However, it is there: it is a start and Parliament has to approach it in that spirit.

Despite the frustration of Members of Parliament, the attitude shown has been a positive one: Members wish to do nothing to hold up the putting into effect of the policy; at the same time Parliament wishes to insist on its rights. That is a constructive attitude that I as a politician can recognize, welcome and support. As President of the Council, I have to be somewhat more cautious in my approach.

I wish to deal briefly with one or two points that were raised. One speaker, criticizing the Council for seeking to press ahead and bring the matter to a decision, was somewhat impatient of the attitude of the Council. This is accepted. The Member said that the Council clearly wanted to take the decision as quickly as possible. In my view, the fact that we wanted to take the decision is not a criticism of the Council. When we met on conciliation last week, it was quite clear that I, speaking for the Council, wished us to get ahead as quickly as possible and to avoid any delays. However, the crucial point is that when the parliamentary delegation dug in its heels and said 'No, the procedure must be followed, but we will do it in a way that will not hold up the implementation of the fund', I, having argued the case for about an hour as strongly as I could, naturally and properly conceded to Parliament its rights. It was not wrong that I, on behalf of the Council, should have wanted to make progress as rapidly as possible, but it was right that when Parliament had a clear view and wished a certain procedure to be followed, the Council, through my person, should defer to its wishes. That is what happened, and there was nothing wrong about that discussion. There is nothing wrong about the tension that existed between us, because it was a constructive tension and one out of which Parliament emerged as having asserted its rights.

On the question of the duration of the fund, there has certainly been confusion on one aspect. I do not wish to go into it now. I avoided going

into it before for obvious reasons. However, let us be clear that there is no confusion whatever about the fund's being a permanent fund. Indeed, whether or not the amounts provided are stated to be for a trial period is irrelevant, because obviously the sums of money of 300, 500 and 500 million units of account are sums of money which, as sums of money, are inherently temporary. Nobody is suggesting that there will be a continuation of figures of 300, 500 and 500 and 300, 500 and 500 again. Clearly the sums of money set down are temporary. We *want* them to be temporary. We want them to be greatly increased. It was in respect of that matter only that the question of whether or not the words 'trial period' were used arose. No question arises—or has arisen—about the fund itself. No one has ever contested its permanence. That is not at issue.

Finally, on the question of the Committee on Regional Policy and Transport, the point was made that as presently worded the text states: that 'The Committee may, in accordance with the Rules of Procedure, receive views from interested parties, from the regions and from trade-union and business organizations.' (Incidentally, the English text before Parliament omits the word 'views'. It is certainly in the French text.)

It has been suggested that the recommendation should say that the committee 'must' receive these views. One of the reasons why that was not said is that in different regions of the Community there are different administrative organizations. If one were to lay down a legal obligation to consult, there would need to be clearly and specifically established with whom that consultation must take place. Given the different administrative arrangements, and the different social and structural arrangements in the different regions, there would be insufficient provision to be able to make this a legal requirement. However, there is no doubt as to the intention and wish that the committee shall proceed by consulting all interested parties. It is a legal point only that prevents the use of the word 'must'. Indeed, in my own Parliament for many purposes the word 'may' has the meaning of the word 'must', for curious reasons which, even though a non-practising barrister of 30 years' standing, I do not clearly understand. The fact remains that the committee will consult, and it will consult fully.

Those are the points I wished to make briefly. Finally, on behalf of the Council—that curious body which sometimes operates by a majority of one against a minority of eight—I want to thank the Parliament for its cooperation in this difficult matter. I hope that, with the steps Parliament proposes to take, it will be possible for

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the fund to come into effect and for the money, such as it is, to start flowing out to the regions as soon as possible. That is the wish of the Council, and I know that it is the wish of both the Commission and Parliament.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission of the European Communities. — (F) Mr President, Mr Thomson and I have already set out the Commission's position, and so I shall merely give a reply to the two technical questions which have been put to us. This will clear up any misconceptions, and will enable Parliament to understand how the Commission sees certain technical points and how it is going to fulfil its implementing rôle.

Mr Shaw has asked for some clarification of the notion of commitment appropriation as distinct from that of payment appropriation.

Quite simply, a commitment means that the Community recognizes its position as debtor in respect of the total expenditure anticipated for a particular operation. Suppose it is decided to build a bridge. The day that the contract is signed—I do not say the day that a decision in principle is taken, but the day that the contract is signed—there is a commitment for the whole of the corresponding expenditure. Payments will then be made as the work progresses, as one would expect, and may extend over several financial years. The commitment dates right from the beginning. In other words, what matters is the volume of the commitments. The problem of payments is then a problem of fund management, if I may put it that way. This problem must be taken into consideration if one wants to ensure a proper management of funds, whereas the volume of a policy is reckoned according to the volume of the commitments over a given period.

The second point I wish to take up is the one made by Mr Liogier—and I know from speaking with Members outside this Chamber that several of them share this view. He said that if we take 150 million units of account out of the 'Borschette' and 'Mansholt' reserves, we are not creating any new resources. Pardon me, Mr Liogier, but we are indeed creating new resources! Those 150 million units of account do not exist, they are not entered as receipts in the budget; consequently, they have not been set aside by Member Governments as amounts payable in connection with the Community budget for 1975—they simply do not exist!

When we mobilize this reserve—which is a purely theoretical reserve—we shall create the cor-

responding receipt and we shall have at our disposal amounts which we do not have at present.

This is in marked contrast with Article 883, where an appropriation is entered, and on the opposite page, a receipt is entered in the total receipts of the Community. We can therefore make use of this money as soon as it is needed, whereas this is not the case with amounts referred to as the 'Mansholt' and 'Borschette' reserves; no receipt exists on the opposite page, and no provision has been made by any of the Member Governments to cover this expenditure. When we want to make use of this reserve—in this case, 150 million—we shall create 150 million units of account which only exist at present in the form of a theoretical promise entered in that curious document known as the 'commentaries' on the budget.

President. — I call Mr Aigner.

Mr Aigner, rapporteur. — (D) Mr President, I shall only make a couple of brief remarks. May I firstly express my thanks for the appreciation shown for our joint work. I should like, however, to add two further comments.

First, as to what Mr Cheysson has just said—of course you are right, Mr Cheysson, in your definition of the commitment appropriations. But commitment appropriations are commitments which the Member States have already taken upon themselves. They can only be withdrawn at Community level. That is the difference. If there are no commitment appropriations every Member State can exercise its veto, so long as we still have *de facto* contributions from the Member States. This, too, is the Council's fault, as it has not yet passed the Sixth Directive for a Communal Basis of Measurements. It is still with the Council; the Commission and the Parliament have done their duty but the Council cannot agree, although *de jure* the Community has enjoyed financial autonomy since 1 January 1975. The moment there is also *de facto* complete financial autonomy, Mr Cheysson, the commitments which the Member States have entered into can be completely withdrawn but only by means of resolutions taken at Community level. That is of course more than first asking the Member States to make new funds available, thereby running the risk of the Finance Ministers using their veto. That is quite a different thing.

I would like to make one final remark dealing with the point made by the President of the Council. He quite rightly pointed out that it is difficult to satisfy the requirement of unanimity in the Council. But that forces us to guard jealously our hard-won budgetary rights in the

Aigner

Luxembourg agreement, not just because we feel we must say something—although as parliamentarians, of course, we do tend to feel this—but because the decisive thing for the Community is that Parliament's participation introduces the idea of majority decisions to the Council no progress is possible without majority decisions. Without majority decisions, and majority decisions in Parliament, national parliaments will not surrender sovereignty for the benefit of Europe. That is why we are fighting for this basis, and why we must fight for it so that in practice it is not weakened any further; in theory it is already very weak.

Mr President, we could debate for hours on modern parliamentary systems. Of course many aspects can be criticized and many systems are in need of reform; but we shall not have a European Community—indeed I would hope we shall not have a European Community—until there is a greater element of democracy. And the national parliaments, to whom we address our appeals, are not going to give up their sovereignty to a hierarchy of civil servants, however excellent they may be, and however high their IQs. This is why we must defend our rights and this is why I would ask that special attention be paid to the question of non-compulsory and compulsory expenditure—these terms in fact are entirely wrong in the context. What we should say is that one is a form of expenditure in which Parliament has the final word, and the other a form in which the Council has the final word. These are the decisive criteria, and this is why we demand this classification. We would ask you to do the same.

I hope, Mr Spénale, that you will again be part of the next delegation, and that we shall achieve a good result for the Community.

I should like to express my thanks once again to the Council and to the Commission. We feel, I think, that we agree entirely on the objectives. We have accepted all the resolutions and draft amendments unanimously, with the exception of the Communists. Their spokesman was not here today; but he had certain reservations which we have noted.

The Communists are always talking about Europe, but when it comes to doing anything for Europe they are always opposed, usually on the grounds that they want more! Well, we want something of Europe now and we should vote for this, even if we are not completely satisfied. On this point I feel that 'a bird in the hand is worth two in the bush'. We hope that tomorrow we shall have the other two as well.

(Applaus)

President. — I put to the vote the motion for a resolution contained in the report by Mr Delmotte (Doc. 534/74).

The resolution is adopted.¹

I put to the vote the motion for a resolution contained in the report by Mr Aigner (Doc. 491/74).

The resolution is adopted.¹

Thank you, Mr FitzGerald, Mr Thomson and Mr Cheysson.

11. *Change in the agenda*

President. — Honourable Members, I would point out that, with regard to the draft amending and supplementary budget No 1 (Doc. 530/74). The council will not be taking a decision on this matter until 14 April. Therefore, since the Council has fifteen days in which to consider the draft, we should be forcing it to hold a special meeting by submitting the draft straightaway. Further, an immediate vote could cause certain difficulties with regard to a quorum.

Since the general debate is closed, I propose that in the circumstances we hold the vote during the sitting of Tuesday, 8 April. We could thus submit the document to the Council on 9 April, which, according to the Council sources which I have sounded out, is sufficient. In addition, this would enable each institution to carry out its work in the most favourable conditions.

Are there any objections?

That is agreed.

The next item was to have been the debate on the report drawn up by Mr Radoux on behalf of the Political Affairs Committee on the European Conference on Security and Cooperation (ECSC) (Doc. 485/74).

I have taken this matter up with the Commission of the European Communities on the one hand and the President of the Council on the other. It seems that in view of the very late hour, we cannot hold a proper debate on this matter. I therefore propose, in agreement with the rapporteur, that consideration of this report be postponed until the next part-session.

Are there any objections?

That is agreed.

¹ OJ No C 76 of 7. 4. 1975.

12. *Oral Questions with debate: Voting subject to confirmation*

President. — The next item is the debate on two oral questions put by Mr Durieux to the Council and the Commission of the European Communities respectively (Doc. 508/74 and Doc. 509/74).

The first question is worded as follows:

'Subject: Voting subject to confirmation

Does the Council feel that the system of voting subject to confirmation is in accordance with the procedures laid down in the Treaties and with the concept of a Community body?

Does it consider that the withholding of assent by a Member State following such a vote is liable to vitiate the validity of one of its acts, particularly when it is borne in mind that the systematic use of the unanimous voting procedure may be discontinued?'

The second question is worded as follows:

'Subject: Voting subject to confirmation

Does the Commission feel that the system of voting subject to confirmation is in accordance with the procedures laid down in the Treaties and with the concept of a Community body?

Would it be prepared, if necessary, to institute the proceedings designed to ensure compliance with and uniform interpretation of the Treaties?'

I call Mr Durieux.

Mr Durieux. — (F) The events to which these two joint questions to the Commission and the Council relate took place quite some time ago. However, this has two advantages in the present case. Firstly, it enables me to go beyond the narrow partisan context of a measure which, though only taken by one State, in fact affects all the members of our Community. Secondly, I can include the decisions taken at the Conference of Heads of State in Paris last December, and thus relate my comments to the debates on the institutions which we have had in recent months.

Numerous questions arise in connection with the procedure used at the famous meeting of the Agricultural Council but today I shall only consider two basic matters, namely the problems inherent in the Community's ministerial bodies, and the rôle of the Commission.

I shall deal with the first matter under two closely linked aspects raised by voting subject to confirmation viz. the relations between the Council and the national governments, and those between our three ministerial bodies, the Council of Ministers, the Conference of Foreign Ministers and the European Council.

I should first like to say how pleased I am about the agreement in Paris that majority voting should be progressively reintroduced. However, this agreement does not go very far towards resolving the matter as, apart from threatening the majority procedure and causing additional delays, the vote *ad referendum* reflects a major defect in our institutional structure.

Indeed, each Council of Ministers meeting brings together national ministers responsible for the matters up for decision. The Council is thus somewhat specialized and although the Treaty states that it is an autonomous body with its own competence and power of decision, it seems unable to assume its independence as this kind of specialization does not exist in Member States, where ministers who are responsible for one or more ministerial departments still take the major decisions jointly and, as a rule, are jointly responsible for them to parliament.

Though the dual mandate we have to bear is often justly criticized, at least our functions here are similar to those we have in our respective national parliaments. But the European mandate of our Ministers is more than a duplication of duties. It demands virtually a split personality, since it obliges them to take a quite different approach to Community matters than to national matters.

We need look no further for the reasons for the illogicalities of the vote *ad referendum*. We have given decision-making power to the Council alone, which in fact is nothing more than a number of bodies, quite independent of one another, which owing to their unrepresentative character at national level and their lack of responsibility at Community level, have not the political power to commit themselves beyond what has been agreed by the national bodies to which they are answerable for their actions.

Additional limitations to this organic amalgam are imposed by the COREPER in preparing its work. This body is all the more dangerous for the Council's autonomy in decision-making, as it stems from the same conception but has even worse features such as anonymity, indeed secrecy, lack of political awareness and isolation. It therefore follows that all the power with which it has been entrusted can in fact only be used negatively. It is the ardent defender of national sovereignties whose least requirements it anticipates and sometimes even exceeds.

Thus the Community powers are divided between an erratic Council and a defective COREPER.

Durieux

The recent establishment of a European Council made up of the heads of the executives in the nine Member States only confirms this analysis. Here again, though I am very pleased that this initiative has been taken, I find it far from reassuring. What in fact will be the difference between the Council of Ministers and the European Council? The latter, with the exception of the French representative, will consist of ministers—prime though they may be—none of whom can escape from the exigencies of collective responsibility. They will still have to account for the decisions taken to their colleagues and parliaments in their respective countries.

The problem is thus one of finding the correct balance between the responsibilities and the representative nature of the institution to which they are entrusted. We cannot solve it by transferring power from the Council of Ministers to a body of the same type whose prestige will not be able to withstand the horse trading which is the current mark of the depths to which our Community spirit has sunk.

In speaking of transferring power from the Council of Ministers I anticipate that the European Council will have to take decisions (and I shall be returning later to the legal character of these so-called decisions) in the areas in which the Council of Ministers is not competent.

But how can one divide responsibility between two identical bodies? Prime Ministers will attempt to reach agreement where ministers have been unable to do so. But surely there will be far less effort to achieve understanding within the Council once matters can be referred to a higher body.

The agenda set for the recent Dublin meeting is ample proof of what I am saying. It contains the same items which until then had been dealt with by the Council or the Conference of Foreign Ministers, although in most cases the issues are not sufficiently ripe for decisions to be taken.

Allow me to give a particularly striking example. When they recently met to discuss a proposal on the famous correcting mechanism requested by the United Kingdom, our Ministers quite simply referred the matter to Dublin. Let us however try to imagine what would have happened had there been no European Council. I believe that the Council of Ministers would have felt obliged to reach agreement, just as our heads of government felt they had to.

For the body has little importance; as in the case of agriculture for example, it is dominated

by the urgency of the decision to be taken and the very impossibility of referring it elsewhere.

But what is more serious is that this Parliament was not consulted on this mechanism, though in fact it should at least have been formally consulted under the terms of Article 235, which we discussed this morning.

Is it likely to be, now that the European Council has already reached agreement on this point? Would that not mean putting off the final decision until the next summit meeting, and would that not, politically speaking, be too late?

A development I am afraid of, since it could become a habit, would be the one where the Heads of State and Government make their decision, and then pass it back to the Council for proper drafting and Parliament's opinion.

Judge for yourselves what this procedure would mean for the reality of democratic control in our Community. It is my feeling that even before the first meeting of Heads of Government was held, the functioning of this new institution was compromised. To refer back to my example, I thought, indeed I hoped, that the European Council would have finally to resolve the problem of renegotiation on the basis of the results obtained by the Council. However, as one minister gave his consent 'ad referendum', that is subject to his vote being approved by his government, we shall soon find that all the ministers refer to the European Council the decisions they have to take.

Far be it from me to object to the holding of 'summits' on a regular basis. I recognize that this new body has great merits. It is an interesting attempt to provide the Community with a decision-making centre.

It is also the first step towards abandoning the absurd distinction, which I have constantly opposed, between Community matters and matters of political cooperation. From now on, these will be dealt with by the same body. However, a grave danger still exists, namely in the way work is prepared for the European Council, as part of it is handled by the Conference of Foreign Ministers and the Political Committee and the rest by the Council of Ministers and the COREPER.

If this practice continues, we may well end up with a body with two separate but powerful secretariats acting on different bases yet dealing with closely interrelated subjects.

To be quite frank, it seems to me that a body of this kind would be something of a monstrosity not only from the legal and political view-

Durieux

point but also from that of sheer common sense. A European Council with this kind of assistance could hardly be very efficient. Yet efficiency must be the hallmark of the future development of our institutions if we are to avoid legal *lacunae* affecting over 250 million individuals in a world where the urgency and number of decisions to be taken are constantly increasing.

Our main concern should therefore be to free the decision-making bodies and ensure a solid basis for their action.

The best way of freeing our institutions is to simplify them and reallocate their functions.

There are far too many committees and other minor groupings which obscure the division of responsibility. We have seen the Council's tasks duplicated by those of the Conference of Foreign Ministers and I can hardly believe that a European Council with two secretariats, each with its own legal personality, will be able to simplify this situation in any way. The provision of a solid basis for action by our institutions is perhaps the main challenge of the coming years. I mentioned earlier the major defects in the make-up of the Council. Since it always consists of only one minister from each country, even though certain decisions require the assent of all the ministers and of the national parliaments, it cannot accept collective responsibility for the various States. It is not responsible to the European Parliament, where it does not reflect a majority, and it is not based on the Community of States.

I fear that the foundations on which the European Council rests are not very much more extensive, and do not enable it to go beyond more or less narrowly defined and political commitments. Indeed, the Heads of Government are unable to commit their respective countries without the assent of their national parliaments. There is thus an extremely serious underlying problem here which we must tackle before it degenerates into confrontation.

To conclude this first aspect, I wish to say how pleased I am about the efforts which are being made at the present time to strengthen the Community institutions. I feel that the fresh wind which has been blowing since the last Paris Summit will prevent a repetition of the events which led to these two oral questions. However, I still feel rather uneasy since, as I pointed out, the real problem has not yet been fully resolved. Our executive body must have a truly European character and must therefore rest on a democratic basis at European level rather than at the level of each Member State.

The reason I have also put a question to the Commission is that despite the pundits who constantly forecast its reduction to impotence or even disappearance in the near future, I still believe, and I am certainly not alone in this, that its rôle as defined by the Treaty remains essential.

I believe in it firstly because of its leaders, who by their perseverance and flexibility have succeeded in making the Commission vital to the Community for a long time to come. Moreover, I do not feel that it is possible to introduce a constitutional system throughout Europe with any success, which though it claims to be the common link between our national institutions, is in fact understood very differently in the various countries, and shows daily signs of a severe crisis and irreversible obsolescence.

I remain convinced that the reforms we achieve now will determine the future character of the Community. In other words, the creation of the institutions of the European Union had already begun and is continuing every day. This means that we must be responsible and must show care and perspicacity. I also believe in the Commission because it is an element of stability and continuity in the Community. Last year, we saw how the Heads of State and Government of the major Member States could disappear rapidly from the political scene for one reason or another. These upsets brought about serious changes in European politics even before the Heads of Government Meeting gained the status of a decision-making body. What would have happened if the Commission, with its sense of institution, had not ensured the continuity of the public service—if I may put it like that—despite tremendous difficulties?

Yet I think it should assert itself even more and that is why, in my question, I have asked it to take action against some of the malpractices of the Council. It has the legal right to do so and it will soon have full political power once it has the support of a parliament directly elected by universal suffrage.

My last point is more specifically related to this Assembly, as the Commission may prove to be of major importance in its future development. Indeed, whereas legislative power in all our Member States is in the hands of the executive, particularly as regards the introduction of legislation in which the latter has a virtual monopoly, a European Parliament, elected by universal suffrage and with the Commission responsible to it, will be able to and indeed must participate directly in this basic stage of the legislative process. If, however, like the national parliaments, it faces a monolithic executive, it will certainly not be able to do so.

Durieux

In order to achieve this, a number of conditions must of course be met. The Commission must maintain all its individuality and independence vis-à-vis the Council. I am not referring here to its contacts with the COREPER representatives before drawing up proposals as I feel these are very useful.

Yet there is a very delicate borderline here which should never be crossed. A Commission proposal must never become a COREPER proposal, with all the ambiguity that this involves.

It is especially important that when taking initiatives the Commission should be as careful to consult the representatives of the European peoples as it does to consult those of their governments.

A parliament's reactions are of course slow and not always adapted to the urgent action demanded by events. Nor is it Parliament's rôle to be concerned with day-to-day administration. Parliament could therefore be consulted when large scale projects are drawn up by the Commission.

Such involvement in the introduction of legislation would seem to be all the more natural as Parliament already has the power to apply sanctions in respect of Commission projects, and will, I hope, very soon be able to withhold funds from measures of which it does not approve.

These comments may appear to be rather severe, but are not intended to be so. I merely wished to show the institutional imbalance present in our decision-making bodies, and the resulting dangers.

However, I do not underestimate the great progress which has been made, and I found that the general tenor of the speeches by Mr FitzGerald and Mr Ortoli this morning were most encouraging.

(Applause)

President. — I call Mr FitzGerald.

Mr FitzGerald, President-in-Office of the Council of the European Communities. — It would not be appropriate for me now to follow Mr Durieux on those parts of his remarks which run more widely than the question posed. However, I am glad that he has afforded me this opportunity of dispelling the doubts which have been expressed in certain quarters as to the extent to which the Council are complying with the voting procedures in the Treaties.

What has occasionally been incorrectly termed voting subject to confirmation or ad referendum,

by analogy with certain diplomatic procedures, should be considered from the point of view of Community law as a conditional agreement which is, in effect, reached only after the Minister concerned has had time for further reflection. As a result, the act for which this Council Member has resorted to such procedure will be formally adopted only when the Minister concerned has confirmed his conditional vote. The Council as a Community institution will then be considered as having taken its decision.

This kind of procedure is perfectly in keeping with the provisions of the Treaty governing voting in the Council. It can also have the practical advantage in certain cases of facilitating the procedure for taking decisions in the Council. In any event, it has the effect of speeding up the proceedings by ensuring that the same item does not unnecessarily reappear on a subsequent agenda.

As to the second aspect of the honourable Member's question, I should like to make the following observations. As I have pointed out, the existence of a Council act should, in the case in point, be considered as beginning on the date on which the vote is confirmed. In the event of its not being confirmed, the act, assuming that its adoption by the Council requires a vote in favour by the Council Member concerned, will not be adopted. It cannot, therefore, be argued that lack of confirmation by the Member State concerned or agreement given subject to such confirmation by its representative in Council vitiates the validity of a Council act, since in this case no act has been adopted. Leaving aside the legal aspect and returning to the political aspect of the debate, I would say in conclusion that experience has shown this to be in practice an extremely uncommon occurrence.

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — In the context of the Community's decision-making procedures, the Commissioners' understanding of the expression 'vote ad referendum' is basically as follows. When a subject being treated by the Council is voted on, a Member of the Council adopts a certain position but states at the same time, perhaps in order to consider certain aspects of the matter in greater detail, that his position is subject to subsequent express confirmation. This would mean that in cases where, according to the Treaties, unanimity is required, a decision could not, as the President of the Council has said, be taken by the Council until what is, in effect, a conditional acceptance by the Member State in question has been confirmed as absolute.

Soames

The position would, of course, be different in the case of decisions which can be taken by a majority vote. In such cases there might be a sufficient majority to take a binding decision even if one or more Members voted ad referendum. Given this understanding of the phrase 'vote ad referendum', the Commission would find it difficult to argue that there existed an incompatibility between what had happened so far and the procedures of the Treaty. Indeed, the use of this mechanism, although I would agree with the President of the Council that it has not been used extensively, has two advantages. First, it allows a decision which has been taken by the Council to be given full effect from the moment when the Member who has introduced a reservation withdraws it, without further consideration by the Council. This point was referred to also by the President.

Secondly, if we are not to allow the 'vote ad referendum' Ministers will come with a mandate from their governments. After all, one wants to have a debating chamber and to have debates. The Council wants to have debates, and people's views ought to be able to be swayed by debate as it takes place. A Minister might be convinced but might not have had the authority of his government to go beyond a certain point.

If we are to take from such a Minister the right to vote ad referendum, I am afraid he would say, 'I am mandated to vote only in this way', and the matter would unfortunately come to an end. The 'ad referendum' vote is a good and pragmatic addition. It is not something to be used very often. I do not believe that it has been used very often or that it has been misused.

As to the further question whether subsequent developments require any act, the Commission is the guardian of the Treaty and I would certainly agree with the honourable gentleman. He should rest assured that we should take all the appropriate measures open to us.

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

Mr Patijn. — (NL) Mr President, since I am in complete agreement with the points made both by Mr FitzGerald and by Sir Christopher Soames, I can confine myself, in view of the very late hour, to a single remark.

I completely agree with the interpretation by the two gentlemen of the term *vote ad referendum*. That is all I wish to say.

President. — I have no motion for a resolution on this debate.

The debate on this item is closed.

I thank Mr FitzGerald and Sir Christopher Soames.

13. *Oral question with debate: Participation in GATT multilateral trade negotiations*

President. — The next item is the oral question with debate, put by Mr Cousté on behalf of the Group of European Progressive Democrats to the Commission of the European Communities, on participation in the GATT multilateral trade negotiations (Doc. 521/74).

The question is worded as follows:

'Subject: Participation in the GATT multilateral trade negotiations.

What are the main features of the instructions given to the Commission of the European Communities at the Council meeting of 10 and 11 February 1975 on participation in the GATT multilateral trade negotiations which have just opened at Geneva?'

I call Mr Cousté.

Mr Cousté. — (F) Mr President, ladies and gentlemen, I do not expect that this question, which I put on behalf of my Group, will cause any astonishment, as at its meeting of 10 and 11 February the Council of Ministers gave the Commission instructions—I emphasize the term—for the multinational trade negotiations which have in fact been in progress in Geneva since 3 March.

Apart from its current interest, I feel there are other reasons for raising this question. The first is that you yourself, Sir Christopher, as Vice-President of the Commission of the European Communities, have at several of our debates, particularly if I remember rightly in April and July 1973, given Parliament a very complete and well-received account of your views, which were those of the Commission, on these extremely important negotiations.

You also said at the time that you hoped the matter would come up for discussion again, and that you felt that this was vital to allow you to perform the mandate given to you by the Council with the support of Parliament and thus, if need be, with greater authority.

There is yet another reason why it should be no surprise for Parliament to discuss the GATT negotiations. Our main trading partner, the United States, concluded a lengthy debate in Congress by granting Congress and the President of the United States far greater powers in the current negotiations on five areas which I shall

Cousté

be discussing later and which, in my view, are the main aspects of the Trade Agreement Act.

We must not forget that Congress will be able to amend and even annul certain decisions resulting from the negotiations, and that throughout the prenegotiation period consultative committees representing public and private interests were set up in the United States and will be reporting to Congress on the results of the GATT discussions.

Finally, as Members of the European Parliament we shall be meeting our colleagues from Congress at our biannual talks and shall naturally bring up this problem. I therefore hope that you will let us know the Commission's present views.

I should like to deal briefly with these matters under two headings.

Firstly, does the mandate given by the Council coincide with the line taken by the Commission in its proposals?

Secondly, is it not likely that the Trade Agreement Act signed on 3 January 1975 by the President of the United States of America will turn out to be an obstacle to the GATT negotiations?

In regard to the first point, in the speeches I have just referred to, you provided a breakdown which I should like to adopt: customs duties, non-tariff barriers, agriculture, the developing countries and, finally, safeguard clauses.

As regards customs duties, the general principle is that the higher the duty, the more the negotiators should try to lower it. In the case of very low tariffs, one could imagine a kind of tariff threshold being set, with the possibility of later negotiations being left open. We understand that when the Council last discussed the matter, the average reduction envisaged was between 20 and 50%. Is this correct? And should not some link be established between this average reduction and the technique for harmonizing customs duties in order to avoid the appreciable differences which we still have today between relatively homogenous tariffs such as the common external tariff and the 'serrated' tariffs, particularly those of the United States and some other partners. As regards non-tariff barriers, it was suggested that in view of their considerable number some main sectors should be selected for which a 'code of good conduct' could be established. I should like to know the present position on this.

In regard to agriculture, I need hardly remind this House that the results of the Kennedy

Round were disappointing. However, we have to recognize that this sector is still one of the most difficult to organize. Without wanting to get involved in an agricultural debate, I am concerned like everyone else here, about the fluctuations in the rates for agricultural products in recent years, particularly over the last two years. The Commission, like other bodies, therefore feels that international agreements are a valid approach. However, it seems to me that agreements of this kind require more than simple price mechanisms and that they are ineffective if buffer stocks are not set up. But of course this raises the question of financing. Has the Commission any definite ideas on this? Furthermore, the Community has always been eager to improve the commercial situation of the developing countries, for example via the EEC-AAMS association agreements and, more recently, by the Lomé Convention signed on 28 February of this year. It has also done so by means of generalized preferences applied to a large number of developing countries, particularly certain countries of Latin America. The problem is quite clear: a general reduction in tariffs to the benefit of all our trading partners could result in disadvantages for the developing countries insofar as the preferences intended for their benefit would in fact be eroded by the very mechanism of generalized preferences. This realization has led to the idea of setting up special mechanisms for the developing countries, such as the Stabex scheme in the Lomé Convention. I wonder if this might not be a useful new mechanism of general interest. I should also like to know whether the Commission feels that a project of this kind would be welcomed by our partners in the negotiations.

Finally, the Community stated that it wishes to maintain the provisions of Article 19 of GATT, even though experience has shown that they are not very easy to apply. But has any consideration been given to combining safeguard measures with selection measures, on condition that extremely strict criteria are agreed with our partners? I should like to know, and this is my fifth question, whether this approach is to be maintained or not.

These then were the main guidelines in the initial negotiating mandate, and it was agreed that the basic principles of the common policies already applied by the Community, particularly the agricultural policy, could not be affected by these trade negotiations. This, I hope, is and will continue to be the position throughout the negotiations.

Finally, I should like to turn to the problem raised by the United States Trade Agreement Act. I must emphasize that this has caused concern on two clear issues.

Coûté

Firstly, the objectives given for the negotiations seem to differ from our own on certain points. Moreover, one wonders whether the powers in the hands of the United States President are compatible with the GATT rules, assuming the United States does not ask for these to be amended. As far as objectives are concerned, the Act permits the reduction of customs duties of over 5 points by up to 60% and the elimination of those of below 5 points. I draw the Commission's attention to the fact that we were much more in favour of seeking harmonization by lowering the highest duties and maintaining a single tariff. There is thus a basic difference here.

As regards non-tariff barriers, the United States delegates have considerable scope for negotiation but I must emphasize that the results of the negotiations will later have to be ratified by Congress and this could render the entire negotiations worthless. For I cannot believe that the partner States will be keen to make concessions in a spirit of general compromise if one of the partners is able to undermine the agreement at a later date.

But what is perhaps more worrying than the powers of the President of the United States is the obligation imposed on him by the Act to strengthen obstacles to trade during periods in which there is a balance of payments deficit requiring special measures to be taken on imports. It is true that if the President of the United States feels that restrictions on imports are contrary to the general interest he is not obliged to act in this way, but he must then consult Congress. Another source of apprehension is the weakening of certain criteria and procedures relating to the escape clause. It is no longer necessary, for example, for the application of this clause for there to be a cause-and-effect relationship between the concessions resulting from trade agreements and increased imports. Furthermore, increased imports must represent an 'important factor in the serious prejudice or threat of prejudice' although in the past such an increase had to represent a 'major cause'.

This of course leads us to consider the general situation rather than the specific circumstances of the negotiations. The problem of the relationship between new commercial agreements and the value of the various currencies is more than ever a factor to be borne in mind. Our own experience in the Community has shown that currency fluctuations can create havoc in mechanisms introduced to regulate trade. Only as a result of unity of purpose and tremendous efforts supported by 15 years' Community experience have some of our common policies, particularly

the agricultural policy, been able to withstand them. It is to be feared that this will not be the case at international level and it is therefore necessary to restore monetary order. This is not the moment to discuss the matter, but in my opinion the constant weakness of the dollar is far more important than any reductions in customs duties we are able to make. It is destroying the very principle of trade concessions.

We shall therefore, Mr President, be most interested to hear the Commission's comments on these matters. I hope they will be able to provide us with the information we need on the negotiating mandate. I also hope they will provide us with some satisfactory assurances on the progress of the negotiations themselves and the fears I have felt it necessary to express.

(Applause)

President. — I call Sir Christopher Soames.

Sir Christopher Soames, Vice-President of the Commission of the European Communities. — I am grateful to Mr Coûté for speaking in this debate. As he knows, I look forward to discussing the issues raised in these negotiations. Those issues will be spread out for a long time before us for discussion on a continuing basis by Parliament and the Committee on External Economic Relations, the new chairman of which I am glad to see in his place. I welcome those many opportunities. Here is a good one to begin with.

The Commission feels that there is a real need to maintain and develop a dialogue on these matters with Parliament. I shall do my best to contribute to it constructively.

My honourable friend will understand that the Commissioner has a directive, as the Community's negotiator, from the Council of Ministers which is of a confidential character. If the negotiations are to be successful, we must hold some cards close to our chests—albeit that there are some people who can look through cards from the other side and read them—since there are certain aspects of these matters which we would prefer not to divulge or to open up publicly in our negotiations.

Mr Coûté asked me a number of questions, and I shall try to address myself to some of them. The first was whether the directive was in tune with the Commission's proposals or whether we found any difficulty with the directive as it has come out. We were pleased with the Council of Ministers and were quite pleased with ourselves. The directive which we submitted to the Council of Ministers was not much

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changed by the Council. There was a little *re-touche* here or there, but by and large the directive came out much as we anticipated.

The next question concerned the United States Trade Act. There are certain aspects of that Act which we would have liked to have seen bettered. Mr Cousté referred especially to the top limit of 60 per cent by which the administration is empowered to reduce tariffs. When that measure went before the House of Representatives, the figure was 75 per cent. The Senate wrote it down to 50 per cent. We hoped that it might find its way back to 75 per cent, but it did not. It came out at 60 per cent, which at least is better than 50 per cent.

Why would we have liked to see it higher? We do not envisage coming out with an average reduction of that character, because that has never been achieved in any of these rounds. We must have a higher proportion of reduction at the higher level if we are to harmonize our general tariff position in the negotiations. We must do what we can with what we have.

Whether this is all consonant with GATT depends on what they do and not on what is said in an act. It is well provided for in the Treaty of Rome, for instance, that the Community could raise its tariffs, but as a loyal member of GATT it would not do so except after due negotiation with its GATT partners—nor, we trust, would the United States. The Trade Act empowers the administration to take certain measures. We trust and believe that they would not take them contrary to GATT, just as they would look to us not to do that.

When we last discussed the principles of the common agricultural policy, I made it clear that this was a matter to which we attached great importance. The common agricultural policy should not, as it were, be affronted by any decision taken in these negotiations. That remains as true today as when we were looking at the *vue d'ensemble* in the earlier part of last year. That has not changed in any way.

I agree that one of the difficulties is that the further we go in reducing tariffs the more it will be said that the preferences given, under the generalized preference scheme and other means, to the developing countries will be eroded. We have made it clear in the *vue d'ensemble*—it comes out again in the directive—that we attach the greatest importance to ensuring not only that the developing world does not lose because of these negotiations but that there is positive gain for the developing world. The honourable gentleman referred to the STABEX Fund and wondered whether it might be used by the industrialized world for the

developing world at large. It is likely that it would be said, 'You are trying it on a limited basis. Let us see whether it works.' It was always at the back of our minds that this might set a precedent which might well turn out to be useful in the long term and might well be adopted not only by ourselves, perhaps on a broader front, but, in particular, by others on a broader front.

We must look at this matter. It is too early to say how it will go, but the general principle that we must handle our affairs in such a way that far from losing, the developing countries come out of the negotiations with a gain is very close to our hearts and our partners' hearts, and we shall ensure that it happens.

The honourable gentleman was right in what he said about Article 19. The article is in the nature of a sledge-hammer, and we should like to see whether, in negotiation with our partners, we can come up with something which is more like a rapier and which can pinpoint where damage is being caused and go to the root of the damage rather than taking action over the world at large.

So much for the specific questions which the honourable gentleman asked. I turn to the matter of what has happened in the few weeks that the negotiations have been going on. It may well be right that a week is a long time in politics, but a month is a very short time in terms of international negotiations of this sort. I can, however, report some progress which has been made over the question of procedures. We took the view that after the long gap imposed by the wait for the adoption by the United States Congress of the Trade Act it was important to engage in these negotiations on a serious basis across as broad a front as possible. This we have been able to do without, happily, delay or too much dispute.

The main trade negotiating committee is in the process of establishing negotiating machinery across the board with specific groups to deal with tariffs, with non-tariff barriers, with agriculture and with tropical products. Beneath them, a whole substructure of subordinate bodies is being created to handle more detailed problems. By Easter this necessary preliminary process will, we hope, be complete and thereafter we shall look forward to tabling the negotiating matter itself.

In addition, two further groups have been set up to analyse rather than negotiate about safeguard measures and sectoral problems. How soon can we look forward to getting results? It is still too early to answer that question. The Community is putting forward positive and

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constructive proposals, but naturally, as this is a negotiation, it would be exaggerating if I were to say that we expect in all respects immediate agreement from our partners in the negotiation. I should hope that by the summer holidays this year we will have a clearer idea of the broad outlines of the areas of convergence and divergence between us and our main negotiating partners which will enable us to take decisions about the pace of, and timetable for, future negotiations.

Because we are experiencing on the world economic scene conditions of rapid and even hectic change and upheaval, and because all our countries are going through a difficult period, with recession, inflation and rising unemployment preoccupying all our governments and peoples, there might be a tendency to regard these negotiations as, in some way, not entirely relevant to the problems of today and as a distracting sideshow. But that would not be right.

We have, of course, to find solutions to short-term problems. Governments must devote much efforts to this. However, equally and simultaneously we need to be working for the longer-term adaptation of world trading conditions of the late 1970s and the 1980s. We should be neglecting such work at our risk if we chose simply to drift from one short-term policy expedient to another. No country or group of countries in the world stands to gain more from the establishment of more open and more stable trading conditions than does our Community. It is certainly our interest and our intention to press forward with this work.

President. — I call Mr de la Malène.

Mr de la Malène. — (*F*) Mr President, I should like to thank Sir Christopher Soames for all he has just said and to add a few words to his final remarks.

He told us that, in view of the world situation, some people might regard these negotiations,

which opened in Geneva quite some time ago, as ill-timed and irrelevant. He stated that, on the contrary, they seemed to him to be of immediate, considerable and undisputed interest. I fully share his view, but only if we do not let any of the protagonists in the economic sector feel that they can adopt a less rigorous attitude towards other sectors, especially the monetary sector, since this attitude is undermining or will undermine the success of these negotiations. If the major partners on the world economic scene really make no effort in the monetary sector, no matter how much we proclaim and convince ourselves of the importance of these negotiations, they will in reality be without significance. This must, I feel, be stressed.

(*Applause*)

President. — I have no motion for a resolution on this debate.

The debate is closed.

I thank Sir Christopher Soames.

14. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Thursday, 13 March 1975, at 10 a.m., 3 p.m. and possibly 9 p.m., with the following agenda:

- interim report by Mr Gerlach on Regional Policy at the Community's internal frontiers;
- report by Mr Cousté on the economic situation in the Community;
- report by Lord Bessborough on energy research and development actions;
- report by Mr Pintat on the common energy policy.

The sitting is closed.

(*The sitting was closed at 8 p.m.*)

ANNEX

Oral Questions which could not be answered during Question Time, with written answers

*Question by Mr Ansart
to the Commission of the European Communities*

Does the Commission consider it advisable to take the necessary steps to aid French fishermen by regulating imports of fish and ensuring that exporters respect the ceiling prices fixed in Brussels?

Answer

It can be assumed that imports generally have a certain effect on the price level in France, particularly when the imports are at a price lower than the Community withdrawal price. Although there appear to have been some scattered cases of import offers (particularly for haddock and cod) below the Community withdrawal price, the quantities involved are negligible.

In general, offers below the Community withdrawal price cannot be expected frequently. After all, the producers' organizations must respect the Community withdrawal price if they wish to be considered for compensation from the EAGGF.

There have, admittedly, been fairly large imports of frozen products from third countries. There is no reference price for these products. In particular, there have been imports of frozen hake fillets, but this is precisely one of the products for which the Commission has suspended free trading as from 17 March 1975.

*Question by Mrs Goutmann
to the Commission of the European Communities*

Does not the Commission feel it should take urgent action to make available substantial aid for the Cape Verde Islands whose progress towards independence could be jeopardized by the famine afflicting the population?

Answer

In view of the dramatic development of the food situation in the Cape Verde Islands, various authorities in charge of the provisional administration of this territory, which is due to become independent on 5 July next, have applied to the Community for food aid. These appeals reached the Commission either from the leaders of the African Party for the Independence of Guinea and the Cape Verde Islands (PAIGC) or through the President of the Republic and the Prime Minister of Senegal. They have thus given proof of their confidence in the Community's ability to come to the aid of countries in difficulties, for which I thank them.

Information obtained from specialist international bodies—and in particular from the United Nations Disaster Relief Office—indicates that this territory is indeed suffering famine caused by the continuation of the drought which, as in the Sahel region, has prevailed in recent years and by the inability of the present authorities of the Archipelago to pay for the necessary supplies.

The Commission, aware of the need to provide immediate aid for the threatened populations, but aware also of the political problems which might be caused

by this famine at the time of the country's becoming independent, has proposed to the Council that this country be granted aid of 2 500 tonnes of cereals, 150 tonnes of skimmed milk powder and 100 tonnes of butteroil, the sea freight charges for the whole of this aid to be borne by the Community. The decision is due in the next few days. It represents 850 000 u.a. It is additional to the decisions taken on aid to Guinea Bissau at the time of the application made by the Government of Bissau at the end of 1974; by virtue of these decisions the Community is sending to the population of the new State 3 000 tonnes of cereals, 250 tonnes of powdered milk and 350 tonnes of butteroil and accepting the transport costs; this represents expenditure of around 1.7 million units of account.

Should it become apparent that the aid granted to the populations of Cape Verde—and of Guinea Bissau—is not enough, the Commission of course reserves the right to propose further measures to the Council; it would inform Parliament of this immediately, as it in fact intends to do in all future cases when exceptional aid measures are called for.

*Question by Mr Gibbons
to the Commission of the European Communities*

Considering recent statements that the Commission is contemplating a relaxation of the ban on beef imports from third countries and having regard to the current high stocks of beef in intervention storage and the low prices still being received by producers, on what basis could the Commission justify a proposal to lift the ban on beef imports from third countries, even partially, without seriously jeopardizing beef production and the incomes of beef producers in the EEC?

Answer

The Commission considers it desirable, in the interests of the Community's general trade policy, to make some changes in the regulations banning most imports of beef from third countries. It intends to introduce these changes gradually and is contemplating an imports system whereby imports of limited quantities of beef would be tied to previous exports of equivalent quantities from the Community.

The Commission is of course aware of its responsibility to producers and consumers alike. It is confident that the proposed supplementary measure is sufficiently flexible to meet the demands of changing market situations.

*Question by Mr Yeats
to the Commission of the European Communities*

Has the Commission taken any measures to harmonize the methods of calculating unemployment figures in the Member States and of providing a standard breakdown of these figures by category (young people, migrants, etc.) and by sector (various industries, services, etc.)?

Answer

I can assure Mr Yeats that the Commission is making efforts to achieve harmonization of unemployment statistics.

This is particularly important now that unemployment in the Community is high. Steps must be taken to ensure that statistics are comparable.

The situation is at present as follows:

Some of the statistical data for the various Member States are not comparable. This applies in particular to short-time working, the distinction between persons seeking employment and unemployed persons, and the inclusion or otherwise of women wishing to return to work.

The Commission is striving for the introduction of a uniform breakdown according to sex and age and a standard classification of categories of employment. On the other hand, it is not contemplating a breakdown according to sector as this could lead to distortions.

The Commission hopes to be able to include work on the above in the programme of its Statistical Office for 1975/76.

*Question by Mr Espersen
to the Commission of the European Communities*

What changes does the Commission intend to propose to the withdrawal price regulations for fish in order to prevent fish suitable for human consumption from being destroyed or used for feeding mink or producing fishmeal, as happened in Denmark in recent weeks?

Answer

The Community policy on fish provides for a system of Community intervention prices for the main varieties of fish.

The Commission does not intend to change this system, since the current difficulties are not a result of the system, but have other causes.

For several months running, up till mid-January, weather conditions were bad all over Europe, and the fishermen were able to land only small catches. Some weeks ago the weather changed, and the fishermen increased their activity considerably. The result of this was an oversupply of fish and a considerable drop from the previous high level of prices. Only in Denmark was the situation such that fish had to be denatured.

The sudden increase in catches was also due to the fact that most of the fishermen wanted to fulfil their quotas as fast as possible. Insufficient account was taken of prevailing market conditions.

This situation could have been avoided if the producers' organizations had acted more prudently. In the Commission's view, what is required is not changes in the existing system of Community intervention prices, but improved planning of catches by the producers' organizations if the present situation should recur in the future. We must certainly try to avoid incidents such as the denaturing of excessive quantities of first-rate fish, even though it is restricted to one Member State.

*Question by Mr Dykes
to the Commission of the European Communities*

Does the Commission agree with the assessment of the British Government that food prices in the United Kingdom are lower than they would be if Britain had not been a member of the Community, and will the Commission indicate the principal food items which are cheaper as a result of such membership?

Answer

The Commission certainly agrees with the British Government that food prices in the U.K. have been on balance lower than they would have been if Britain

had not been a member of the Community. There are three main reasons for this. First, the last two years have seen exceptionally high increases in the world market prices of key agricultural commodities such as cereals, sugar and edible oils. Over this period the prices of such produce within the Community have been below—sometimes substantially below—the world price thanks to the measures taken under the C.A.P. to keep Community prices at reasonable levels.

As a result of its membership of the Community the U.K. has had access to this source of supply and has imported a large amount of key foodstuffs at the lower Community prices. U.K. importers have made good use of this opportunity and imports of grains from Community sources increased by nearly 1/3 during 1974 compared with the same period of 1973.

The provision for sugar from the Continental part of the Community during 1975 will be about 1/3 of total U.K. needs.

Secondly, the U.K. benefits from FEOGA financed import subsidies in the form of monetary compensatory amounts (m.c.a.s.). In the first two years of membership these subsidies, which have helped to keep down the prices of food imported into the U.K., were worth £82 m. This provision has been introduced in the Community after British accession in March 1973.

The third reason why British food prices have been lower as a result of membership of the Community has been the introduction of a number of FEOGA financed consumer subsidies. Taking the first week of February this year as an example, the FEOGA share of the general consumer subsidy on *butter* in the U.K. was £25.33 a ton or about 1p. a lb. As a result of the recent Council decisions the FEOGA contribution can go up to almost twice this amount... For sugar the U.K. is benefitting significantly from the Community scheme to import sugar from world markets with the aid of a FEOGA subsidy. Up to mid-January under this scheme the U.K. received 155 000 tonnes with a subsidy on average of £225 per ton (white). This is equivalent to a saving of some 10p. a lb. For *beef* all U.K. pensioners are eligible for a subsidy worth 20p. a week, representing up to 50% of the cost of beef purchased. The total cost of this scheme is some 31 millions of which FEOGA pays more than 40%. These examples demonstrate how measures taken under the C.A.P. have helped to shelter the U.K. consumer from the full impact of world price increases. More generally, it can be said that at a time of unprecedented increases the C.A.P. has proved to be a stabilizing factor on most food prices.

It is difficult to predict what the pattern of world prices will be in the future, but for the immediate future it is already clear that the worst behaviour for world food markets is over. However the need to ensure supplies to Community consumers at reasonable prices will always remain. The recent Stocktaking of the C.A.P. (COM(75)100) draws attention to this and sets out the Commission's belief that more use could be made of consumer subsidies as a means of disposing of surpluses that might arise, both in the interest of Community consumers and Community producers.

*Question by Mr Della Briotta
to the Commission of the European Communities*

When did the advisory committees on beet-growing, fruit and vegetables, vegetable oils and fats, and tobacco, last meet, and does the Commission think that the Common Agricultural Policy can function properly without the timely advice of these committees?

Answer

The advisory committees were renewed on 31 October 1973 subsequent to the enlargement of the Community. The last meetings of the various committees took place on the following dates:

Advisory committee on sugar: 22 November 1974;

Ad hoc advisory committee on vegetable oils and fats: 5 November 1974;

Ad hoc advisory committee on tobacco: 22 October 1974.

The advisory committee on fruit and vegetables has not met since 31 October 1973.

For some time now there have been certain difficulties regarding the membership of the advisory committees. The Commission regards regular meetings of the advisory committees as essential for the proper functioning of the common agricultural policy. It has therefore arranged for meetings of ad hoc committees to be held whenever this appeared necessary, and there have also been regular contacts with the various individual organizations.

The Commission does everything in its power to permit the functioning of the advisory committees and hopes that the difficulties with respect to the membership of a number of advisory committees will shortly be a thing of the past.

*Question by Mr Laban
to the Commission of the European Communities*

Which mandate has the Commission got for the 2nd part of the 3rd Conference on the Law of the Sea concerning fishing rights and the conservation of fish stocks?

Answer

As the Commission said in May 1974 in answer to an oral question, it sent a communication to the Council in March 1974.

This communication contained an analysis of the main problems arising from the Third United Nations Conference on the Law of the Sea together with a number of proposals regarding the general direction the Community should take.

On 4 June 1974 the Council took a decision on the procedure necessary for the evolution of a common standpoint for the Community as a whole and the individual Member States.

In the light of the results of the session in Caracas, the Commission submitted another communication to the Council on 4 December 1974 concerning sea fishing. In this communication, the Commission described in general terms what the Community must do if an economic zone of 200 miles was decided upon.

The Commission feels that in such a case the standpoint of the Commission should be, inter alia, the following:

- 4 I) Acceptance of the idea of exclusive rights within this zone, supplemented by provisions safeguarding rights of countries traditionally fishing in a specific area;
- 4 II) Recognition of the special position of countries in a disadvantageous geographical situation.

Since the submission of this communication to the Council, a thorough investigation has been under way as part of the Council's coordination activities.

Agreement has been reached on various points (e.g. traditional fishing rights). Representatives of the Commission and of the Member States will participate, on the basis of the positions achieved to date, in the next session of the Conference beginning on 17 March in Geneva.

SITTING OF THURSDAY, 13 MARCH 1975

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 10.10 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Documents received*

President. — I have received a report drawn up by Mr Lucien Martens on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation laying down rules for the purchase of sugar beets (Doc. 2/75).

3. *Regional policy as regards the regions at the Community's internal frontiers*

President. — The next item is the debate on the interim report drawn up by Mr Gerlach on behalf of the Committee on Regional Policy and Transport on regional policy as regards the regions at the Community's internal frontiers (Doc. 467/74).

I call Mr Gerlach.

Mr Gerlach, rapporteur. — (D) Mr President, I should first of all like to make a personal request. I have already asked Mr Berkhouwer if he would perhaps permit me to speak for one or two minutes more than the normal time allowed, and I should be grateful if you would warn me in good time if I try to speak any longer than that. I am sure you will understand that this subject is one in which I am particularly interested, and I therefore sometimes tend to exceed my speaking time. I should, however, like to avoid this.

I should like to continue where I left off yesterday, i.e. with my question to Mr Thomson as to whether we should not consider the question of a European regional policy. On reading through the annex to President Ortoli's speech I noticed in the passage entitled 'Regional Policy' that the Commission itself regards both the problem of conurbations and that of areas strad-

dling internal Common Market borders as being pertinent to a European regional policy. I feel—and I hope I am right—that we in Parliament are in no small measure responsible for this, Mr President, since we drew the attention of the Commission to the problems peculiar to this type of regional policy about a year ago.

What should actually be meant by 'regional policy'? I should like to define it in simple terms. I realize how difficult that is when the concept is so complex, but nevertheless let me try. In my view 'regional policy' means doing whatever is necessary to maintain or restore the health of a given region in the light of the conditions peculiar to that region. The criterion for what is necessary is the right of the inhabitants of a region to guaranteed living standards on a par with those of comparable healthy regions, both from the socio-economic and sociocultural points of view. Regional policy is thus a major socio-political task.

If I describe the problem of regions at the internal frontiers of the Common Market in these terms in an initial, interim report, it is because I have realized from the investigations carried out by myself and many other persons concerned with this question, that the most important task in a frontier region is to harmonize national and regional objectives on a trans-frontier basis. This gives rise to disputes about competence which must be thrashed out until they are solved, since these area and regional planning factors on the two sides of a frontier are uncoordinated if considered separately and cause further differences in development. It is, after all, at the borders that we can see most clearly what Europe is, or, to put it more accurately, what it has not yet become.

Other aspects of a regional policy are indubitably problems of integration, differences in currency values, the elimination of obstacles to trade, fiscal, administrative and many other matters which must be solved first of all, or as part of regional policy.

A major element in a European regional policy is, however, the study of relative development incentives offered on each side of the border and an attempt to coordinate them, since this represents a crucial competency issue. The planning and implementation of trans-frontier development projects must be placed on sound scientific and practical footing in view of the fundamentally different conditions obtaining on either side of the border.

It is my belief that before such planning is undertaken, methods must be evolved which are comparable in the context of the Community so that studies can be carried out with a view

Gerlach

to coordinating the various lines of development of the trans-frontier region.

So as not to take up too much time, I should now like merely to mention briefly a few specific border problems, such as improvement of infrastructure, the development of economic resources and the protection of the quality of life and the environment in urban and rural areas. If you look across a border and see the difference in the stage of development, you will recognize the pressing need for trans-frontier measures, particularly—as we read in our newspapers every day—in questions of environmental protection and physical planning, including for example, trans-frontier cooperation, in the detection of environmental pollution,—I need only mention the pollution of the Rhine—pollution of coastal and inland waters, of rivers forming frontiers, and, last but not least, of Lake Constance at the very heart of Europe. Air pollution caused by industrial areas on both sides of a frontier is another problem of ever increasing significance.

Fortunately, another aspect, recreational areas, has already been considerably developed within the European Community. We have, for example, an almost continuous German-Luxembourg nature park, a German-Belgian nature park and another in the Meuse-Schwalm-Nette region. In addition to these specific problems there is another factor which has inevitably had a psychological effect and continues to do so, for example, in the cultural field. I refer to the problem of bilingualism, since at borders it is essential that each part of the population learn the language of the other part.

One way in which this objective could perhaps be achieved would be by setting up European schools in border areas with cooperation from both sides and with the help of the European Community. In order to do this the protocol on the establishment of European schools would only need to be amended to the effect that such schools could also be set up in places other than the seats of Community institutions.

There are already areas on the internal borders of the Common Market which work in collaboration. There are joint agreements, such as in the Moyenne Alsace—Breisgau community of interests, CIMAB, which we were just discussing.

This type of cooperation is built on a firm contractual foundation, which was possible because the legal circumstances on both sides of the border were the same. It was therefore an easy matter to draw up the provisions on either side of the border together under a single legal authority and in a single legal form.

There are examples of organizations without a legal basis in Euregio, the Rhine-Waal region and the Lake Constance region, although the latter also includes a third country. We have the European Conference of Ministers responsible for physical planning, and the Italian-French regions organization. In addition, there is the loose cooperation between regional bodies, such as those of the Aachen-Limburg-Liege, Arlon-Longwy-Esch and the Nord/Pas-de-Calais, West Flanders and Hennegau regions.

On the basis of the experience gained at these borders and in these border regions we have formed the Working Group on European Border Regions under the chairmanship of the well-known former head of Mr Mansholt's cabinet, Alfred Mozer, who accepted this task very readily. There is also the collaboration of the chambers of commerce and industry. A real start is being made on closer cooperation in the Ems-Dollart region and the Strasbourg-Ortenau region. The latter region was central in the report and study produced by Mr Von Malchus for the Institut für Europäische Politik. He has attempted to draw a sketch of the area in which we are meeting today. I feel I must mention that the development offers another model case similar to Euregio. I should be very grateful if the Commission would support these efforts.

When we consider all these aspects, however, we come up against what is in fact the most difficult problem i.e. the legal and administrative difficulties. In border regions the different legal systems of independent sovereign states come into conflict, and I hold the view, as I said in the explanatory statement to my report, that a regulation should be introduced whereby these frontier regions could be brought together under a single legal form.

Last week, Mr President, a hearing of local-authority and regional bodies from the European regions took place. At this hearing many of those taking part put forward a request to the effect that a legal form of the kind I have described should be created. Only two participants felt that a European legal form was not necessary.

I might perhaps be permitted to provide a brief moment of light relief in this perhaps somewhat dry debate by telling a short anecdote. A young lady was once asked by a small group of friends what she thought of the idea of sunbathing in her underwear. She said she would never do it. When asked why, she replied 'I'd rather not talk about it'. When asked why not, she replied, 'because I'm ashamed of being illogical.' And if she had spoken about it, she would probably have plunged into the next breaker out of shame at being illogical so that no-one would notice the smile which accompanied this remark.

Gerlach

To return to the matter in hand, Mr President, it strikes me as illogical to doubt the necessity of a European legal form for these trans-border regions, since, ladies and gentlemen, Europe is not a figment of the imagination. One notices this first and foremost, as I stressed at the beginning of my remarks, in border regions. I feel that we must evolve a trans-border legal form for the establishment of an efficient regional body, which would not be forced upon the regions but would be an offer which the regions could accept or reject.

If, however, this legal form were accepted by regions, it would have to take its place within the wider concept of European law and therefore be subject to the jurisdiction of the European Court of Justice.

In addition to this question of the legal form, there are political and psychological problems which are of particular significance at borders. Borders are, in my view, artificial, official and symbolic features. The problem with border regions is that they are not really in a position to make a contribution of their own to the elimination of the problem of borders as a whole.

It is our duty to solve these problems by political means. We too must therefore undertake a certain amount of public relations work in the widest possible field.

I should like to thank you, Mr President, for having given a European Parliament expert an opportunity of making a speech on these problems in his home, in his own border region, a speech which incidentally was warmly received by the public.

I believe we must recognize the need to combine the general objectives of our European regional policy with specific plans to improve the economic and social structure of a region. The construction of a living Europe must begin at its borders. And, ladies and gentlemen, in my view, and I think you will probably agree with me, we must not delve back into the last century, we must stop dreaming of past greatness and national power. Alfred Mozer, if I may quote him again, once said 'frontiers are the scars of history.' We should not forget these scars, but we do not need to cultivate them.

We are not intending to eliminate the borders of our nation-states. We are merely striving to allow the scars of history to heal, and to make possible human co-existence and cooperation for the people living at the borders.

This is why I urge you to adopt my interim report and motion for a resolution.

(Applause)

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

Mr Mitterdorfer. — (D) Mr President, I should first of all like to thank Mr Gerlach for his excellent report; it was described as an interim report, so I take it that we will be considering the final report at a later date. In your introduction, Mr Gerlach, you described the complexity of the problems encountered in border regions. You may rest assured that we too are particularly sensitive to these problems. I say this not only as an inhabitant of a border area, the South Tyrol, but also on behalf of my entire group. Thank you, therefore, for the excellent report which we have before us today.

We know how difficult life in the border regions is, or at least how difficult it has been in the past. I can still remember a conversation with a colleague in this Parliament a few years ago, in which he told me the following story about the Franco-Italian border region. In both the French and the Italian section plans had been drawn up for roads leading to the border. When the respective authorities happened to meet to discuss the problems jointly, it emerged that according to the plans the two roads would be only a couple of hundred yards away from each other, but would not meet. This is a clear example of how a border was regarded as a brick wall in the past.

It is clear that the development of a community must first become apparent at the internal borders. The situation at the borders should indicate the degree of integration, the degree of community awareness which we have achieved or for which we are striving. We have already heard that the problems are many and varied. I cannot go into all the details, but I should just like to bring out one point, i.e. the role which the Community and its institutions must play if we really wish to take the question of integration seriously.

In his report and motion for a resolution, Mr Gerlach proposes a series of activities which the Commission could undertake in preparation for a development of this kind, and I really feel that this represents a complex task for the Commission, initially involving the coordination of activities in the border regions. This coordination is probably one of the first tasks which the Commission should undertake.

The question of trans-frontier statistical surveys is particularly significant. We have repeatedly felt the lack of statistics and realized that a comparison of statistics is essential if we are to achieve a greater degree of integration. The problem is particularly acute at frontiers, and

Mitterdorfer

I too should like to urge the Commission to undertake this task.

The question of frontiers as dividing lines between various legal systems is, of course, one which must always be borne in mind, and which must constantly be worked at with a view to achieving the balance which is so essential. I realize, however, that this problem cannot be solved overnight and that we will therefore have to introduce a step-by-step policy to eliminate the differences and unnecessary obstacles at frontiers.

A central issue in Mr Gerlach's report is, in my view, the question of an institutionalized legal form as a framework for trans-frontier co-operation. I should like to say on behalf of my Group that we whole-heartedly support this idea, and we too urge the Commission to evolve and propose a framework of this kind. Should this prove impossible, the initiative could of course come from Parliament. We shall see which way is likely to produce results more quickly.

We also know how difficult these problems are because we in Parliament always have to reckon with the touchiness and mistrust of central administrative bodies. This is a reality, which must, in my view, gradually be eliminated. We must therefore find a legal form which also takes account of the central bodies in the trans-frontier cooperation which will be essential if we are to build a community. I know this proposal will not be favourably received in all quarters, but I should like to say on the basis of a fairly long and painful personal experience that we should try to prevent these difficulties arising or taking on too large proportions.

I wish to leave it at that and just say on behalf of my Group that we support Mr Gerlach's report and motion for a resolution since we all firmly believe that if we take Europe seriously, we must take cooperation at the frontiers equally seriously.

(Applause)

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

Mr Broeksz. — *(NL)* Mr President, we regard the interim report on behalf of the Committee on Regional Policy and Transport which we are discussing today as an extremely important document. The problem under consideration is clearly evident in the regions concerned, which have indeed been referred to in the past as the 'Cinderella' of social development. These areas have always lagged behind because of their marginal position in our countries and the typically

bad rail and road links, minimal industrialization and the attendant semi-permanent unemployment, and, in some countries, inadequate drainage and, in consequence, poor agriculture. To put it briefly, these areas are situated too far from the centre of government to receive the necessary attention, and consequently drop further and further behind the rest of the country over the years.

Rapidly increasing mobility, the modern mass media and the swift economic growth after the second world war have to a certain extent counteracted the isolation of these areas, and there has been a certain amount of development. Grinding poverty is a thing of the past, but the whirlwind expansion in the conurbations has brought out certain contrasts more clearly than ever.

An attractive incidental phenomenon is the fact that these areas often retain a natural environment with great recreational possibilities. This does not, however, help the local inhabitants very much.

If we are to prevent the continued existence of typical poverty areas, it is essential to develop activities. This can be done and is in fact already being done by the local communities, or, in a wider context, by the regional institutions.

In practice, however, it often proves possible to find solutions on a trans-frontier basis, but decisions on the improvement of the infra-structure or on environmental problems, for example, can in most cases only be taken by the national parliaments.

It is much to the credit of our colleagues Mr Gerlach and Mr Mitterdorfer, and our former colleague Mr Wieldraaijer, that in March 1974 they brought up the problems of the frontier areas at European Community level by means of an own-initiative motion for a resolution, in which they pointed out that these problems concerned the internal borders and could therefore be usefully dealt with by Parliament, the Commission and the Council within the framework of the European Fund for Regional Development.

The European Parliament rightly referred this Motion for a Resolution to the Committee on Regional Policy and Transport since this was no longer a problem which could be solved by contacts between the local authorities on either side of frontiers, but one which needed to be tackled at European level, with the aim of reducing the significance of the frontiers with regard to the economy and infrastructure on a parallel with what has already been successfully achieved with regard to import duties and excise.

Broeksz

The Socialist Group supports Mr Gerlach's interim report. He deserves our praise for the depth in which he has studied this problem. I am glad that not only the Commissioner involved, but also Commissioner Brunner is present today, since item 8 of the Resolution rightly points out that the mutual recognition of diplomas is particularly important in frontier regions, since it affects the everyday life of the population. I am pleased to see that Commissioner Brunner understands this—at least he is nodding as if he does.

Mr President, the practical experience which our friend Mr Gerlach has obtained in German-Dutch Parliamentary contacts concerning frontier problems, and the results already obtained by the Mozer Committee in connection with Euregio are reflected in the present report. I can quite understand the associative link between internal and external frontiers reflected in point 11 of the Resolution by analogy with internal and external tariffs, although I hold the view that we are more likely to find a solution by considering the problems of external frontiers separately, as proposed in the Resolution itself.

The Socialist Group supports the interim report and the motion for a resolution in the conviction that they are of great value to the concept of the 'European Community'.

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

Mr Herbert. — On behalf of my group, I should like sincerely to thank the rapporteur, Mr Gerlach, on his excellent interim report. I know that he has worked very hard on preparing the report. I feel that his final report will be very detailed and comprehensive and that we shall have a complete and full exposure of the problems involved.

This interim report represents the first stage in finding a Community solution to the problems of frontier regions. It is not, however, the first venture of Parliament into the area of cross-border cooperation. Parliament and its Committee on Regional Policy and Transport have had a deep interest in these problems for a long time. The European Parliament, recognizing that the European Communities have both the means and the resources that are not available to other agencies, can tackle this very, very difficult job and has taken the initiative in promoting cross-border cooperation in the European Communities.

The Committee on Regional Policy and Transport has sent a delegation to EUREGIO, a region

on the Dutch-German border where cooperation is at an advanced level. A delegation has also visited both parts of Ireland, North and South, where the border problem has been a live political issue for 50 years. Another delegation is to visit the German-Danish border next May, and the experience gained during these visits, along with the many fine contributions of Members of this House, both in plenary session and in committee, has added much to the value of Parliament's study of the problems involved. This report has benefited as a result, and indeed the final report should reflect these benefits in detail.

There is no doubt that Parliament's work in this area has influenced the Commission. The Commission is now completing its own report on cross-border cooperation. With regard to the Regional Fund, I am happy to see that special account is to be taken of projects submitted for aid which fall within frontier areas. However, my interpretation of the text of the Regional Fund regulation leads me to understand that only internal frontiers are to benefit from this special consideration, to the exclusion of external frontiers. I fail to see the reason for this discrimination.

We are today discussing an interim report which merely points out the major problems and existing forms of cooperation. The final report must propose concrete solutions to very complex situations. We are faced with a substantial task whose solution can best be achieved in a Community context.

The Community has an extensive system of internal frontiers. People living in frontier regions are faced with a multitude of economic, social and cultural problems, none of which they have themselves created and over which they themselves have no control. These problems were created by political decisions and it will take courageous political decisions to solve them. It is paradoxical that the rapporteur's constituency is a depressed area despite the fact that he comes from one of the most advanced and richest countries of the Community. This situation is brought about by the presence of a deleterious national boundary. Here we have a central area, geographically speaking, suffering the economic blight of a peripheral one. The same problem exists in my country with the presence of the absurd and meaningless Irish border, where for over 50 years regions in cross-border areas have grown progressively apart both socially and economically. But there people have now awakened and are frantically trying to solve their common problems through cross-border cooperation.

Herbert

Members of the delegation that visited Ireland last year will recall a meeting at Letterkenny on the Irish border. They listened to impassioned speeches from both sides of the border which transcended both political and sectarian barriers and sought to get members of the delegation to bring their influence to bear on both Governments, Westminster and Dublin, asking them to act jointly in this field. But, alas, we wait in vain.

The unfortunate people who live in these intra-Community trans-border areas are now seeking the assistance of the Institutions of the European Communities to provide the necessary legal basis to engage in trans-border cooperation and eliminate the problems of red tape and the bureaucratic barriers of national Governments. They are looking particularly to the Commission, recalling Commissioner Thomson's speech on 11 October 1974 at Venice when he referred to border regions and said:

'These are issues where the Commission, as one of the guardians of the new Europe, has a moral duty to bring people together, even though its legal obligations and rights are limited.'

That is what the report requests—a Commission initiative in this highly important field.

(*Applause*)

President. — I call Mr Nyborg.

Mr Nyborg. — (*DK*) Mr President, I too should like to join my many colleagues in congratulating Mr Gerlach on his outstanding interim report. It is not often one finds a piece of work which does not call forth any criticism. I have not yet heard any, nor do I wish to add any critical comments since I fully support everything said in the report.

This will be an extremely useful working document for the Committee on Regional Policy and Transport both in its future work and for study visits to frontier areas, such as the forthcoming visit to the German/Danish border, and I was glad I could let the local people with whom we are going to speak have a few copies of the interim report so as to give them a preview of what will be discussed at the meetings.

One of the most promising features of the report is, in my view, the idea that the entire development, the entire construction process should start at the local level. It is not intended to set up a bureaucratic superstructure to be imposed on the inhabitants of frontier regions in a dictatorial fashion. It is very important for the

local inhabitants themselves to be conscious of their needs and to make use of the facilities we hope to be able to offer them, and particularly, as has been mentioned, a legal basis for cross-border activities and cooperation.

I will not burden you with a long speech, but would merely conclude by congratulating Mr Gerlach once again. I am quite sure his final report will be at least equal to the one we have been considering today.

(*Applause*)

President. — I call Mr Thomson.

Mr Thomson, *Member of the Commission of the European Communities.* — I should like to join with other members of Parliament in congratulating Mr Gerlach on the interim report which is the subject of this interesting debate. It seems to me to be a most valuable report and one that is wholly constructive in character. As Parliament knows from the information which I gave it in July and November 1974, my Department within the Commission has also been in the process of studying these problems. I undertook to make the results of those studies available to Parliament. My Deputy Director-General, who is with me today, gave a full report on 22 January 1975 to Parliament's Committee on Regional Policy and Transport on the progress that we have made with this study and also of the difficulties which we encountered in examining what Herr Mitterdorfer correctly described as these very complex questions. The text of this report has been made available to interested Members of Parliament as a paper of the Committee on Regional Policy and Transport.

Perhaps I may mention briefly the nature of the problem before informing Parliament of how I think the Commission can best advance matters. I am bound to say that in the brief time that I have been able to apply my mind to the problems of the internal frontiers of the Community I have been struck by how complicated and in many ways how unexpectedly difficult they are. I am perhaps handicapped by the fact that I come from a country which is entirely surrounded by water. I was thinking as I listened to the debate that I was halfway through my life before I ever had the experience of crossing a land frontier. I believed as a good European that one of the striking immediate achievements that would be available to us through the creation of a European Community would be a drastic reduction in the problems of crossing land frontiers, but of course the paradox is that this is not so.

Thomson

Mr Gerlach used a vivid phrase about the internal frontiers of the Community, describing them as scars of history. The truth is that our European Community is in many ways a living and working symbol of the historic achievement of political reconciliation in a Western European continent that was riven over centuries by internal civil wars. The paradox, however, is that those who live in the great centres of industry in the heart of the Member States of our Community in some ways enjoy more clearly the benefits of that political reconciliation than those who still inhabit the frontier areas within the Community. The truth is that one comes up against this the more one applies oneself to these problems.

In practice, integration within the Community does not begin at the internal frontiers. It only ends at the internal frontiers. The frontier regions inside the Community are in a sense victims of the lack of real economic integration within the Community. We need, therefore, to be clear that while certain administrative measures can do a very useful job in providing a forum for discussing local problems, or in easing the kind of difficulties that affect hospital and telephone services and other aspects of daily living, they cannot provide the fundamental answers.

The problems seem to me to fall basically into two categories. First, there are the deep-seated economic differences which persist between the Member States of the Community and which are inevitably reflected by their different currencies, tax systems and so on. Secondly, there are the legal and social differences reflected in different conditions of work, different requirements for professional qualifications, different medical arrangements and a host of national and local regulations governing the life of the individual. All these regulations change their character at the frontier.

The basic economic problems are deep-rooted and will clearly only be solved with time as the Community moves towards greater economic integration. Other questions touch the internal, social and political regimes of Member States where Member Governments are jealous of their rights and of their freedom of action. This is a field in which inevitably the Community can only move piecemeal and tackle the problems in a pragmatic way one by one. But undoubtedly measures such as the mutual recognition of diplomas mentioned by Mr Broeks, and to which he drew the attention of my colleague Dr Brunner, the creation of a European passport, which I thought was one of the imaginative and practical decisions taken at the recent Paris Summit meeting, and the harmonization

of measures in the social field will all contribute increasingly to making life easier for those living at the Community's internal frontiers. Those are the general considerations.

Given these limitations, which I think we must face realistically, what can the Commission do more specifically to begin to help with these frontier problems? First, we should bear in mind that there are a number of ways in which we can make better use of the Commission's existing powers to give a greater priority to the frontiers. I have in mind the fact that we have Community funds available to contribute to the study of specific frontier problems, always providing that the Member States concerned are willing to cooperate with such studies. The Commission has already done this in the case of Euregio. In Ireland, which was raised again by Mr Herbert, there have been discussions about the possibility of joint studies. We in the Commission hope that the national authorities concerned will be able to agree before too long about an operation of that character.

Secondly, as Parliament is aware, the Regional Fund regulations to which Mr Herbert drew attention specifically give priority to projects from the frontier regions which fulfil the criteria for assistance from the Fund. This again has special relevance to the Irish border, which runs through a top priority region by Community standards.

In answer to Mr Herbert, the Regional Fund regulations will allow the Community to give help in regions on the external frontiers as well as the internal frontiers of the Community where these regions are categorized by Community standards as having problems of development. I think, for example, of the 'Zonenrandgebiete' in Germany or of the Pyrenean area in the South of France. However, it goes without saying that while the Community can use its funds in these external frontier regions within the Community, the funds are not available for use outside the external frontiers of the Community.

In addition, the Commission can do its best to ensure that the other Community financial instruments such as the European Investment Bank and the Social Fund give a real priority to assistance with problems in frontier regions.

Then there is the question of what Community initiative might be appropriate to grapple specifically with frontier problems. It is this problem that in some ways is the heart of Mr Gerlach's interim report. In the Commission's view, this is an area which needs to be explored with the greatest care with Member States. Mr

Thomson

Gerlach's report underlines very clearly some of the dilemmas facing those who would like, for example, to have an institutional form of cooperation between regions divided by national frontiers. On the one hand, as he brings out in the report, there are local initiatives which are certainly worthy of encouragement such as the remarkable Euregio project but which are deprived of juridical status. On the other hand, there have been certain intergovernmental initiatives which have resulted in regional planning commissions but where the most interested parties—the regional or the local authorities—are sometimes not represented.

In the Commission's view, it is essential that these problems should be properly examined by technical experts and decisions prepared for those who at a political level must take the responsibility for moving matters forward.

In this respect there has been a significant development since we last discussed the problem on Mr Herbert's initiative in Parliament in November. The Paris Summit took the decision about the setting up of the Regional Fund. I am afraid that when I spoke in November we were still very uncertain when and even whether the deadlock in the Regional Fund negotiations would be broken. It has been broken, and certain consequences follow for the subject we are now discussing.

First, there is the practical consequence. I am afraid that my overloaded Department with a very small number of officials at its disposal has had to give top priority during recent weeks to the drafting of the Fund regulations and to the negotiations in the Council. Therefore, there has been some delay in applying ourselves in the way we would have wished to the problems of the frontier regions. The second development is that, with the decision taken by Parliament yesterday, the Fund will now be set up and, therefore, we can apply ourselves to the possibility of trans-border projects falling within the scope of the Fund regulations.

There is a third consequence which in the long run may prove to be the most important of all in terms of the important Community subject we are debating today. Under the Fund regulations there will now be set up the new Regional Policy Committee. This will consist of senior national experts on regional policy, with the Secretariat in the hands of the Commission.

As I have said before in Parliament, the key to making concrete progress in this difficult area will be the creation of the right climate which will persuade governments that real action is necessary and will persuade them to

conquer their national inhibitions and sensitivities. For its part, the Commission intends to promote discussion of the frontier problem issue in the Regional Policy Committee as soon as may be practicable. The continued work of Parliament—the work on Mr Gerlach's next report—will be of crucial importance in creating the climate of which I have spoken.

Paragraph 7 of the resolution before Parliament invites the Commission to take a number of steps in the coordination of work in respect of frontier regions. All the points in this paragraph are generally acceptable to the Commission with one or two minor qualifications.

We have already discussed with the Statistical Office how best to harmonize regional statistics. This is vital for our general work on the regional policy of the Community, but, as Mr Gerlach rightly underlines, it has a particular application for the frontier regions. As I have said, we are very ready to assist with the preparation of studies in respect of frontier regions.

I very much hope that my Department will become a useful source of information in respect of frontier regions. We shall be using the Regional Policy Committee to take the first steps in the direction of coordination. We shall also be encouraging coordination in trans-frontier regions—and I was happy, as a politician always is, to hear my speeches being quoted by Mr Herbert—where the Community has a unique role to play. The Commission would like to see such cooperation in respect of the Irish border area, although this must take place with the full support of the Member Governments concerned.

In conclusion, I wish to report that in the past few months the officials of my department have sought to discuss frontier problems with every capital of the Community. I have tried to visit a number of the frontier areas. Had I not been prevented by illness from doing so, I would have visited during February the frontier area between Denmark and Germany to which Mr Nyborg referred in his speech. I hope to make that delayed visit before too long. What has come out of our activities, however, is that this is an area of great sensitivity to Member Governments and that there are no easy administrative answers, if only because of the different nature of the problem in each frontier situation.

However, I intend to keep the Committee on Regional Policy and Transport fully informed about the progress of our work, as we have been doing, and in this way I hope that we in the Commission will march in step with Mr Gerlach and those who with him will be, on their side,

Thomson

drawing up a successor to the present interim report. I shall keep Parliament fully informed of the progress which I hope we shall begin to make this year with these matters within the Regional Policy Committee set up under the proposals which Parliament approved yesterday. *(Applause)*

President. — I call Mr Gerlach.

Mr Gerlach, rapporteur. — *(D)* Mr President, ladies and gentlemen, I should like to thank all the speakers for the kind words they have had to say about my report. I also hope, in response to the wishes expressed by many, to find a very clear lay-out for my final report so that all the problems which have already emerged and may subsequently be brought up may receive the attention they deserve.

I thank Mr Thomson for his very carefully considered account of the problem of the legal form for a European regional body. The account was somewhat different from what I have heard in the past, and I am particularly grateful for it.

We shall therefore make preparations, which we would possibly discuss with you, Mr Thomson, in order to find a form acceptable to all. If I may just recapitulate, this trans-frontier regional body with a European legal form—we already have, after all, European company law and the form for a European Company—should under no circumstances be forced upon a region from above. It should rather be a possibility of which any of the regions in question may avail themselves if they so wish.

The reason I have spoken so little about the Regional Fund is that we had ample opportunity to discuss it yesterday. I feel that recourse to the Regional Fund should be restricted to those areas for which it was intended. The other problem areas do not need it, they need a different kind of assistance.

There can be no doubt that the Irish—Northern Irish border region has its own particular problems, as mentioned by Mr Herbert, and next month we will in all probability find a new form of cooperation for the German—Danish border too.

Finally, Mr President, I have a substantial request to make. You brought the matter up in the Committee on Regional Policy and Transport and I have already suggested that we consider whether or not we could find a form within which the European local-authority and regional organizations and the Conference of European Frontier Regions could cooperate. I do not mean with the Committee, as its terms of reference are somewhat limited, but perhaps, Mr Pres-

ident, it would be possible, with our support and on mutual agreement, to form a joint group consisting of representatives of the local-authority and regional organizations, the Conference of European Frontier Regions, the Council of Europe with its ad hoc committee—it has, after all, been established that we work in parallel, and we should therefore coordinate our work—the Commission, of course, and the European Parliament, in order to provide you, Mr Thomson, with a basis for your work in the Commission.

I know how difficult the problems are, how difficult it is to find a solution to the problem of a legal form, but I continue my fight. As long ago as twenty years I thought of the idea of a European legal form for a trans-frontier regional body. But as Kepler said, 'it is not that which makes life easy which is important. That which makes it difficult is big. But not everything that tries to make it difficult is important'.

Thank you for your support.

(Applause)

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

I thank Mr Thomson.

4. *Congratulations*

President. — The Socialist Group has informed me that Mr Ludwig Fellermaier has been elected its Chairman.

On behalf of Parliament, I warmly congratulate Mr Fellermaier on his election.

(Loud applause)

5. *Economic situation in the Community*

President. — The next item is a debate on the report drawn up by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs on the economic situation in the Community (Doc. 518/74).

I call Mr Cousté.

Mr Cousté, rapporteur. — *(F)* Mr President, ladies and gentlemen, at our last part-session in Strasbourg Parliament instructed the Committee on Economic and Monetary Affairs, whose

¹ OJ No C 76 of 7. 4. 1975.

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chairman at that time was our colleague and friend, Mr Lange, to draw up a report on the statement made by Mr Haferkamp on 19 February.

I was appointed rapporteur on 27 February and our report was immediately approved by 13 votes to 1 at the meetings of the Committee on Economic and Monetary Affairs held on 27 and 28 February.

I shall now submit to you and comment on our motion for a resolution, for which it was not possible to draw up an explanatory statement owing to the very short time between its approval and today's sitting. I apologize to my fellow Members and would advise them that I shall present this report orally.

The subject of our motion for a resolution is highly specific: the Commission's assessment of the economic situation in the Community. It therefore seems logical to me to consider this economic situation first, and then to examine the objectives and the methods which the Commission recommends in order to deal with a number of dangers inherent in it.

The analysis made by the Commission and presented by Vice-President Haferkamp seems to me to indicate that the economic situation of our Community is serious, but that it is going too far to describe it as a real crisis.

Is it necessary to remind you that the general economic situation in the world is very disturbing? We are all convinced of this. Is it necessary then to take this analysis of the economic situation even further? For the moment we shall confine ourselves to a general summary.

First and foremost, it is obvious that the economic growth of the Community has slowed down by about 2%, in other words, about a third of the rate of 5.5% achieved in 1973. But the most serious thing is that this reduction in growth varies from one Member State to another.

In the United Kingdom for example we observe a stagnation in real growth, while in Belgium the rate of growth is around 4 to 6%.

As for inflation, prices have risen at the rate of around 12.5% in our Community as a whole, though very unequally among the Member States, with 6% in the Federal Republic of Germany and about 19% in Italy.

The Community's overall balance of payments deficit has reached 16 000 million dollars, somewhat less than was in fact forecast. But the balance of payments deficits of Italy, the United Kingdom, Ireland, Denmark and France together represent 27 000 million dollars.

This slowing down of growth has given rise to a very considerable deterioration in the employment situation, but here again to different degrees. True, all the Member States are experiencing a sharp increase in unemployment. The figure for the Community is about 3 700 000 unemployed, in other words an unemployment rate of about 3.5% of the working population. Admittedly, we have not yet reached the rates of unemployment experienced in the United States. But this figure is particularly worrying in itself since it is the highest that the Community has known since its creation.

We are inclined to wonder whether these difficulties are merely temporary or whether they are likely to persist.

According to the Commission's estimates, we cannot expect the situation to return to normal this year and I should very much like the Commissioner present—whom I thank for being here, for I know that it was particularly difficult for him to come this morning—to tell us if he has a more optimistic view of the facts I have mentioned, and if so on what does he base his optimism?

At any rate, average growth for the year is unlikely to exceed 2% and the unemployment rate for 1975 will probably drop,—and this would be an achievement in itself—to below 3% by the end of the year. In my introduction to this first part of my oral explanatory statement I said that the Community as a whole was not in a real state of crisis. I believe the Committee on Economic and Monetary Affairs was right in thinking, like the Commission, that a desire for honesty must emerge at all parliamentary and governmental levels, in international economic organizations, in social and, in particular, trade union organizations and finally at the level of the European institutions, in order that the 'verity' revealed by the analysis, should lead to action which is supported by everyone.

The balance sheet for 1974 and the prospects for 1975 show clearly enough, particularly in view of the disparities I have just described between the countries, that the present economic situation involves two indisputable hazards for economic and monetary union and for the Community's very development. It is also obvious that it would be extremely dangerous to put our faith solely in the private recycling of petrodollars, even though this problem has so far been dealt with fairly satisfactorily, since the gradual recovery of our economic situation also implies that we must introduce suitable measures and accept sacrifices.

I have just spoken of the need for solidarity. While there is no need to dramatize matters, I

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am convinced that we can, and therefore that we must, find the means of overcoming these difficulties, principally owing to a more acute and more active awareness of the interdependence of and the links between producers and consumers. The collapse of the world economy and the break-up of the European Community which some people expected have not come about. I therefore retain a certain reasoned optimism, provided that the Member States fully realize that the Community offers them one of the most suitable frameworks for coping with the present problems. I think that quite apart from the decision made at the European Council in Dublin, this is the lesson we must draw when we examine the economic situation of the Community. In this respect the Committee on Economic and Monetary Affairs was unanimous in recognizing and emphasizing that this need for honesty, together with the ideal of solidarity, must be in the forefront of our concerns.

I should like to draw your attention, in this second part of my speech, to the objectives and measures recommended by the Commission. The Committee on Economic and Monetary Affairs feels that, first and foremost we must ensure that the Community's achievements are safeguarded and developed further, but it is also necessary to improve solidarity between the Member States. Finally, we must review the terms of growth. I should like to go into each of these points in a little more detail.

First of all, the safeguarding of the Community's achievements. It is worth remembering that the Community's achievements—and I am thinking in particular of the customs union—are never final, especially in a period of recession. I think that the best way to deal with the more or less secret, more or less explicit desire in the Member States for the re-emergence of customs protectionism or the reintroduction of insidious formalities is to promote the free movement of goods and people. For instance, the programme for the simplification of customs and administrative formalities recently submitted by the Commission shows how much has still to be done in this field.

The functioning of world trade is, as we know, far from satisfactory. However, the Community recently contributed,—and it must be congratulated once again for this—by the agreement signed at Lomé with the African, Caribbean and Pacific countries, to laying the foundations of intelligent, close cooperation and solidarity which are full of promise for the future.

Of course, much remains to be done to ensure the expansion and improvement of world trade. But I believe that the Lomé Convention will

contribute to this since, whether we are concerned with relations between oil-producing countries and oil consumer countries or others, we must always seek to ensure that growth in trade is accompanied by monetary stability.

In its respect for the principles governing the equitable functioning of the mark the Committee on Economic and Monetary Affairs was particularly, and rightly, indignant about certain discriminatory practices which have recently come to light in the banking sector. It deplors these practices and asks national and international bodies to make sure that in all sectors of the economy such discrimination, which is contrary to the spirit not only of the Treaty of Rome but of the Charter of the United Nations too, should neither be approved by public opinion nor tolerated in an international community claiming to be increasingly conscious of its duties and its responsibilities.

As regards the expression of European solidarity, we note that a number of agreements have been reached recently and bear witness to a degree of Community spirit. The Council has approved the mechanism of Community loans, an agreement has been reached at Zeist on the mobilization of gold reserves and in Washington, within the framework of the International Monetary Fund, progress has been made in dealing with the important problem of the recycling of petrodollars. Within the International Monetary Fund—and the Members of the Commission present will be gratified to hear Parliament giving it the approbation to which it is entitled—the Community adopted a common position. It won acceptance for its healthy, reasonable and long-term views. However, there would be no point in developing a Community loans mechanism if no-one used it. I am sure that Mr Haferkamp will not fail to give us the latest news on this point.

It is also important for the Community to demonstrate more and more clearly to the world its unity in monetary affairs. I am of course thinking here of the choice of a European unit of account, of the extension of the rôle of the Monetary Cooperation Fund and the need for consultation in the budgetary affairs of each of our States, but I must state quite frankly that I am also thinking of the problems of the relations between our currencies within what for all of us used to be the Community 'snake' and which at the moment is no longer applicable to the whole Community. In this area we must use our imagination and perhaps accept less stringent rules. But in any case our nine Member States must succeed in developing real consultation and in drawing up rules. This solidarity also implies—I need hardly remind you—the accept-

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ance by our States of rules and discipline in keeping with both the situation in each of our Member States and the general interest of the Community.

To achieve, as Mr Haferkamp put it so clearly, recovery against a background of solidarity, the Committee was I think right in deciding that it was the responsibility of the Member States, in the light of their rates of inflation and the situation of their national balance of payments—showing a deficit, a surplus or in equilibrium—to adopt an appropriate budgetary and credit policy.

In this connection we have reason to believe that in the Federal Republic of Germany in particular, and in Italy too, these recommendations have been or are in process of being followed.

European solidarity must also reveal itself not only in the active support of government bodies, but also, and in particular, in the participation of the various social groups. It is obvious that the latter cannot give their support, which I stress is vital, to our efforts if they gain the impression that the burden has not been fairly spread. The Committee on Economic and Monetary Affairs supports the Commission's projects for expanding aid from the European Social Fund.

I now turn to the last aspect of this need for joint action: the review of the terms of growth. As Mr Haferkamp so rightly stated, the interpenetration of economic and structural problems has never been so intimate. The enormous upheavals which have occurred recently in the world economy have obliged us to adapt to these changes. As Mr Haferkamp said, the age of spectacular growth is over. We have, as it were, entered a 'lean period'. Far from resigning ourselves to this we must reconsider and redefine the terms of growth. A slower rate of growth than we have been used to may prove beneficial if it is accompanied by qualitative gains—improvements in the quality of life, for example, Mr President. It would seem that the idea of a purely quantitative mono-growth is being gradually replaced by the idea of a kind of multi-growth which can better satisfy people's real needs. In this connection I naturally welcome the interesting and intelligent initiative of the Commission in inviting a number of Members of this Parliament to take part in the economic simulation work on the models developed by Professors Pestel and Meskarovic.

It has become obvious that if we want to treat these economic subjects properly we must remain eternal students, never satisfied with our knowledge, seeking all the time to improve our

understanding of a world which is becoming increasingly more complex, but fortunately more interdependent too. And this is why this initiative deserves our congratulations, which I am pleased to address to the Commission.

As you know, ladies and gentlemen, the Committee on Economic and Monetary Affairs has approved the Commission's objectives, which represent a redefinition of the terms of growth, in other words, a limitation of consumption accompanied, and I stress this, by a stimulation of investment. The limitation of consumption in fact involves not so much a reduction of consumption in real terms as a struggle against all forms of wastage. In this respect we ourselves would have liked to see the Commission emphasize this struggle against wastage more forcibly by appealing directly to the good sense of every man and woman in Europe, and thus launching a real, large-scale psychological campaign in our countries.

We realize that this combating of wastage has already begun as regards the saving of energy but we must go further. We must think of all the raw materials, all the consumer products which our consumer society has made available to us.

The stimulating of investment is absolutely essential for the structural reorientation of our economy, whether this involves the development of our agricultural production, our stock farming, our industry or our services. This must of course be done in accordance with the needs of the European market, but also in accordance with the needs of the world market and with a view to ever greater solidarity and cooperation.

The Committee on Economic and Monetary Affairs has confined itself, however, to approving the main principles of these objectives, since it feels that it should await the debate on the fourth medium-term policy programme before giving an opinion on the content of the structural changes which need to be carried out and which we shall follow with great interest.

Mr President, in generally approving the analysis and the objectives of the Commission of the European Communities, the Committee on Economic and Monetary Affairs was concerned in particular, when drawing up this motion for a resolution, to stress a number of needs: the need for honesty, the need for solidarity, the need for justice and reform, which seemed to the Committee essential for the development of our Community in the present economic situation.

These needs cannot be evaded. We must in particular develop real solidarity and not be content

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with a mere 'convergence', a narrow 'coordination', or mere complementarity, which too often passes for solidarity.

In conclusion, I should simply like to recall, as an action item which is still fresh in our memories, the guidelines given by the European Council of 9 and 10 December in Paris on the urgent need, and I quote, 'that it is absolutely necessary to agree on the policies to be adopted'. 'This convergence' the communiqué went on, 'will be meaningful only if it works towards Community solidarity and is based on effective permanent consultation machinery'.

Such is indeed, Mr President, the meaning and objective of our action.

(Applause)

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

Mr Artzinger. — (D) Mr President, ladies and gentlemen, I should first of all like to assure you, Mr President, that I shall not use up all of my speaking time since after the exhaustive speech by the rapporteur I can in fact be brief. I must not, however, neglect to thank him for tackling in his introductory speech many points which are of interest to the speakers following him and which we had examined in detail at Committee meetings.

I would first of all express my satisfaction at the fact that this debate is being held today at all. At one time it looked as if it would not be possible. I should like to thank Mr Cousté most warmly for coming here today. My satisfaction at the holding of this debate has been enhanced by a newspaper article which reported that the Heads of State and Government had talked in Dublin about the economic situation and that Mr Joop den Uyl, the Head of the Netherlands Government, said he thought it was the general opinion of the Heads of Government that we were facing the most dangerous economic situation since the war.

Now, ladies and gentlemen, I am rather cautious about the use of superlatives. I do not know whether we are in the most dangerous economic situation, but we most assuredly are in a dangerous situation, and I refer in particular to the situation in the Community.

The previous speaker has described the details of the worsening crisis in our countries. I would recall what Mr Haferkamp, in my view rightly, treated in his speech as the central issue, namely that there was now a danger that the Member States would drift further and further apart and that the Community could one day break up.

We do not want to paint too black a picture, but we must realize that, in particular under pressure from outside, a country may in its distress believe that it has to do something which is not compatible with its membership of the Community.

As I said, we are grateful to Mr Haferkamp for his realistic analysis. I mean, the less we are able to boast a common or, at the very least, a coherent Community economic policy, the more important it is to portray matters as they really are. That is one of the responsibilities of the Member of Parliament, namely to state the facts unequivocally. Whether the remedy we propose is the right one is a matter for discussion. In this respect too my Group is of the opinion that the view expressed by Mr Haferkamp on behalf of the Commission is the right one, namely that at the moment it is not possible to prescribe a coherent economic policy for all the Member countries. The situation has evolved so differently in the various countries that individual remedies must be applied in each of them.

We regret this state of affairs, but we admit that at the moment no other course of action is possible. We also agree with Mr Haferkamp's statement that countries with balance of payment deficits and high rates of inflation must use different remedies from the countries enjoying surpluses and comparatively low rates of inflation. Of course, both groups of countries are faced with the dual problem of combating unemployment and inflation. It is like treating someone suffering from rheumatism and St Vitus's dance at the same time. Treatment in that case is indeed difficult. But we must try to find a way of tackling both evils at the same time.

There is one solution which surely cannot be right and that is to try to get rid of unemployment by flooding the economy with money. That too was clearly demonstrated by Mr Haferkamp. I am very grateful to the Commission for speaking some hard truths in its recent statements on economic policy; it has said firstly that no economic problems will be solved by the recycling of petro-dollars alone, not even the balance of payments problem, and secondly that the only possible remedy is to consume less, but—and this too needs to be stressed with equal force—that the necessary sacrifices must be distributed justly and that the social partners must therefore be consulted in this.

We agree with all this, but we would not like it to be forgotten that we still believe that it is a not-too-distant objective of our Community to arrive at a common economic policy, which in our view can only be introduced and implemented by a decision-making centre for economic policy. And we would therefore repeat

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again 'Ceterum censeo': we need a decision-making centre for economic policy. As we have already said this so often, especially in the Committee on Economic and Monetary Affairs, it is not explicitly mentioned in the motion for a resolution. Such words can be over-used. We therefore decided not to repeat it, but this does not mean that we have abandoned the idea.

As the previous speaker has already pointed out, our motion for a resolution includes certain points taken from Mr Haferkamp's comprehensive report, since they seemed to us to be of particular importance. But we did not wish to say everything, since it is not reasonable to try to say everything in a resolution.

We support this resolution and we extend our best wishes to Mr Haferkamp in his future work.

(Applause)

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

Mr Leenhardt. — *(F)* Mr President, my friend Erwin Lange, who was to speak on behalf of the Socialist Group, has had to leave Strasbourg and has asked me to apologize for his absence and to take his place.

First of all, I should like to associate myself with the comments made on the Commission's analysis and to say to Mr Haferkamp that we agree with the main points of his diagnosis.

Turning now to our rapporteur, who has made something of an innovation in presenting his explanatory statement orally, so that we were unable to read it first, I should like to say that I was rather surprised by one passage of his speech, when he said in fact, and then repeated, that although the situation was serious we were not in a state of crisis. I should very much like to hear his personal definition of a state of crisis. I am inclined to think myself that when there are 3 700 000 unemployed in Europe, an average rate of 3.5%, which he himself said was unprecedented, it is fair to say that we are in a state of crisis.

I should like to consider for a moment a point which was brought up, after our rapporteur had spoken, by Mr Artzinger. In connection with growth he spoke of the need to act by limiting consumption and providing investment incentives at the same time, which amounts to influencing both supply and demand to combat inflation. These formulae are a little too vague. It is important to know what consumption one has in mind, for there are very considerable inequalities in consumption in our countries and, as a

writer once said, the social question boils down to the fact that some people have more appetite than dinners and others have more dinners than appetite. Given these inequalities, we regret the use of such a vague formula as 'limitation of consumption'. In fact the only way to limit consumption fairly is by direct, progressive taxation designed to further the redistribution of wealth and equity, which is generally not the case in the systems of taxation in our countries.

As far as 'investment incentives' are concerned, we think that this too is a very vague formula and regret that it does not include a selective element. The approach envisaged is only an overall one and we know that that entails the far more considerable risk of aggravating or reviving inflation.

We welcome paragraph 4 of the motion for a resolution concerning the need to 'forestall any temptation to resort to protectionism'. We have seen in the past a number of very striking examples of what the disease of protectionism can lead to. We must resist this temptation at all costs.

I would add that we also welcome the declaration in paragraph 9 of this proposal for a resolution, stating that we must 'adopt a genuinely Community economic policy through the creation of appropriate economic policy instruments'.

Finally, we approve of the declaration in paragraph 10 that 'the implementation of a Community energy policy' is absolutely essential.

(Applause)

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

Mr Dykes. — Mr President, I add my congratulations to those of the two previous speakers to Mr Cousté, the rapporteur, on one of his excellently constructed speeches that we always admire and enjoy hearing and on his initiative and that of the Committee on Economic and Monetary Affairs, of which I am a new member, in submitting the motion for a resolution.

In the context of the relationship between this Assembly and the Commission, I, on behalf of the Conservative Group, very much thank Commissioner Haferkamp for coming to Parliament today following the report he presented in February. I, too, on behalf of our group, like the two previous speakers, would wish to endorse virtually completely what has been said about the economic crisis which we collectively face in the Community. No one should underestimate in any respect the nature of this crisis, even though there are now some more hopeful signs

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on the economic horizon than there were three months ago, although that certainly does not include the very sharp rises in unemployment now being manifested. Unemployment has increased principally in the major countries of the Community—if other countries will forgive my using that expression—but there is a particularly serious problem in Denmark. More hopeful signs are evident perhaps in the fact that an abatement of the rate of increase in prices is beginning to show itself to some extent, though not yet sufficiently.

In repeating my approval on behalf of our group of nearly all the paragraphs in the motion for a resolution and expressing appreciation of the way in which it has been drafted, I nevertheless wish to comment briefly on one or two aspects of the motion. Although I am a new member of the committee, I assume that Paragraph 6, for example, refers to the possible use and implementation of boycotts against Jewish or quasi-Jewish institutions rather than to any other forms of discrimination which previously were uppermost in the minds of members. If that is the case, we heartily endorse the sentiments expressed in that article.

On Paragraph 7 a very important point needs to be made, and made repeatedly, concerning divergences in the economic performance of Member States. The first part of Paragraph 7 concerns Member States 'with relatively high inflation rates and balance of payments deficits' which 'should endeavour to combat these difficulties'. The next part states:

'countries with relatively moderate inflation rates and balance of payments in equilibrium or in surplus should pursue a cautious and selective expansion policy'.

In the first case we think primarily of the United Kingdom, Italy and Denmark, and of France somewhere in between but none the less with an agreeably respectable rate of growth in real resources, and in the second part of the paragraph we think primarily of Germany and also of the Benelux countries.

There is here a very important lesson and message for the Member States. While it is quite clear that Italy and the United Kingdom will continue to rest heavily on the pleasant, welcome and well-received support of other Member States, it is not sufficient for people in the United Kingdom or Italy, I submit, to assume that this can continue to be done indefinitely or to lean heavily on the German surplus for support. It will be very important, therefore, for the right economic national policies to be devised and implemented within the short term

as well as benefiting from anything that might emanate from collective Community action.

To switch completely away from that theme to some of the social and economic targets that may be achieved out of specific action of the Social Fund, in Paragraph 12 one thinks primarily of the retraining and mobility of labour that will be necessary as declining sectors are retarded deliberately. Other sectors will come onto the economic recovery scene in the longer term.

There is an additional factor on which I hope the Commissioner will be able to comment. I refer to the question of any topping up of national unemployment benefits by Community payments as unemployment increases. I make no more specific proposal than to enunciate the possibilities which have already been mentioned in certain quarters.

Our social dilemma in the Community is that we are obliged reluctantly, unpleasant though it may be, to accept a continued relatively sharp rate of increase in unemployment. The reason is that with the slowing down in the momentum of national economies within the Community, productivity will fail to rise sufficiently fast to be an important feature of the two- to three-year recovery that we hope will take place in the use of our physical resources. That is why, reluctantly, one has to accept the prospect of a continued rise in unemployment, if not for other reasons also.

The necessary restraint on wage pressures referred to in the resolution dealt with in the report of the Commissioner in February—and with great emphasis, one must admit, since it was a noticeable part of that report—will be that much more difficult to achieve, not only as unions seek to protect themselves but also as they seek to continue to implement their on-going role of securing higher monetary benefits, although, alas, as we know, this is a monetary illusion.

Institutionally we are now in a collective European economy where the traditional verities of recession of physical resources, falling consumer demand and a lower rate of investment in corporate capital formation by companies do not produce the same reaction by the monolithic and powerful trade unions that used to be shown 10, 15 or 20 years ago. That must be recognized as a political problem.

In so far as one can make an appeal in Parliament today to the trade unions, above all to those in the Member States suffering the most severe inflationary pressures who have relatively the highest degree of institutional power in the national economies, I add my voice in a further appeal on behalf of the Conservative

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Group that they should exercise the maximum restraint—it is to be hoped within the voluntary context—in connection with the grave two- to three-year economic crisis through which the Community is passing.

In return the Community, the European Parliament, the other Institutions and the Commissioner himself have a direct responsibility to say that our part of the bargain is what the Commissioner referred to in his report, namely, the more equal sharing of the burdens of the financial and economic sacrifice arising from the energy crisis, the recession in world trade, the slow-down in growth in Europe and elsewhere and the need for Europe to pick itself up in economic terms.

Time does not allow me to go in much more detail into these many and varied problems. None the less, it is right for me to reiterate on behalf of the Conservative Group what I hope are one or two verities, to use Mr Cousté's word, and what are important considerations in the political sense also. We must energetically work now for the European Monetary Cooperation Fund to get off the ground and to begin working properly. Secondly, if we accept not only the moral but the practical obligation for the weaker Member States in economic terms not to lean too heavily upon the German surplus, we must be seen to put our economic house in order in the weaker economies in Europe without much further ado.

I have already referred to the appeal for wage restraint, which I hope will be endorsed by other groups in Parliament.

I come finally to the question which is perhaps the most important over the next two years. Mr Haferkamp may agree with me if I correctly deduce what he said in his report. I refer to the vital and indispensable requirement of a switch of resources from consumption to investment. This conundrum and problem is in part already solving itself with a real recession in physical resources and the slower rise of money supply in the principal economies, resulting in a falling-off in final consumer demand for durables but not necessarily for non-durables. None the less, a much more concerted effort needs to be made not only by national exchequers but by the Community to implement as far as possible a drastically re-vamped and augmented investment programme in the future.

It is to me a matter of great regret as well as a tragedy that the United Kingdom has a rate of investment by private industry which is something less than half the rate which obtains in Germany.

There is here an obvious lesson. The key to long-term growth, which in my view is more important than any other target in social and economic terms, is that we in the United Kingdom and Italy, where not only financial but real economic problems are now being suffered, should begin to accept our common obligations in the Community. We must not continue to be the weak partners with low rates of growth but should emulate the example of France, which has had a spectacular economic success in the last decade. As a result, all of us, in a determined and harmonious context, must work for that which we should never abandon.

I do not accept the admonition of the Commissioner that we should now go for a lower rate of growth in the long term. Rather should we return to the central economic and social message of the Community, that is, faster growth for all the member countries than they would obtain if they remained separate.

(Applause)

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

Mr Bordu. — *(F)* Mr President, ladies and gentlemen, the motion for a resolution presented by Mr Cousté on behalf of the Committee on Economic and Monetary Affairs testifies in our opinion to an intention to maintain a policy whose effects we can already feel. The need for truth is indeed essential in the quest for solutions in the general interest, but with soaring inflation and unemployment reaching alarming proportions, the truth is clear for all the world to see, Our concern is for the fate, dignity and living conditions of millions of workers and their families. Imagine the cost of laying off and having to pay compensation to these millions of workers!

We are currently experiencing a downturn in employment vacancies, which will mean a new wave of unemployment in the coming months. INSEE has recently reviewed the outlook for the French economy. The experts believe that there will be a further increase in the number of applications for vacancies in 1975, though the rate of increase may go down. Prices will rise by 10%, which is the minimum target set by the Government. The purchasing power of wage and salary earners must remain unchanged as a consequence. There will be no increase in industrial production during the first half of the year.

This is a faithful picture of the line taken by French government policy, which may be said to reflect the policy followed by the Nine.

Bordu

The idea that the free movement of goods within the Community, together with an improvement in world trade, represents the ideal solution is not without merit. But at Community level, given the difficulties of each of the nine countries, exporting at all costs is a solution which soon finds its own limits. We have reached them, and now each of us is counting on a revival by the others in order to get new outlets for our products.

We must not forget either the spoilsport dollar which keeps disrupting all the economic and monetary systems.

Is the free movement of capital anything except the privileged vehicle of capitalist concentration in small and medium-sized firms, the cost of which is today being borne by wage and salary earners? Is the expansion envisaged in fact any more than redeployment and has the transfer of resources any other purpose than to satisfy the incredible appetites of the multinational concerns? We agree with the resolution when it says that the recycling of petrodollars is no more than a relatively provisional solution. This is an obvious and serious fact, but, in our view the recommendation linking investment incentives and cuts in consumption in fact implies austerity for the workers, which in turn aggravates marketing difficulties. At the same time the blind-alley monopolistic strategy of exporting at any price is encountering a market in a state of chaos and each country is now feeling sharply the repercussions of depression in the form of unemployment and bankruptcies in industry, the abandoning of vital sectors of the economy and the even greater exploitation of paid work by over-exploited productivity.

How can we in such circumstances ask all social categories for their active support? You know perfectly well that in all the countries, no matter what sort of attitude the workers' unions may have towards their governments, no matter what the attitudes of the political parties may be, the crisis is general. It is not therefore a problem of industrial relations in a new situation. In other words, what the resolution is in fact asking for is not a fair distribution of sacrifices but more sacrifices from workers, whatever their trade, from farmers and from small traders and manufacturers in general, while at this very moment there are millions of families who are struggling desperately to make ends meet. And who cares about them? We believe that the situation has now reached intolerable proportions. You are trying to manipulate unemployment; you are following a policy which is making the worker whatever his skill dependent upon public assistance!

My Group rejects this defeatist and almost indecent attitude; who, apart from those who have the means to do so, beginning with the States themselves, can afford to waste resources today? Our solution is thus a democratic one and is based on the revival of popular consumption accompanied by increased production. This is accordingly an integral part of the struggle against the excessive accumulation of capital and seeks to release and develop the forces of production, the resultant growth being derived from a conception of production intended to satisfy both the present and the future needs of paid workers as a whole.

So let us stimulate consumption by all means, but let us at the same time change the basic structures by introducing a new type of expansion. This structural reorganization cannot be confined to a mere redistribution of profits among the major multinational concerns. Production relationships must be changed too by the nationalization of major industrial and financial sectors. This line of reasoning leads us to reject austerity outright and recommend the exploitation of all national resources, which is the only real guarantee of dynamic international cooperation based on strong, economically independent nations, on democratic control over the major means of production and trade and on recognition therefore, of the sovereignty of the cooperating nations. This is also the logical solution to the international socialization of the forces of production which is one of the major problems of our time.

You will appreciate that the resolution and our position are worlds apart and we must consequently reject the former on every count.

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — I call Mr Normanton.

Mr Normanton. — I join my colleagues in expressing our deep gratitude to Mr Cousté for the excellence of his report and the manner in which he presented it.

However, before taking up a number of points I wish to refer, in the strongest possible words at my command, to what Mr Bordu said on behalf of the Communist Party. What he did was what we normally and naturally expect from his party. He dragged into a serious, earnest debate a political red herring when he highlighted the bogey of multinational companies. That is a subject which we have discussed and

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will discuss again on many occasions. I say no more than that I regard what he said as a typical red herring — very red — and not appropriate to this debate.

I should like to highlight what I can only describe as a popular fallacy when the peoples of the Community consider the economic situation and economic developments as they see them. Regrettably and without any justification, far too many people take the view that our present ills and those which lie ahead have their origin in the oil crisis of 18 months ago.

That is not true, and I hope and pray that Parliament will recognize that it is not true. What happened as a result of the Arab-Israeli war stemmed from the aggravation of underlying and deep-seated weaknesses in the way in which individual Member States of the Community have conducted their fiscal policies in the post-war era.

I am particularly concerned to place firmly on the record that excess consumption and insufficient investment have been the deep-seated cause of many of our economic problems. Nowhere has that been more the case than in government expenditure by Member States. I suggest that Parliament and the Commission have paid far too little attention to the methods by which this growing flood of public expenditure has been financed. It has arisen in several ways, all of which have contributed, and are contributing, to aggravating the situation.

There is rising taxation — in other words, a reduction in the availability of cash for industry to invest. There has been a rise in borrowing from institutional sources inside the Member States. That in itself is not bad, but there has also been growing dependence on borrowing from institutional establishments external to the Community. Here I refer particularly to petrodollars and the recycling of petrodollars. Far too much attention is being paid to the question of recycling, as if it were a panacea for our economic ills. It is not. It may well be a shot in the arm, like marijuana, heroin or some other drug, but in the long term it is no substitute for investment from internal sources. I regard the recycling of petrodollars as one of the verities to which Mr Cousté referred.

Short-term borrowing for long-term needs is like borrowing an umbrella from a friend when going out for a walk with him: when I need the umbrella, he needs it too. Therefore, that is not an appropriate way to finance our operations as a Community as a whole or as individual Member States.

The worst possible way to finance our economic existence is by the printing of money. Some governments of Member States have indulged in this, and today we are beginning to see some of the pay-off. We have to recognize that investment must come from savings. Inflation, through the artificial creation, without any sound basis, of pressures from external borrowing and printing is detrimental to savings. However, the best way is to encourage, help and enable industry to finance its own investment from savings which fiscal policies must generate. The fiscal policies of the Member States have been short-term oriented over the past 20 years, drawing cash from resources away from industry and leaving it less and less able to carry out the functions which industry must be able to perform.

The Community, or at least the Member States, still fail to recognize the dangers from the continued flow of petrodollars from some oil-producing countries. That is a political weapon which regrettably, although it is painfully true, Member States are failing to recognize.

I could enlarge at great length on the subject of energy. However, there is to be a debate later in this sitting and I reserve points of a technical nature for that debate.

We should pay great attention to Paragraph 6 of the resolution in the report by Mr Cousté. We should recognize the dangers of discrimination which are characterized in the use of the currency weapon. Paragraph 6 does that. However, I believe that it should have specifically included a reference to the industrial sector and that the point should not be covered by the term 'nor any other economic sector', because it is in the industrial sector that the political weapon is being used, namely, the operation of publicly-advertised and publicly-recognized black lists. I refer especially to the black list of 2000 companies, mostly because they have a Jewish connection but not exclusively because of that. So long as black lists are recognized and the international trade is influenced by them, we are allowing ourselves in the Community to be blackmailed.

I would therefore endorse, with all the eloquence that my colleagues and I can command, the key message enshrined in the report, namely that there is only one course open to us to follow, and that is summed up in the use of the word 'solidarity'.

Our future and our ability to cope with the problems which face us depend entirely upon our being able to stand together, to formulate policy together, to negotiate with other states

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together and to work together. Nothing less than that will suffice to enable the Community to come through the extremely dark and depressing years which may—indeed do—lie ahead. In those terms I personally offer my full support. I am sure that Parliament will endorse the acceptance of the report standing in the name of Mr Cousté.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission of the European Communities. — (D) Mr President, I should like to express my thanks for the preliminary work that has been done for this debate, and in particular for the report and motion for a resolution that have been submitted. I am particularly grateful for the recognition shown for the work done by the Commission and its staff on this matter. This work was not just done for the report we are now discussing, but as a continuation of what we have been doing along the same lines for years. A number of the points we were making a year ago, at the beginning of the oil crisis, have been shown to be correct even though, during the past year, we were very often not believed.

Mr President, the analysis we have given and the objectives we have developed have met with general approval. The statement I delivered in February, however, was not complete in that problems immediately connected with economic development could not be treated in such detail as is possible in special debates, which must also be held in this Parliament, on for example the Social Fund, unemployment insurance and the like.

For this reason I shall not go into details at this juncture.

Mr Bordu, however, has levelled major criticisms, saying that the ideas and objectives put forward by the Commission and approved by the vast majority of this House are not acceptable. Instead of a policy of austerity he would advocate increased consumption.

In view of our difficult economic situation I think one should stop trying to hoodwink the public at large, for any demand of this kind is misleading and totally unrealistic. I have repeatedly stressed that in future we must pay more for our oil in terms of goods and services. We have often spoken about the monetary aspects; these conceal the hard truth that we must produce goods and services, which will leave our economies and which we cannot use again. These goods—be they blast furnaces, hospitals or whatever—will be exported to the oil-

producing countries and we cannot use them again here. Because of this development we must now begin to reorganize the structures of our economy in the interests of the working population. We therefore need to invest. If we consume these assets now we shall be destroying the possibility of creating new jobs in the future. We should therefore not embark on policies which deceive our peoples. We must tell them the truth.

Mr Normanton pointed out that our present ills are not due solely to the oil price explosion but also to the fact that mistakes have been made for years with the approach advocated by Mr Bordu. It is indeed true; for years we have been living beyond our means. Whenever we produced 100% we thought we could consume 110%; this is just not on. The result is inflation and it is the working masses who are the hardest hit. Our economies were overstrained, our States overburdened. Mr Normanton said that we had not paid enough attention in our reports to the, let me put it quite bluntly, sloppy financing and budgetary policies pursued recently in certain sectors of our Community. We have, in fact, drawn attention to this on other occasions, but Mr Normanton is perfectly right; our governments have all too often not had the courage to say no to social and political pressure groups. They have given in and produced public services for which there was no financial cover. They have then not had the courage to increase taxes or charges for public services or the prices for goods supplied by nationalized concerns. They have taken the easy way out and financed this additional expenditure with monetary, i.e. inflationary means and that is the most unjust method of financing.

This attitude explained a good part of our balance of payments deficits before the oil crisis. National parliaments, and I feel I must say this, are also to blame in that, when confronted with demands for legislation involving expenditure, they have not had the courage to take the necessary action, i.e. to tell the public that it had to be paid for. I think it essential that we underline this point in this debate and also emphasize that we have come to the end of this particular road.

This is one of the reasons why last year we made it quite clear to certain Member States with balance of payments and budget deficits that they must limit the growth rate of their budgets and reduce their deficits and that this must be done by anti-inflationary means. I hope that Members here and in the national parliaments will help to rectify this misguided trend and the social iniquity of inflation from this source.

Mr Bordu said that the crisis is everywhere. He is quite right. This shows, however, that it is

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not just a crisis of the system, which is what you are trying to say. Just take a look, for example, at the decisions that have been taken by COMECON. A price increase of more than 50% for oil, even in their system. This too must be paid for.

The price-fixing mechanisms have been changed; whereas prices for supplies were previously fixed for periods of five years the current situation is that prices are fixed annually. And the reason is that price increases must be expected, even in their system. They are forced by economic laws to take these increases into account so as not to fall five years behind, but raise prices every year. Thus, the system is not the problem.

An attempt has been made—not just here but also elsewhere—to find some magic bogymen who is responsible for this entire situation. And this bogymen has been found; he is none other than the multinationals. Mention has already been made of the special debates we have had on the multinationals. They do, of course, present a series of problems and I am not trying to play them down. That is not the point. But we should not take the easy way of finding a scapegoat and denouncing it as the cause of the trouble. That is not the way.

To banish this magic bogymen there is, of course, the magic formula, namely nationalization. I have just mentioned the price increases within COMECON. There everything is nationalized, but that does not stop the economic laws from operating! There are nationalized companies in a number of States and economic sectors in our Community. Do they cancel out the economic laws? Do the workers have more in these sectors? You speak about workers, Mr Bordu. Do the consumers have more in these sectors? I hardly think so.

There may be good reasons for state intervention in important sectors of our economic activity, but you surely cannot expect the public to be so naive as to swallow the argument that nationalization would solve all our problems overnight. You would just be replacing economic managers with bureaucratic managers, and that would be no help at all.

I should just like to repeat what I said in February, namely that our economic system in the free Western world has proved to be more effective than we ourselves thought just a year ago. We should therefore not jeopardize a system which has withstood the shock, which has its problems, which we are improving daily and which we must reform in order to eliminate its faults.

We should not overtax or jettison it. We should work together within the system to improve it.

After these fundamental remarks I should now like to consider certain views that have been aired in this debate. The rapporteur asked me how I thought this year would develop and whether I am optimistic about the prospect of an upward trend towards the end of the year. I have already said that on the whole things are very difficult but that we can expect some improvement in the second half of the year. I mentioned at the time that we do have certain encouraging factors: we do have a positive trend in the balance of payments, for example, in France, and—as regards the non-oil deficit—in Italy; we have seen a levelling out of the inflation curve in France and have other particularly favourable elements, such as the measures taken to stimulate economic activity in Germany, the Netherlands and Belgium. In this respect we have seen further improvement since February. You will no doubt know that a few days ago the central banks in Germany and the Netherlands relaxed their credit conditions and lowered the discount rate and that thus the way has been cleared for increased economic activity. Decisions taken in these sectors, such as the conclusion of the wage negotiations in Germany between trade unions and management with rises of 6.8% in the metal industry and 6% in the public sector—have certainly been influenced by this trend. It has allowed the central bank to relax its conditions and we can certainly count on an upward trend in the very near future. We still do not have the latest figures which would confirm this assumption, but everything we have seen and heard, for example the pattern of companies' investments and reports from the major trade fairs and exhibitions this year, suggests that the mood is considerably more buoyant than last year, and we thus have some indication that this trend will improve towards the end of this year.

A particularly important factor is the development of the economic situation in the United States. Recent opinions have stressed how important it is for us to keep in close contact and work in cooperation with our friends in the United States. We shall do so. This is, of course, also tied up with the need to promote world trade—this has already been said here—and to do everything to prevent protectionism. Reference has been made to the Lomé Convention in this connection. When has there ever been an economic unit such as this European Community which, in an extremely difficult situation, has developed constructive collaboration with such a high number of developing countries, collaboration which is not just in the interests of these countries and not just in the interests of the Community but which is an essential part of worldwide cooperation?

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I should like to draw your attention in this context to our proposals for the GATT negotiations, which all aim to promote world trade and improve the division of labour in the world. You can be sure that we shall do our utmost to combat protectionism and discrimination and achieve an optimum division of labour in the world. This will, of course, mean that we can perhaps no longer do certain things in the future, no longer produce certain goods, which, thanks to the division of labour, can be more usefully produced elsewhere. We must adapt and we must encourage mobility in our labour forces. We must give them the social security they need to prevent them from suffering during this phase of adaptation.

We must ensure that investments are made and also that investments can be made. We have already said this on other occasions but feel that it should be underlined once more in connection with the world division of labour and the modification of our structures.

There has been a good deal of activity within the Community since the February part-session in matters mentioned here, for example, under the heading 'monetary aspects'. We have proposed to the Council that the European unit of account should be redefined, taken off the gold standard and based on our Community currencies. You will doubtless have a special debate on this in due course and thus I shall not go into details now.

I would like to say, however, that we have taken an important step towards increasing the identity of our Community and made a monetary proposal which involves basically a technical and administrative approach but whose political and psychological significance I wish to emphasize here.

Finally, I should like to say that I have never made any bones about the fact that we are in a difficult position. Irrespective of whether we call it 'difficult' or 'a crisis', the main thing is that we realize that it is difficult. It is difficult because of the economic situation and, as has already been said, because of the conjunction of economic and structural problems. I have never suggested that it will be easy to solve these problems and that if the position is better at the end of this year than at the beginning our problems will then be over. Ahead of us is a long road marked by many changes, which will be difficult and will require of us the courage to see the facts as they are and to have confidence in our own strength and solidarity.

I have never suggested that these economic changes and trends would have no social and even political consequences. I am not so narrow-

minded as to speak only about economic matters and neglect the social aspects. We must pursue the social aspect at the same time; otherwise we cannot speak of the social justice we advocate. We are faced with a major political challenge and must conduct the economic and social debate in this Community in a spirit of solidarity and progress.

(Applause)

President. — I call Mr Cousté.

Mr Cousté, rapporteur. — (F) Mr President, before we vote on this resolution, I should like to ask if I may make an addition to paragraph 13, to the effect that the President of the Parliament is instructed to forward the text of the oral explanatory statement.

President. — Does the House authorize Mr Cousté, the author of the report, to amend paragraph 13 of the motion for a resolution by the addition which he has just put forward orally?

Are there any objections?

That is agreed.

This paragraph now reads as follows:

'Instructs its President to forward this resolution and the text of the oral explanatory statement to the Council and Commission of the European Communities and to the governments and parliaments of the Member States.'

The general debate is closed.

I call Mr De Sanctis to explain his voting intentions.

Mr De Sanctis. — (I) Mr President, I have decided this morning to give an explanation of vote in favour of this motion for a resolution and to extend my personal thanks to Mr Cousté for the work he has done on behalf of his committee, the results of which seem to have been widely accepted in this House.

I am pleased to give this explanation of vote after listening to Mr Haferkamp's speech which was serious, concrete and comprehensive, and which contained specific suggestions for Community action via its organs and institutions. Mr Haferkamp reminded us of our responsibility in respect of matters which we are in a position to promote, and on which we must work towards a general Community approach within our respective parliaments.

I must say (and I hope you will not think me presumptuous) that I am proud to introduce an Italian voice into this debate, not because

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I wish to set myself above or speak in place of others, but because the problems which the Commissioner has just analysed and which are the subject of this motion for a resolution are of particular interest to my country. These are serious problems which concern one of the Community partners which has until now been undergoing a grave crisis. It has been acknowledged here that Italy is gradually beginning to emerge from this crisis for the reasons outlined a moment ago by the Commissioner.

The Italian political forces represented in this Parliament and in our own (and here I am addressing those Italian Members who are still present) must adopt a serious and fundamental approach based on three essential points (other Members have expressed this better than I can) contained in the motion for a resolution, on which we are invited to vote. These are paragraph 3—concerning the Community approach—and paragraph 7, which specifies a concept which I find very important and promising from a both fundamental and formal point of view, namely the concept of recovery against a background of stability which we support wholeheartedly. We have also observed a perfect harmony between this concept as expressed in the motion and the ideas, opinions and views expressed just now by the Commission's representative.

There is a final point which is even more promising for our future, not only in the short but also in the medium and long term. This is the concept expressed in paragraphs 11 and 12 which stress the need for cooperation between the socio-economic groups of the entire Community and of the States which belong to it.

This is an approach which is also in line with my own personal political views and those of my Group. These are the reasons why I feel morally justified in confirming our vote in favour of this resolution.

President. — I call Mr Broeks for a procedural motion.

Mr Broeks. — (NL) Mr President, Mr De Sanctis ought to learn the difference between a speech and an explanation of vote.

President. — I call Mr De Sanctis.

Mr De Sanctis. — (I) I believe I spoke within the time allocated to me. What is more, a statement of voting intentions requires an explanation.

Or perhaps you would prefer a simple yes or no? I find that neither democratic nor useful.

President. — When giving an explanation of vote the honourable Members should merely state briefly the reasons why they are voting for or against a resolution.

I put to the vote the motion for a resolution, paragraph 13 of which, I would remind the House, was amended orally by the rapporteur.

The resolution is adopted.¹

I thank Mr Haferkamp.

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

The House will rise.

(The sitting was suspended at 12.50 p.m. and resumed at 3 p.m.)

IN THE CHAIR : MR MARTENS

Vice-President

President. — The sitting is resumed.

6. *Programme of energy research and development actions*

President. — The next item on the agenda is a debate on the report drawn up by Lord Bessborough on behalf of the Committee on Energy, Research and Technology on the proposal from the Commission of the European Communities to the Council for programmes of research and development actions in the field of energy (Doc. 526/74).

I call Lord Bessborough, who has asked to present his report.

Lord Bessborough, rapporteur. — The report and motion for a resolution which I have the honour to present concern the contents of a Commission proposal to the Council implementing in practical form previous proposals relating to energy research and development. My report is a follow-up to the excellent report by Mr Vandewiele which was debated during our last part-session. I ask the House to take Mr Vandewiele's report into consideration when examining the present Commission document.

As will be seen, the research and development outline programme in Part I is concerned with priorities, with coordination, with international cooperation and with the main strategic areas,

¹ OJ No C 76 of 7. 4. 1975.

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that is to say, energy conservation, fossil fuels, including coal, lignite, peat, bituminous schists and liquid and gaseous hydrocarbons. In nuclear energy it considers both fission and thermonuclear fusion. It also makes proposals concerning a programme of systems modelling and the production of hydrogen, solar energy and geothermal energy.

Part II is concerned with specific proposals and recommendations on expenditure in connection with conservation, specifically the conservation of hydrogen, geothermal and solar energy.

I consider the report to be an excellent and eminently practical document and a great improvement on its predecessors. I sincerely hope that it will be approved by the Council without difficulty.

Whatever great hopes we may have in the United Kingdom for North Sea oil—and, incidentally, Community funds are supporting the efforts of consortia there too—it seems only prudent to consider the potentialities of other possible energy sources. I therefore hope that governments will be as cooperative as they can and will not oppose these proposals on grounds of loss of sovereignty.

However, I have one complaint about the Commission document. I must protest most strongly—these words are directed towards the Council, whose benches are, as usual, empty except for one person at the back—that the Committee was given so little time to consider these extremely important and valuable proposals. Indeed, your rapporteur was put in the extraordinary position of having to get approval of his report at first reading in committee before any members had had an opportunity even to look at it. I also attended the Committee on Budgets regarding the budgetary implications. Members of the Committee on Budgets found themselves in a similar position, if not a more difficult one, as Mr Lautenschlager knows. He was supposed to produce an opinion on this expenditure, but the Committee on Budgets also had no opportunity to study the allocations. If the Council wishes to respect the Treaties, it should give Parliament time to consider such a substantial document, otherwise the Council is making a mockery of consulting us.

The budgetary implications now involve the expenditure of 59 million units of account over four years. In view of that and the considerable scope of the report, it would have been sensible if at least three or four meetings of the Committee on Energy, Research and Technology had been devoted to considering the specific proposals. Certainly the Committee on

Budgets should have had more opportunity of considering them too.

The breakdown of the 59 million units of account which the Commission proposes should be spent may be seen on page 28, Table 3, of the Commission's report. In this table, the total figure is given as 54.96 million units of account. However, since it was drawn up the Commission has proposed that certain research projects, particularly in solar and geothermal energy, should be converted from being 'concerted' actions, which would have required neither Community funds nor participation by all nine countries, into 'indirect' actions, for which the Community would contribute up to 50% of the funding for work being carried out in national research establishments. These supplementary proposals of the Commission lift the total from nearly 55 million units of account to 59 million units of account. Your committee agreed, albeit without being able to discuss the matter in great depth, that it was appropriate that the Community should so contribute in these fields as well as in the others.

There is one point which I raise in paragraph 7 of my explanatory statement which concerns the starting date of the programme. It seems to me very curious that the Commission should propose that the programme should start on 1 January 1975 when the date of issue of their proposal is 8 January and Parliament is being consulted only in March and the Council will probably be considering the proposal only at the end of this month or early in April.

I hope that the Commissioner will be able to give Parliament a further explanation on this point—I am sure he will, since I gave him warning of it—because if the date of 1 January has been kept for purely budgetary reasons—that is, that it is the start of the financial year—perhaps such a technical budgetary explanation will content the House. I think, however, that a further explanation is necessary. I stress again the importance of Parliament's being consulted much earlier than it has been in this case.

Of course, it may be that the Council, at the end of March or early in April, will not be able to come to a final decision regarding the programme, in which case I hope that the Committee on Energy, Research and Technology will be given another opportunity of considering the programme in greater detail. Although it is not the main task of a committee composed of Members of Parliament to enter into too many technical details, I should have liked to have time to assess or evaluate each of the energy sectors listed in the Commission's proposals and to consider whether the Commission have got the balance right and also whether certain areas

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have not been overlooked, for example methanol and wave-power, which I have mentioned before in this Chamber. I believe that the Commission is now making a study of methanol, and I gather that the chairman of CREST, the Scientific and Technical Research Committee, Dr Schuster, hopes to visit Edinburgh University to discuss the research work on wave-power on which they are engaged there. There may also be other alternative sources of energy which have not yet received adequate study.

I hope, however, that the Committee on Energy, Research and Technology will authorize me to produce an 'own initiative' report which would make an attempt to assess each sector in a manner perhaps similar to the way in which I presented to Parliament over a year ago my report on cooperative industrial research and development. Even if it is not possible to get out a more detailed report by the next Energy Council meeting—and I should like the Commissioner to tell me whether they have fixed a date—, as this is an on-going programme and will, I hope, be reviewed and revised from time to time, such a report might still be of use to the Council. But I cannot today discuss the merits of each proposal. I merely ask members to consider the broad implications of the programme as set out in the motion for a resolution.

I would ask members to look particularly at paragraph 2 of the motion for a resolution, in which it is stated that these actions should not be limited to four years but should be continued and developed before the expiration of the present programme. It is also suggested in that paragraph that new proposals to continue and develop the programme should be presented by the Commission to the Council at least one year before this programme expires.

Paragraph 3 of the motion for a resolution was the subject of considerable discussion in the committee. As will be seen, it sets out our belief that it is necessary to develop existing Community structures for the organization of these projects but that 'indirect actions' should also be undertaken in order fully to utilize recognized national research centres. Certain members of the committee, including your rapporteur, believed that a majority of these actions should be indirect rather than direct actions using Community research centres which, as members know, some of us feel have been relatively ineffective in the past. I make exception here of the work at Ispra on hydrogen and reactor safety.

However, I understand very well why some of my Italian, German, Dutch and Belgian friends would not like to see Community research

centres which have been established in their own countries closed down altogether. I also understand why Member States which do not accommodate on their soil a Community centre would prefer the research work to go to recognized national establishments or firms.

At all events, the wording of paragraph 3 is something of a compromise between these two points of view. I hope that under its new management the JRC's work will be more effective than hitherto, and I should like to take this opportunity of paying tribute to the work of Dr Brunner, as well as of his team, Dr Schuster, Dr Villani and Dr Dinkspiler, for their realistic and pragmatic approach to these controversial questions.

The amendments to the proposed Council decision are very simple. I have left out the date 1 January in view of the anomaly to which I referred, and I suggest that Parliament leaves it to the Council to decide what date to insert in the article. The only amendment to Article 2 is the lifting of the cost of the programme from 54.96 million units of account to 59 million units of account, the reason for which I have already explained. The new Article 2(a) concerning the review of the programme is also understandable. We have also amplified Article 3 by referring to the Commission's responsibility for arranging cooperation and also to the role of CREST in this work. CREST is a highly expert and influential body, and I should like to see it play the most important role in coordinating the programme, although I recognize that it has no legal status to do so and is purely advisory. But it is clearly the body which is most qualified to coordinate the programme.

I am glad that Dr Schuster is not only Director-General in these matters but is also chairman of CREST. That means that this unique bird in the Community will be intimately concerned with the development and revision of the programme.

Finally, there must be an overall technological understanding of these problems. We must avoid the sacred cow of fragmentation whereby one department deals with one problem while another department deals with another. That happens in national governments, it probably happens in the Commission, and the different departments often fight each other. There was a staggering case in the United States where people were worried about motor-car exhaust pollution. Legislation was brought in which increased fuel consumption by 20%, so that one problem was reduced and another was aggravated. We must avoid the situation whereby problems of this kind are considered as single problems.

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

Mr Vandewiele. — (NL) Mr President, on behalf of the Christian-Democratic Group I would like to congratulate our colleague, Lord Bessborough, most sincerely on his report. Our congratulations also to Mr Lautenschlager for the opinion he has delivered.

In the framework of the programme for research and development in the field of energy, a series of detailed measures has now been presented to us with a view to Community action. In fact the programme is a limited one. This becomes fully apparent from a comparison with research now in progress in various Member States.

The total expenditure on these national research programmes has been estimated at 1 000 million units of account for 1974. Lord Bessborough has just pointed this out. Barely 55 million units of account are envisaged for the Community programme.

Rightly, then, the Commission's first objective is to coordinate national programmes. Next the Commission asks for approval of a four-year programme of research in five areas: energy conservation, the production and use of hydrogen, solar energy (the largest appropriation), geothermal energy and the construction of systems analysis models.

Just now, in reply to a question from Mr Jahn, the Commission has referred to the development of solar energy. Personally I am glad that the Commission recognizes that the conversion of solar energy into electrical energy—in the long-term view— could make an important contribution to future energy supplies. This should also be a positive factor in the efforts to control pollution.

Last month, when my report on roughly the same proposal came up for discussion, I was thus in a position to refer to the second report of the Club of Rome, in which solar energy was also brought strongly to the forefront. Personally I am glad that a major part of the available resources is to be earmarked for this sector.

In the period 1974-1978 a sum of 55 million units of account is allocated to this Community action. The Christian-Democratic Group is pleased at the fact that the Community intends to attach more importance, in the field of energy, to Community research and development programmes.

The Committee on Budgets has pointed out, very rightly, that the disproportion between expenditures at national and Community levels should be reduced. In this connection, I would

refer to the noteworthy opinion given by that Committee. Referring to the report that we discussed in last February's part session, I would again like to point out that this four-year programme should be regarded at the very least as definitive and unalterable. Our rapporteur also drew attention to this. We therefore fully support his proposed amendments to the effect that new proposals should be submitted and that in any case the whole programme should be revised at the beginning of 1977.

It is in this spirit that the Christian-Democratic Group readily approves the motion for a resolution.

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

Mr Laban. — (NL) The energy research question was discussed last month in this Parliament on the basis of the excellent report by Mr Vandewiele. My group supported it. Now it is a matter of giving an opinion on a number of concrete research projects.

I must agree with the rapporteur, Lord Bessborough, that the time allowed for preparing the report was extremely short. Nevertheless, Lord Bessborough managed to present a clear report and has commented on it orally in excellent fashion. This means that I can now be very brief.

As in Mr Pintat's report, which comes next on the agenda, the point at issue is the strategy designed to reduce the dependence of the Community on certain third countries in the energy sector. The research authorized is unlikely to have any concrete results with regard to the Community energy balance until the long term. In the opinion of our group, it is necessary therefore that we should get down to business as soon as possible.

There is one more remark that I would like to make with regard to this document. Like the rapporteur, the Socialist group wonders whether this 1 000 million units of account that Member States are allocating to research is enough. Has the Commission been able to check whether there is no duplication of effort in the framework of these national research programmes? In conclusion we wonder whether the 50 million units of account earmarked for Community research are sufficient to fill the gaps in the national programmes. Nevertheless, we agree, provisionally, with this amount so that a rapid start may be made. The Commission may, however, count on our continued insistence on maximum utilization of all possible opportunities for Community research.

(Applause)

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission of the European Communities. — (D) Mr President, we are today discussing a subject that we were already dealing with three weeks ago, which shows how important, and at the same time how urgent it is.

I would like to express particular thanks to the rapporteur, Lord Bessborough. It is very much due to him that we have been able to get ahead with our work. The Commission's proposal is a first answer to the questions that you put to us in the other debate held on 20 February.

We have concentrated on three points: what should be the scope and range of Community research activities? What criteria should be adopted for them? And thirdly: what specific projects should be proposed to you?

With regard to the scope and historical background of Community research, the following may be said. We have a tradition going back over many years. We have research institutes operating satisfactorily. We may claim with pride that in Ispra we have produced certain results in the field of hydrogen research and in that of reactor safety. Outside the research centres we can also point to certain achievements in the field of nuclear fusion.

The projects we are proposing to you amount to 150 million u.a. Compared with the 1 000 million u.a. that Member States are spending under these headings this is, of course, not very much, but clearly we do not want to duplicate what the Member States are already doing.

This answers one of Mr Laban's questions. Our purpose is to stimulate, to help growth to start, and actually to undertake something only where we are really needed. And that brings me to the criteria we have adopted. They are as follows: we propose to conduct joint research only where it cannot suitably be conducted at national level. A typical example is nuclear fusion.

Another criterion is that there must be a common need for several countries such as in the case of reactor safety or energy conservation. Wherever, for reasons of logic or economy, a common model ought to be followed in those areas, the Community can move into action.

Thirdly, we want to take action where it is necessary for us to undertake long-term efforts and where we can do something ourselves to introduce a certain stability in the formulation and implementation of programmes. Examples here are solar and geothermal energy.

I now come to the various types of project we are proposing to you. We have put forward to you proposals for energy conservation, the production and utilization of hydrogen, solar energy, geothermal energy and systems analysis. In addition you have put forward a long-term proposal regarding the storage of radioactive waste. Further proposals will follow in the fields of nuclear fusion, biology and health.

These are the various sectors in which we have proposed or intend to propose projects for your approval. In your report and in the discussions in the Committee on Energy, Research and Technology, you have made several comments on these projects and I would like to summarize them as follows.

Firstly, you consider it important that the common energy research policy should be incorporated in the Community's energy policy strategy. This is, in fact, being done and Mr Simonet will be telling you more about this later. We are in any case concerned that energy research should be seen as an inseparable element of that energy policy. The why and wherefore is obvious. There are energy policy reasons, economic reasons but also purely research policy reasons why everything should be seen as a whole, in the way Lord Bessborough has proposed.

Your second wish is that there should be a connection between what we are doing and what Member States are doing. This aspect, too, has been taken into account. You know that we have urged on the coordination of Member States' projects. You know that, for the first time, we have been able to draw up an inventory. You know that we have arrived at a total of 1 000 million units of account for such projects. And you know that all this is not enough. We have not yet been able to evaluate this inventory but we shall be doing so in the very near future. In any case, with it, we now know more than we did before. We can avoid the mistake of useless expenditure, we are better informed with regard to the gaps and we now know where we ought to undertake something in order to stimulate others.

I believe that the danger referred to by Mr Laban, namely, that we might arrive at too high a figure of expenditure, has been largely averted. In itself, the implementation of the programme in the form of indirect action—support for the research centres of Member States—is a guarantee that we shall remain within the limits of what is necessary, and conversely, because Member States have to contribute to the whole programme, a limit to that programme will naturally be imposed by the Finance Ministers of the Member States.

Brunner

I would be more inclined to share Mr Laban's worry that we may not do enough in this field. But here I would warn against wanting to do too much too quickly. We must have rational projects. They need time to be run in and we need to accumulate experience with them, otherwise we would be throwing the money out of the window. And that we do not intend to do. We do not want to fall into the trap of blind activism.

The third concern to emerge from your debate and from the report relates to the flexibility of the research programme. You would like, after a certain time, to be able to check how the whole thing is going and whether it is successful or not. You would also like to be able to correct it at the right time. I can assure you that we share your view. It would be useful to have a review made in 1977, halfway through the programme. We would then see how far we had come. We could also take any corrective action that might be necessary.

The last concern relates to cooperation with third countries. Here we share your view that we should have open-ended programmes. It would be foolish to fall into some sort of Community neurosis with regard to the profile of our research programme. We need stimuli from outside and we should be prepared, for our part, to help the projects of others to succeed. This applies particularly to our relationship with the Energy Agency. This follows, because the Energy Agency is to some extent dealing with the same subjects.

We shall, however, be discussing this subject openly with the members of the Energy Agency and we should be delighted if any of them were interested in taking part in our programmes. I believe this pragmatic approach to be the best and to offer the greatest promise of success.

Lord Bessborough has made special reference to the starting date, 1 January 1975. Why does the programme begin on that day? He correctly points out that there are budgetary reasons for it. This is certainly true. Another reason is that we always have to think also about the moment when the programmes will come to an end. The expiry of the programmes should be so arranged that we have time to prepare subsequent ones.

I believe that, taken together, the two aspects—budgetary considerations and programme duration—explain why we propose this rather strange solution. We thank you for your understanding.

All in all, we are now at a point at which, through a wise admixture of all these aspects, we shall be able to ensure that the Community's

research activities will go forward with new life in the Joint Research Centres. We need your support and thank you for the support that you have already given us. From everything that I have said, you can see that we are resolved to avoid our research running aground. There is no point in starting programmes that come to grief halfway. There is no point maintaining research institutes without any logical research programme. We have to fit these programmes into an organic whole, we must keep a continual eye on what our neighbours are doing and, in general, adjust to the environment.

We live at a time when the citizen of the Community has become energy-conscious. He understands why efforts have to be demanded in the field of energy research. It may be that this is just a fleeting moment. The impression is already beginning to gain ground that the oil situation could soon be settled and the sun soon come out again. Already an impression is beginning to spread that perhaps we have been worried for no reason, perhaps it was all a bad dream. I should like to put you on your guard against any such delusions. We have to be fast off the mark. We must see to it that we get things going. We must take advantage of the fact that the energy crisis has suddenly made people conscious of the problem of long-term energy supply and the development of alternative sources. Let us all work together to profit from this opportunity. *(Applause)*

President. — I call Lord Bessborough.

Lord Bessborough, rapporteur. — I thank Mr Brunner for his very helpful reply. I am glad that he agrees with the proposals which we have made and that the resolution and the amendments are acceptable to him. I hope, therefore, that they will go through without any delay.

President. — I put the motion for a resolution to the vote.

The resolution is adopted¹.

Thank you, Mr Brunner.

7. Resolution on the objectives of a common energy policy

President. — The next item on the agenda is a debate on the report drawn up by Mr Pintat on behalf of the Committee on Energy, Research and Technology on the proposal from the Com-

¹ OJ No C 76 of 7. 4. 1975.

President

mission of the European Communities to the Council for a resolution on the objectives of a common energy policy (Doc. 524/74).

I call Mr Muller, deputizing for Mr Pintat, who has asked to present the report.

Mr Emile Muller, rapporteur. — (F) Mr President and colleagues, it has not often been my lot, in my public life, to introduce a report I had not written myself. This I do today without hesitation, because it concerns a motion for a resolution coming from one of my colleagues, Mr Pintat, whose authority, I may say, on energy policy matters is adequate insurance against any risk. This having been said, this is what Mr Pintat would have said to you, probably the only difference being that his intonation would have been different from my own, being, as I am, a son of this land of Alsace where we are now holding this part-session.

The energy crisis is entering its second year without any appreciable improvement being noticeable in the problems that it has caused. Confusion reigns not only as regards international cooperation but also in the energy policies of those mainly concerned. With regard to the central core of the problem, namely the price of oil, any hope of a major reduction has faded away.

There are no rational grounds for supposing that the price of oil is going to go down to any extent, apart from the spot transactions that are going on. The producer countries may have agreed to stabilize prices for the next nine months but they have reserved the right to adjust these theoretically frozen prices to match any increases caused by inflation in the industrialized countries.

There is no point in stressing once again the disastrous effects on consumer countries of the fourfold increase in the price of oil.

I would merely give you a few figures: the overall deficit in the balance of payments of the industrialized countries is estimated at \$40 000 million at the end of 1974; the developing countries have an annual deficit of \$20 000 million, at least half of which is due to the increase in oil prices; this increase is in fact equivalent to the grand total of foreign aid these countries receive; lastly the oil producing countries had a surplus of \$60 000 millions at the end of 1974.

In view of the seriousness of this situation it might be supposed that the countries concerned, and particularly the industrialized consumer countries, would have defined a strategy and found the means to extricate themselves from this state of crisis or at least to mitigate its

effects. This is, unfortunately far from being the case.

In the face of this situation, one might well wonder what has happened to European co-operation.

The objectives had already been defined by the Commission of the Communities in its document 'Towards a new energy policy strategy'.

On 11 July 1974, adopting the resolution accompanying the report introduced by Mr Pintat, the European Parliament noted that this document reflected 'in its essential points the resolutions of the European Parliament on essential emergency measures and suitable medium and long-term measures to reinforce action designed to mitigate the effects of the crisis in the Community's energy supplies'. At its meeting held on 17 September 1974, the Council decided, following this document and the proposals of the Commission, 'to announce, by the end of 1974, quantitative objectives for Community production and consumption between now and 1985'. The report and motion for a resolution on the objectives for 1985, today submitted for your consideration, relate to this concern.

It is necessary at this point in my address to express keen regret—and I stress this vigorously—at the attitude of the Commission of the Communities and the Council, both of whom decided there was no point in consulting the European Parliament on these 1985 objectives for Community energy policy.

And yet it would seem to us essential to hear what the European Parliament has to say before deciding on these objectives, whose achievement will affect the whole of our economy and Community development in general.

Let us confine ourselves to noting that while, in principle, we are bound to be pleased at the speed with which the Council has arrived at a position with regard to these Commission proposals, we nevertheless consider that this should not be done at the sacrifice of democratic control. Better organization of Community work and greater coordination between European Parliament, Council and Commission would certainly allow efficiency to be combined with respect for democratic rules.

Regarding the Community energy policy objectives for 1985, the Commission, in proposing quantitative targets for a medium-term energy policy, has merely drawn conclusions from the guidelines set out in the document entitled 'Towards a new strategy'. The essence of these guidelines is that the independence of the Community with regard to oil should be increased in every possible way.

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In order to do this, the Commission considers that greater effort is necessary in the field of nuclear power, that coal production should be held at its present level and that coal imports should be increased in order to stabilize consumption of crude oil, with increased use of natural gas.

Compared with the estimates contained in the new strategy which came out in May 1974, the Commission has introduced a number of changes. It now considers that energy savings in 1985 could be, not 10, but 15 per cent.

The scope of the objectives merits our approval though with some reservations. The fact is that there is no clue to the mechanism whereby the political commitment referred to will be enforced, in other words whether these guidelines will materialize in real terms or whether, on the contrary, each Member State will be free to define its own energy policy and claim subsequently that it complies with Community principles.

The binding nature of the objectives does not emerge from a reading of the resolution adopted by the Council on 17 December 1974, and this we regret.

On the subject of the objectives, it may be noted that, prior to the energy crisis, the annual growth rate in internal consumption was about 5 per cent. According to the Commission, the long-term goal to be aimed at through the introduction of various measures is to reduce this annual growth rate to 3.5 per cent by 1985. To pass any judgment, in the abstract, on the realism of such a reduction in the rate of growth is impossible. Clearly the objectives need to be measured against this datum, sector by energy sector, and the possibility of achieving the objectives assessed separately in each individual case.

As regards solid fuels, the European Parliament should maintain its position. Our committee therefore considers that only an increase in Community coal output will enable the figure of 250 million tonnes to be reached.

For natural gas, failing more precise information on possible new sources of Community gas and on the origins of imported gas, it is difficult to tell whether the target of 290-340 million tonnes is realistic or not.

With regard to nuclear energy, the proposal for a resolution submitted by the Commission of the Communities states that the Community should 'in 1985 have power stations totalling an installed capacity of 200 GWe supplying practically half of the electricity generated in the Community'. It should be pointed out straight

away that, in its resolution, the Council has become much more guarded, being satisfied with a figure of 160 GWe, which is, in fact, the sum of the national programmes so far adopted. Without, for all that, endorsing the proposal of the Commission, we nevertheless consider that the attitude of the Council in this matter (consisting in making the target for the Community's nuclear energy policy the sum of what has already been decided at national level) gives rise to some misgivings with regard to its will to rise above the national level into the realms of a real Community policy in the field of energy.

In committee, some members pointed out in the course of the discussion that the 200 GWe objective was determined by a number of factors, the most important of which related to the question of whether the present degree of dependence on imported oil was, or was not, acceptable in the long term.

To this question the European Parliament has always made the reply that such a situation was not acceptable. But this does not automatically mean that nuclear energy would be capable of reducing oil-dependence to the extent laid down by the 1985 objectives.

But in our view there is one important task to which the European Parliament as such, and each one of its members, should contribute. We refer to the obstacle in the way of developing nuclear energy constituted by the over-sensitivity of public opinion. Here the need is for a large-scale education campaign in order to convince public opinion of the opportunity that nuclear energy represents. Failing such a campaign, the energy policy defined by the Community and its Member States could well be brought to a standstill.

As regards oil, the objective of arriving at a supply structure in which no centre of decision could have such influence on supplies that it would be in a position to compromise overall stability, in terms of quantity or price, is of the highest importance. And it is in this spirit that our committee notes with interest the objectives set forth by the Commission of the Communities.

As regards the measures to be taken, we have already stressed, with disapproval, the non-binding character of the objectives as defined.

Nevertheless, the strength of the Community energy policy objectives for 1985 could be increased, if the Council were to define ways and means.

The motion for a resolution therefore includes in addition to the definition of objectives, a list

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of measures to be put into effect. In essence this is a summary of the various sectoral proposals that are at present before the Council.

Over and above these measures, we think it important to stress at this point that an indispensable condition for the success of the Community energy policy and its achievement of the 1985 objectives is the strength of the political will shown by the Council. The Council resolution of 17 December 1974, in spite of the defects that we have pointed out, particularly as regards the setting of the nuclear and oil objectives, has at least the merit of existing and constituting a basis for common energy policy.

There is a last point to which we should also draw the attention of the Assembly, namely energy prices, noting the fact that in most European countries—and this has also been observed in the United States—the problem of pricing has never been tackled with the realism it needs.

The energy sector needs a coherent price structure in order to be able to call upon the self-financing resources needed to fulfill the wish for independence in the field of energy and to secure new supplies.

In conclusion, it should be remembered that the Member States are and will continue to be unable to find security on their own and that, instead, a policy at Community level, as a preliminary to the necessary cooperation with other regions of the world, is the only way to solve the problem. It is for this reason that we suggest you should give your approval to the principle of setting quantitative objectives for the common energy policy, which would serve as guidelines both for the Community and for the Member States. As to the objectives themselves, apart from the reservations I have already expressed, we give our approval in principle.

It is clear that no decisive step will be taken towards a real common policy until the ways and means for attaining these objectives are defined, instituted and, above all, enforced, and this, for the moment, is still unfortunately a task for the future.

(Applause)

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

Mr Noè. — *(I)* Mr President and colleagues, on behalf of the Christian-Democratic Group I would like to thank Mr Pintat for having drawn up the report for our consideration and Mr Emile Muller for this effective and highly realistic review of the seriousness of the situa-

tion, in which he has expressed the concern of practically all members of our committee.

Allow me to add a number of comments in my turn, not that I have any new points to make, since this is a subject on which we are often engaged and it is unlikely that in the space of a few months anything new should arise.

The report under review refers to the short term, namely the time between now and 1985, a period that has us somewhat at a loss, since there is no doubt that in these ten years the Commission and governments will have to manoeuvre within the narrow limits of a precarious situation, even if we push ahead energetically with the work decided upon and even if it leads to positive solutions. The contributions from new actions will therefore be relatively restricted, but this cannot be an excuse for failing to carry them through.

My comments relate to two paragraphs in the resolution from which, in my view, we may expect to obtain results very quickly. The first is paragraph 6 concerning the Community plan for economising on energy and combating waste, and the second is paragraph 8 in which Mr Pintat urges exploration for new hydrocarbon deposits, particularly in areas of the Community other than those being exploited at the moment.

With regard to paragraph 6, I consider that the Commission could have a part to play. I realize that for the moment it may have had to act without reference to Parliament, but I hope that in its future action the Commission will submit its plans to Parliament. However that may be, specific percentages have been fixed for the energy savings it is hoped to achieve, and, for these, appropriate measurement techniques would have to be adopted. Unfortunately, however, ideas on this subject are not at all clear. Some useful pointers have been given in certain conferences with regard to energy savings in industry, but for economies to be achieved in another sphere, that of the thermal insulation of buildings, I believe that the Commission could act, by promoting the dissemination of information on the subject.

The point is that there are practical difficulties in calculating heat losses in newly constructed buildings (and I recall that I submitted a bill on this subject to the Senate of the Italian Republic), bearing in mind both the internal temperature required (which generally needs to be about 20 °C) and the external temperature.

A professor of the University of Poitiers has claimed that an infra-red photographic system has been developed in Sweden in which all that is needed is to mount a camera inside a room

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and to photograph the outside wall; on the basis of the difference between the temperature at individual points on the wall (thermal bridge effects) and the internal temperature, it is possible to make an effective test. These Swedish methods are now being investigated at Poitiers. Thus methods used in third countries, tested and rapidly disseminated, could help to solve the problem. In France and in Italy, however, I know that things are at a standstill, precisely because of this inability to find practical solutions.

I have spoken of the long-term savings aspect. Short-term savings would however be possible by improving the insulation of part of existing buildings. In old buildings the top floor contributes greatly to heat loss. It would be easy to spread a layer of glass wool or of a similar material over the top floor ceiling and thus make considerable savings. But how is this to be done? What incentive can be given to anyone wanting to lay out the relatively small sum involved? This is even more relevant to the much higher cost involved in installing a system for controlling the burner in the central heating boiler in relation to the external temperature, in order to prevent wasteful overheating when the temperature rises. A device of this kind costs between L. 300 000 and 400 000. How can an expense of that order be forced on everyone? These are down-to-earth problems, but if they were solved they would allow considerable savings to be made, particularly in relatively cold areas, in the north of Italy for example.

France is studying the possibility of suitable tax concessions, but perhaps this is still too little. However that may be, in cases where immediate action is possible, perhaps the Commission could help in encouraging and implementing plans for rapid action.

With regard to hydrocarbons and exploration, I have often asked in committee for a map giving general geological information for Community territory. I received one a few days ago, but for other purposes. An official, in answer to my request regarding the location of nuclear installations, kindly provided me with this map for use in preparing a report that I was drafting on the disposal of radioactive waste. As far as hydrocarbons are concerned, however, the map shows only the existing fields and the refining centres. This could be a most profitable endeavour in the medium term to the extent that, with the hydrocarbons found between now and 1985, we could find ourselves in a relatively comfortable situation at the end of the short term, and it would therefore be useful to have more detailed information on exploration and

the geological situation, as well as on the number of drills in use.

During the course of a hearing in the Senate of the Italian Republic I got some information, which I am now having checked, about the number of drills that can be used to reach a depth of 6-7,000 metres. The number of such drills in the world is not very high and we should endeavour to use them to the utmost.

These are the two aspects on which I feel actions should be taken in view of the uncertainty of the results, which however should not absolve us from the duty of making every possible effort to track down other sources of energy.

To conclude, I would note that the table on page 2 of the proposal for a Council resolution on the objectives of Community energy policy—a document prepared by the Commission for the Council which seems to me to provide a clear summary of all the arguments and all the action headings—calls for a brief additional comment. At B,1. on this table it is stated, *inter alia*, that, alongside the development of nuclear energy, gradual encouragement should be given for the consumption of electricity so that this form of energy may represent 35 per cent in 1985 compared with 25 per cent at the moment. I agree that, as nuclear power increases, the consumption of electrical energy should also increase, but we should be on our guard against over-optimism. The changeover will not be easy unless the study of new methods of application begins straight away. Though right and intelligent, it is a tough assignment which the private sector in our Community will be able to carry out only if the necessary stimulus is given.

I will confine myself to one example. In my country, as in others, nuclear power is used at night-time to pump water from lakes to a certain height above sea level in order to produce the power required during the day time. In future, this energy could be used to power suitable heating installations, still during the night-time, which could provide heat during the daylight hours. In Germany a system of this kind is already fairly widely known but is slow to come into use.

In my view this problem is worth studying. Consideration should be given to the possibility of putting such a system into operation within five or six years, depending on the availability of low-cost nuclear power during the night hours. This method deserves special attention because it would save oil, reduce pollution and extend the use of electricity, with all the advantages that this means for mankind. It will be necessary to launch a number of such actions, but it will take years to bring them to a successful conclusion.

Noë

With regard to nuclear energy, I agree with what has been said by Mr Muller. He expressed the hope that all members of this Parliament would launch information campaigns in their own countries in order to counter the over-negative positions often espoused in this field. I believe that the reports on radioactive waste and on the safety of nuclear power stations that are to be discussed in the coming months could provide a good opportunity for this. In that connection, I take the liberty of observing, Mr President, that the Bureau has put the report on radioactive waste down on the agenda for Friday morning of next April's part-session. Usually, however, there are fewer members present on Friday morning than on Thursday. To have this report on the agenda for Friday, therefore, is to show a lack of awareness of these problems. And yet, safety problems are so vital that they should appear on the agenda for days when the maximum number of members are in attendance. Otherwise we will fail to meet the conditions required to do what Mr Muller rightly hopes we will do.

I agree with that is said in this document regarding hydro-electric and geothermal energy. I would merely like some further clarification regarding geothermal energy. I would like to know, that is, whether the reference is to hot water or steam issuing from the ground or to the so-called 'hot rock' techniques, which is a highly complicated operation and difficult, in my view, to develop and perfect before the end of this century.

Lastly, I agree with what Mr Muller has said regarding oil prices. In this case too, the Commission could perhaps take useful action to prevent distortions between one country and the next, not because such distortions are not allowed by the Community treaties, but in order to avoid mistakes—e.g. pricing mistakes were made last year in my country—that could possibly lead to deviations in supply flows which would then have to be paid for at a high price. If, therefore, the Commission could take steps to achieve uniformity in oil prices in all the Community countries, these somewhat dangerous deviations would be avoided. Obviously one could go on and on discussing the energy problem—Mr Muller, for example, had advocated the pursuit of greater independence which would perhaps be possible through the use of fast reactors for which our technology is far more advanced than the American—, but I do not propose to tackle all the issues, since that would take a great deal of time.

I merely hope that this initiative of the Commission will be supported by all the members of this Parliament and that it will be crowned

with success. I also hope that, in addition to the short-term programme, a long-term programme will shortly be submitted by the Commission because, although long-term problems are not our immediate worry, there is no doubt that they will never be dealt with unless we work on their solution from this very moment. *(Applause)*

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

Mr Laban. — *(NL)* Mr President, the objectives of the common energy policy were already on this Parliament's agenda last year, in July, in fact, on the occasion of the debate on Mr Pin-tat's first report on the development of the new strategy with regard to the energy policy. Now we have to take a specific stand on the fixing of a number of quantitative objectives. Just as in last year's debate, the Socialist Group can vote for the motion for a resolution, primarily because it gives practical expression to an endeavour to reduce the Community's excessive dependence on certain third countries. Our group is fully aware that, in the Community, we shall not achieve independence in the field of energy over the coming ten or twenty years. We do not have the necessary sources of energy. But we consider the road that has been taken towards greater autonomy in the field of energy to be the right one.

It is our opinion that efforts should first be directed at conserving energy so that the annual rate of increase in energy consumption may be reduced from 5 to 3.5 per cent. We take the view that this saving of 1.5 per cent should not place any hindrance on reasonable growth, which Mr Simonet could possibly confirm. It is a matter firstly of reducing imports of oil and secondly of making considerable use of other sources of energy in its place. The choice of these alternative sources of energy should be made with care and foresight so that we avoid falling once again into a state of dependence on a small number of countries. The Commission has set this out very clearly.

Now it is a question of putting principles into practice in the coming years by buying gas, uranium, of course, electricity and local coal from third countries. More diversification in the purchase of substitute forms of energy reduces the risks of dependence.

The question may be put whether this policy should also be followed in the coal sector. In this regard, the Socialist Group would stress the need for a modern and effective external economic policy on the part of the Community

Laban

whereby, as has happened very recently, the requirements of as many third countries as possible are dovetailed into those of the Community.

The Commission proposes to increase the share of nuclear energy in primary energy supplies. I am most anxious to underline the critical comments made on this subject by the rapporteur. I would like to have an undertaking from the Commission that, with the increase in the number of nuclear power stations, a number of necessary precautions will be taken with regard to the location of the new stations, safety factors, environmental protection and the disposal of waste.

Now a comment on the procedure regarding the 1985 objectives. Neither the Commission nor the Council consulted Parliament prior to the publication of the announcement and the submission of a proposal for a resolution on objectives for 1985. Parliament produced an own-initiative report, after the Council, in December last year, had taken a decision. My group takes the view that this way of doing things breaks all the rules of parliamentary democracy.

True enough, we welcome the fact that the Council has at last acted quickly on this question and has taken a decision, but we still regret that there has been no opportunity for parliamentary control with regard to so fundamental a matter as energy strategy over the next ten years. In our view this again proves the need for this Parliament to have specific legislative powers based on appropriate procedures. We would then be rid of this kind of absurdity once for all. We trust that the new President and the new Bureau of this European Parliament will continue and intensify the struggle to obtain legislative powers and then to improve the organization of Community procedures so as to make it impossible for this kind of incident ever to occur again.

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

Mr Normanton. — I have been asked to comment on the report on behalf of the European Conservative Group and I do so with pleasure, offering congratulations to Mr Pintat on the text and the contents of the report and thanking Mr Muller for the way in which he presented it to the House.

Today we are debating the Pintat report, but I doubt whether there is any single subject which has ever been presented to this House in greater quantity, at greater expense of effort or with greater expression of words than

has been the case concerning energy. More time, effort and energy have been expended on this sector of the economic and political field than on anything else which has come before us for consideration.

When we reflect on that, what do we find as a result of that expenditure? We find words, words and words but no action whatever. My group and I feel consistently that we must condemn or indict someone. We must recognize this. In the presence of the Commission, we cannot condemn it for the energy and the determination with which it has impressed upon Parliament and the Member States the importance of finding a common solution to our energy dilemma. We cannot indict Mr Simonet, the Commissioner who is present, other than for continuously and energetically pursuing this vital interest of the Community.

The responsibility, if the industry of Europe grinds to a halt through lack of power and if the homes and places of recreation of the people of Europe become cold, lies unequivocally with the politicians of the Member States and their governments. That is a point which we must repeatedly place on record and nail firmly to our mast. Until that is recognized and action is taken, so long will Europe as a social, industrial and economic community remain vulnerable.

The facts are indisputable. At the political level the Community has abdicated its due responsibilities. It has abdicated both the initiative and the implementation of initiatives to politicians and governments outside the Community. For that I feel that the political leadership of Europe stands—and history will prove that it stands—indicted.

The International Energy Agency must undoubtedly be seen as of some value but not in isolation or separate from the vital, crucial necessity for the establishment of a Community-based, Community-initiated, Community-constituted energy agency. Where Mr Pintat makes reference to this agency and where Members in the course of this brief debate have made reference to it, I believe that Parliament must consistently press the point home. There is no substitute for a Community energy policy, effectively promoted and effectively pursued by the Community, and then integrated into the wider concept of energy being dealt with on a global basis. The industrialized world cannot afford the continuing irrelevance of talk shops. We want active work-shops in industry.

I wish to put forward two or three points, not in any way to detract from what Mr Pintat has said but, indeed, as an endorsement of his pre-

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sentation. Investment in energy must be stepped up with a degree of urgency unprecedented in living memory and on a scale which so far has not even been envisaged in the realms of fiction. Investment is needed in the sourcing, distribution and production of energy on a scale at which the mind boggles when the nature of the problem and the solution to it are analysed.

As to oil exploration, once again we must give our approval and welcome to the many initiatives which the Commission has put before Parliament and before the Council of Ministers. This applies particularly to the proposals which it has put before the Council to supplement and finance the exploration of oil on the Continental Shelf in the area of the Community.

Investment in oil and gas exploration, extraction, distribution and storage is on such a scale that I am sure the Commission will express great doubt whether the total resources of the governments of Member States can ever be adequate. When considering nuclear generation, one moves to yet another scale in terms of the length and size of the programme and the implications of the establishment of generation capacity.

We are talking of a programme not only covering the remainder of this century but possibly even extending into the early part of the next century. We are dealing with problems which will reflect themselves in the structure of the industrialized world in general. I refer to investment not in plant but in the industrial capacity which will facilitate the production of nuclear generating plant.

The third area in which investment is so important is that of research into and development of even further advanced techniques of energy production—fusion, fission and others which are at present no more than a hope in the minds of scientists. But if we are to have investment, such investment can only logically and reasonably be expected to take place if there is a degree of certainty of return from it, both for the Community private sector and for the international financial sector.

I suggest that the same criteria should apply in the case of governmental investment. Far too frequently governments tend to talk in terms of hundreds of thousands or millions of units of account unrelated to viability or economic justification in terms of the return on their particular injection of capital. The same criteria of investment should apply whether the capital invested comes from private or from public sources.

If we are to get the necessary investment, I strongly urge that the Commission should and can exercise very considerable influence in creat-

ing the political and economic climate in which investment will be actively pursued. Interest rates are a practical example. The regulation of rates between one currency and another and the stabilization of interest rates will in themselves contribute effectively and substantially towards international and national finance being forthcoming and invested in adequate measure.

Taxation on the return from those investments is something which is bedevilled by party political dogma to the detriment of the people whom the politicians in question so frequently claim to represent. Also, the economies that certainty can provide are essential—that is to say, political certainty that there will not be state take-overs, expropriation and the like which have dominated investment in many sectors of the world outside Community areas, and certainty that will insulate or minimize violent fluctuations in energy prices.

We have had a capital example before us in the last two years. We have suddenly seen an astronomic rise in the price of oil after a period when its price was so low that investment in other forms of energy was inhibited because it was uneconomical. It is, therefore, of crucial importance that the Commission and Parliament, and above all each Member State, should consider eventually the formulation of a pricing policy for all forms of energy and its production and distribution throughout the Community, and insulation from violent fluctuations in the price of competing or similar sources of energy from outside the Community.

That must apply to coal, oil, gas and nuclear energy and their pricing on a long-term and short-term basis, because unless the pricing structure is clear and firm and makes economic sense investment will not be forthcoming in the development of energy capacity upon which the very existence of the Community depends. To implement this, the policy which has been spelt out by the European Conservative Group in the manifesto which we presented, certainly in our member countries and among our political associates, the objective of which was an energy policy, must include the further establishment, as nearly as practicable within the control of the Community, of independent, indigenous energy systems for sourcing, production, storage and distribution in order to give the maximum choice of supply to the consumer at reasonable and constant prices compatible with the overall objective of ensuring security and continuity of supply.

May I end on a note which has been struck by many people in Parliament. I hope and pray that its significance will eventually strike home in the political decision-taking circles of our

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Member States. No energy is as expensive as that which is not available when we need it. Therefore, the European Conservative Group support Mr Pintat and commend his report for acceptance by Parliament, and we couple with it an adamant clarion-call to Member States for action at Community level.

(Applause)

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

Mr Yeats. — I should like first to thank Mr Muller for the clear and lucid way in which he introduced Mr Pintat's excellent report. The energy crisis now facing us has clearly shown the inadequacy of existing energy policies and in particular our excessive dependence upon imports of petrol as a source of energy. The rapid increase in the price of oil has resulted in a serious deterioration in the balance of payments in our member countries. It has had damaging effects on our entire economic structures, which have had suddenly to be adapted to take account of the new energy situation.

This situation creates a serious danger for our Community, since there must be a rapid adjustment of industrial and economic policies in each Member State. To reduce this danger the Commission now proposes the creation, as quickly as possible, of a Community energy programme. We are all aware that the creation of a common energy programme has met with certain difficulties in the past. Despite the numerous invitations of the European Parliament and repeated requests by the Commission, and in the absence of a decision on energy by the Summit Conferences in 1972 and 1973, no European energy policy has emerged.

The critical situation in which the Community finds itself in 1975 has at least raised the hope that a Community energy policy will at last have to be set up. In effect, the energy crisis since 1973 has shown clearly the dangers of an energy supply system based almost entirely on importation. It is evident that the Community must organize itself and must reduce its dependence on the exporting countries.

Whatever the importance of a reduction in the price of crude oil, it is also surely essential that we should strive to reduce our consumption of energy. With regard to the saving of energy, the situation is in fact relatively satisfactory. In 1974 the Community saved 6%, and we hope that we shall have a further saving of about 5% in 1975. This would lead to a total saving of some 11% as against the situation in 1973. On the other hand, the United States, against the

background of its immensely wasteful use of energy, was able to make a saving last year of only 2%, in spite of its industrial production having declined more rapidly than has been the case in the Community.

With regard to the development and expansion of new sources of energy, things would seem to be much less favourable. Among the objectives for 1985, priority must be given to the bringing about of a massive increase in the use of electrical energy of nuclear origin. Every effort must also be made to maintain Community production of coal at least at its present level while aiming for a considerable increase in production in the United Kingdom. Finally, every effort must be made to develop research into more efficient methods of using as well as increasing output from offshore fields in the Community.

In order to reach these objectives in the shortest possible time—that is, by 1985—the choice of means unfortunately is limited. With regard to the production of coal, after the fall in the number of mine-workers which has taken place in the past 10 years it will be necessary to prepare a long-term manpower policy, not only in the producer countries of the Community but also in the countries which traditionally supply many of the mine-workers. We must also ensure that there will be an adequate return on the huge capital sums invested. In addition, it is necessary to improve the security conditions in the coal-mines.

With regard to nuclear energy, public opinion in our countries has sometimes, unfortunately, not understood that our future economic growth is possible only at the price of the development of nuclear electrical energy. In the Member States there have already been strong campaigns directed against the building of nuclear power-stations. It is time that the governments of the Member States made every effort to convince public opinion of the necessity to enter into the era of nuclear energy.

Finally, the Community must clearly move in the direction of a really efficient and practical research and energy policy. Only in this way can we ensure continued economic expansion and the continued improvement of the living-standards of the people of the Community.

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

Mr Bordu. — *(F)* Mr President, ladies and gentlemen, it is clear that there is much food for thought in the report and the motion for a resolution put before us by Mr Pintat. Before explaining to you the views of my group on

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this document, I will begin by saying that we cannot but approve the ideas put forward on a great number of matters, particularly the need for a diversification of sources of energy as an indispensable element of any comprehensive policy designed to tackle this complex of problems.

In dealing with other questions, however, such as the ensuring of steady and regular energy supplies, we regret that no mention was made of the part played by the oil companies, which have such an influence on all sources of energy, nor of their dominant role in shaping the nuclear plans of the giant groups which hold such a whip hand in technological matters.

On the matter of European independence, it was noted that this was an area where sufficient effective resources were not forthcoming so that a great deal of political resolve and voluntary effort was called for from all concerned, but no mention was made of the overweening domination of the United States in all energy planning.

We can no longer stand idly by and see the cooperation called for in the various energy sectors being replaced by a 'binding force' which will impose on the countries concerned certain courses of action that will not only mortgage their own sovereign control over the development of their potentialities but also place severe shackles on their later freedom of choice and scope for development, all to the benefit of the more powerful groups who will be making the decisions in the last analysis.

We reject the idea of chasing after a new policy which we consider incompatible with the acceptance of a policy of reduced growth based on austerity. We feel that the war on waste ought to begin with action against the scandalous profits of the oil companies, against official support for tax frauds, against the speculative machinations of the giant consortia and against the power of these consortia to put an effective stranglehold on the development of new forces of production and new sources of energy.

As far as we are concerned, diversifying our energy sources does not necessarily mean reducing our dependence on the present suppliers so much as each country utilizing its own national resources to the full. We have to take into account first and foremost the changing situation in the matter of relations between producer and consumer countries, even if this means making a clean break with a certain spirit of neo-colonialism.

We must always remember that the reason that for a long time now, too long indeed, oil has been the principal and indeed almost the only

source of energy was its low price and the well-known pressures exerted by the oil cartels. The fact that certain countries of Europe are today opting for nuclear energy to the exclusion of other sources of energy is closely linked with the stranglehold exerted by Westinghouse on this sector of the national economy—France is a case in point.

It is essential that all sources of energy should be exploited to the full, but in the nuclear sector the various States must exercise some control over the major private companies for fear that the desire for profit may come to override all other considerations, including that of safety.

The public must be kept informed, that goes without saying. But we must not overlook the defects in these Westinghouse reactors. Within the nuclear power station there must be diversification in the matter of the different series used, whether American series or French graphite-gas series, the safety of which is enthusiastically vouched for in all those countries where they have been in use for more than four years, as in Spain, for example.

New measures to safeguard human health must also be sought out, as well as diversification of supply lines. These are matters of great interest and closely related to development in the nuclear sector.

While there must be cooperation between Member States in this sector, each State must retain control over its own nuclear industry and over the quality of its series, even from the technological point of view, so as not to have to depend on the operation of other forces.

Furthermore, as the rapporteur noted, international cooperation must be promoted with all countries, whoever they may be, without neglecting the possibility of agreements between the States themselves on a bilateral basis.

To come to the question of coal, the report notes, and we are in agreement with it on this, that we must develop the coal industry and not be endeavouring to close down the mines. We have here an economic problem which has to do not only with employment and independence but also with the conservation of the other sources of energy that we claim to be seeking out.

A more realistic coal price policy can be put into effect without hitting the consumers' pockets too hard. Coal extraction should therefore be stepped up and a proper social policy put into effect to go hand in hand with this economic policy.

The same holds for the exploitation of gas, which should be stepped up by encouraging the

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use of gas. It is to be noted that many European countries are entering into contracts with gas-producing countries in all parts of the world. This is something which must give us food for thought and goes outside the ambit of Community policy. However, there is no contradiction in this, as these are decisions of a bilateral character.

We all appreciate these efforts, and there can be no serious difficulty with regard to them. Research must be promoted in all sectors, and nobody can have any objection to make to this.

This diversification must not, however, neglect other possible sources of energy in particular countries. This is why we in France are particularly anxious not to neglect the possibilities offered by hydro-electric schemes and tidal power stations. In fact, concrete projects are under way in these areas.

It is along these lines, we feel, that we can effect savings in energy, namely, by diversifying sources, by using all these sources to the full and by making sufficiently farsighted plans for the development of those sources which have a future in the long term.

It should be pointed out that we are not the only ones to feel that we must shake off a certain dependence on one country, both politically and economically. We must break free of the chains which bind us to the United States in this sector. The means to do this are already to hand in the conferences between producing and consuming countries and the International Energy Agency.

Finally, I should like to have some clarification of one particular point in Mr Pintat's report. On page 16 it says, in effect, that the major oil companies—I think that it is these he has in mind—must not be encumbered with heavy financial deficits such as to prevent them from investing as fully as they might in new sources of energy. This explanation seems to us somewhat ominous. Are we to understand that these same companies are going to be to the fore in replacing 'dependence on oil' by 'dependence on nuclear energy'? I am only raising the question—I leave the answer to you. One can see here the beginnings of a monopoly in these sectors. By all means let us defend the independence of nations just as we defend the independence of Europe. But does the whole approach to this question not indicate that the Commission is already prepared to abandon its investigations into the workings of the oil companies? We have already asked several questions on this subject, and we feel that some reply should be given to them without any further delay.

President. — I call Mr Zeller.

Mr Zeller. — (*F*) Mr President, I shall limit my comments to only one point in Mr Pintat's excellent report, namely, the share of nuclear energy in the Community's long-term objectives, dealt with on page 13.

As a European I was unpleasantly surprised to see that the intentions of the Community were confined to adding together what the various Member States are doing, particularly since nuclear energy is to have a decisive role, being the source on which we shall be relying to achieve greater energy independence.

Please allow me to put certain questions to the Commission; they seem to me important and arise out of discussions now going on in France.

The first relates to the extent to which nuclear energy will be competitive. Recent work carried out by a university institute in France suggests that nuclear power would not be a competitive substitute source of energy when this energy is to be used directly in industry or in the case of central heating. In other words when it comes to central heating, nuclear power, used directly on the spot, would not seem to be competitive. Oil prices would have to go up to \$35 and 19 cents a barrel before nuclear energy could compete with oil used directly on the spot.

The next problem I have is the net energy savings possible with nuclear power over the next ten years. Similar considerations suggest that if growth in the nuclear sector meant doubling the number of power stations every two or three years, the net gain would, in the final resort, be fairly low since the uranium enrichment plants would consume vast quantities of energy.

I do not wish to enter the ecology debate; these are problems raised by economists and it is at the economic level that I would like to tackle them. I would like to have known the opinion of the Commission on this matter, because this would make it easier to understand the purpose behind the development of the planned 160 GWe capacity and the results expected from it.

Lastly, under the same heading and again referring to the discussions now going on in my country, I am somewhat surprised at the little that is said about energy conservation, which Mr Noë has just referred to. The subject is tackled on the basis of an annual growth in energy consumption of 5 per cent up to now and a rate of 3.5 per cent for the future. Studies have shown that between 1930 and 1955 growth in energy consumption was extremely slow, not exceeding about 1 or 2 per cent a year. The objectives adopted are

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in the neighbourhood of 3.5 per cent. I would like to know if there has really been a joint study of all possible savings, with particular reference to the recovery of energy losses in power stations (nuclear or conventional), thermal insulation, etc. It would be very desirable, in my view, to have fuller information.

Lastly, one final question put by the economists: does the Commission think that, at the present time, every dollar invested in national nuclear programmes represents the best possible buy in terms of securing the energy independence we are seeking. Ultimately, this is the basic issue.

I should also like to know the thinking of the Commission itself in this area.

My last question is possibly off the subject: has the Commission any ideas, at the moment, on a possible fall in the price of oil? A reduction in consumer prices does appear to be taking place at the present time in some countries but not in others.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — I should first like to thank Mr Normanton, who, contrary to the last occasion when this matter was discussed, did not threaten the Commission with the operation of the guillotine and so cut off my head.

(continued in French)

A number of specific questions have been put to which I shall do my best to reply, because I do not think that Mr Pintat's report is the subject of the slightest disagreement in this Assembly, any more than it calls for criticism or comment on the part of the Commission. It is an excellent report. I attended the various meetings which enabled Mr Pintat to finalize it and, since Mr Muller has spoken to us on his behalf, I would ask him to speak to Mr Pintat on mine and to convey to him my congratulations on his excellent report.

The first point to be raised was one of procedure. I shall reply with all the respect which the members of Parliament here present are entitled to expect from a member of the Commission. The common energy policy, as Mr Normanton has very eloquently pointed out, is one of a number of problems that have been the subject of the greatest concern, the greatest interest and the greatest number of speeches, comments and suggestions over the last fifteen months. This is true of Commission, Parliament and governments alike.

The Commission lies between the frying pan of the Council and the fire of Parliament. The point is that if we allow an opportunity to table a proposal in the Council of Ministers to slip by, the Council will, of course, lose no time in pointing out that it was unable to take a decision because the Commission failed to provide it early enough with the proposals on which its deliberations are normally based. If we act with the speed that is desirable in order to forestall this criticism and this attempt on the part of the Council of Ministers to justify possible shortcomings, we lay ourselves open to justifiable and understandable criticism on the part of Parliament. I would say to the honourable members of Parliament that the Commission has scrupulously observed the procedure and rules laid down with regard to the consultation of Parliament and that the Council of Ministers took up the problem—we are delighted to say—before the Committee on Energy and the Parliament were able to discuss the document that is the subject of Mr Pintat's excellent report. I would like to assure members of Parliament here and now that there was no wish in the mind of the Commission to circumvent the normal procedures nor, above all, any intention to undermine the rights of Parliament. I wished to stress this, although the majority of you, I am sure, have no doubts on this score. This is one of the characteristics of the system, with its very many imperfections, with which we have to live. As a proposal-making body, we are constantly torn between our will to respect the procedures laid down in the Treaty and the political necessity not to provide alibis to certain Councils that would like to try to shirk problems and the discussion they should give rise to.

One set of problems—the development of nuclear energy—was the subject of several comments. Mr Zeller referred to a study published a few months ago by the Institute for Economic and Legal Studies on Energy at the University of Grenoble, which three weeks ago, I believe, was the subject of an article in the 'Nouvel Observateur'. This study is not the only one of its kind. There is at the moment in all the Community countries a school of thought embracing a very wide spectrum of representatives of the various scientific and humanistic disciplines, ranging from ecologists to econometricians—not to forget, incidentally, those who know nothing whatever about it but add some title or other after their name and then make dogmatic pronouncements on what is certainly a complex problem—which holds firstly that, for the Community, the achievement of energy independence or, to be more precise, a lower degree of dependence does not inevitably imply the development of nuclear energy and, secondly, that the development of nuclear energy, apart

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from having damaging effects from the ecological, social and human viewpoints, would not even make economic sense.

Firstly, as regards the economics of the nuclear sector, I think I can say that everything would, of course, have to be based on a reference price, which is the marginal cost of that form of energy most in demand. At the present time the form of energy most in demand, most convenient in terms of its wide application and methods of use and also most accessible from the economic and technical viewpoints, is oil. If there is an economic cost for oil, it is out of all proportion with its cost at the moment. In fact, it would be a ridiculously low figure of a few cents per barrel. The reference figure we should use is a purely political price. The idea is not new. Even at the time when it was the international oil companies that fixed the price, it was still determined in relation to a long-term policy, itself conditioned by certain economic and technical considerations which had no relation to present production costs.

What I can say at the moment is that on the basis of the present price of a barrel of oil, with all the arbitrary and purely political factors implied in the fixing of that price, the cost of the kWh from a nuclear power station is economic. I would probably not say the same thing if there were a general slide in oil prices during the next few years bringing the barrel down to a price closer to what it has been during the last two years than to its present level.

This, however, is related to another question you have raised, to which I shall endeavour to reply with all the caution that commonsense calls for in this case, and that is the question of what we consider to be the medium-term prospects as regards trends in oil prices. Nuclear power is an economic proposition with oil prices at roughly their present level; beyond that point we are in the realms of the unknown. I freely recognize that it is this, in a certain sense, that lends strength to the arguments of those who, in the light of what is happening on the petroleum products market, point to the danger of a long-term political and economic commitment to give priority to the development of the nuclear sector. I am fully aware of this. Unfortunately we have no sufficiently precise indications—it would be too good to be true—entitling us to say as of now that in two, three or five years time prices of oil products, and particularly of crudes, would be such as to render priority development of nuclear energy unnecessary.

All we know is that a number of countries in the OPEC, to a marginal extent (either by adjusting the premium demanded for the quality of oil they offer or by granting minimal and

more or less under-the-counter discounts), are not applying the letter of the decisions taken in recent months.

Unquestionably there is a considerable potential surplus that has accumulated through the combined effect of a number of factors; but these factors are to a large extent circumstantial. There is, for example, no guarantee that next winter will be as mild as this one. Part of the pressure on crude prices is also to be explained by the semi-slump in which the economy of the West is presently labouring. Another fact is that most industrialized countries have checked the rate at which oil consumption was rising and put a brake on consumption, either because they wanted, or were obliged, to adjust to high price levels or as a result of certain administrative or voluntary measures.

There is therefore a number of factors explaining the present disparity between supply and demand, and this explains the change in the complexion of thought and policy that has come about in most of our countries. This change gives the impression that the proposals that have been made by the Commission or the policies that had been envisaged by certain Member States, either within the framework of the Community or in cooperation with other States, might not be so necessary after all and that therefore we could do without the financial burdens of the policy options and economic difficulties that would be the inevitable result of a fundamental change in the structure of our energy supplies.

My reply to this is that short and even medium-term facts suggest that there has been a market reversal, that at the moment there is more oil available than is being consumed, and that part of this fall in consumption is to be explained by circumstantial factors, the most important of which I have pointed out and whose re-occurrence next year or in the next two or three years cannot be guaranteed. Even so, the balance of power between consumer and producer countries has changed, although I am unable to say how long this phase into which we have entered will last. If, perchance, the balance between supply and demand were to change, why should the oil-producing countries, who have, often on justifiable grounds, applied a policy of proven effectiveness, not go back to that policy and why should they not again endeavour to use their position of strength? With surpluses used up, those industrialized countries that had not made the proposed effort to conserve energy and to find alternative sources would find themselves back again in the state of dependence they experienced during 1970, 1971, 1972 and, of course, 1973, culminating in the embargo and the price increases that followed.

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This, of course, brings me not only to the principle of the need for a policy, but also perhaps to the most thorny point of such a policy, to which Mr Normanton has referred. All efforts at finding substitute sources of energy must necessarily be long-term, and this implies that, one way or another, allowance has to be made for any reversals in the market—reversals which may be short-term. In the last resort, this implies a policy designed to encourage, when this is economically justified, the use of other sources of energy in place of oil. It also implies guaranteeing that investment made in an effort to attain this objective will not be headed for an early doom. This raises the whole problem, to which reference has often been made, not only of providing incentives for the investment projects that are needed, but also of the guarantees that will have to be provided by fixing a price enabling investors, whether private or public, to embark on such ventures.

I should like to say to Mr Bordu that some of the criticism he has levelled at the development of the nuclear sector, which he has linked with the monopolistic position of the oil companies, seems to me to be somewhat inadmissible on the part of a member of Parliament, a delegate of the French Assemblée Nationale, because Electricité de France has never given me the impression of being a monopoly by the multinational oil companies.

The problem is the same for Electricité de France, Charbonnages de France or the National Coal Board, and the same for privately or publicly-owned undertakings having to develop alternative sources of energy or keep coal production, for example, at its current level. It is a problem of guarantees. If investment has to be made, it has to be protected in advance against a possible reversal of the market or against a policy deliberately followed by certain oil producers in order to halt the development of alternative sources of energy.

This, Mr President, concludes what I have to say on certain highly important questions that have been raised.

I would now like to add two or three comments which seem to me to be important now that the first European Council has met. As you know, in spite of the fact that for reasons which, incidentally, are quite legitimate, the Heads of State or government devoted the greater part of their time and energies to finding solutions to enable the Eight to keep Great Britain, that potential prodigal son, in the family, a certain number of subjects were tackled, amongst them energy problems.

My conviction, and I believe that this is the feeling of the Commission, is that regardless of how much effort we may expend in hammering out a common energy policy, it could all be brought to nought if a split were to develop between the eight members of the International Energy Agency and the French Republic in the dialogue with the countries producing oil or other raw materials. The concern of the Commission, from the start and from the moment that the Agency was set up, at the very moment when preparatory work was begun, has always been to see that there was the right degree of agreement between the work of the Agency and progress achievable with regard to the common energy policy.

It is for this reason that, with each step forward in the shaping of the strategy that the Agency planned to propose to participating governments, the Commission has always been careful to ensure that suitable proposals were submitted to the Council of Ministers with an eye to the preparation of the dialogue with producer countries.

I think I can say, following the European Council, and if I have correctly understood the text of the communiqué and the report of the Council's deliberations given by the President of the Commission, that there are today better grounds even than before for hoping that the two approaches will keep in step and that we shall see preparations made for a dialogue between the producing countries and all the industrialized countries and also dialogue within the Community itself. This can have the effect of averting the split that might have been feared within the Community and giving the Nine an opportunity to arrive step by step at a number of common positions with regard to certain essential points. For example—returning to Mr Normanton's speech—it is certain that defining a reference price guaranteeing a return on investment in alternative sources of energy and defining the conditions leading up to the fixture of this price and the way in which those conditions may be maintained is a vital energy policy decision. If the Community is to have any meaning, such decisions must be taken jointly.

Mr President, I shall conclude by saying that the document submitted to you could obviously be improved. I would like to say in passing that, contrary to what Mr Zeller believes, the Commission was not concerned purely and simply to give its blessing to government decisions. In the Council of Ministers the proposal with regard to the development of nuclear energy at which the Member States arrived represents the sum of programmes now under way, but this was not true of the Commission's proposal. This also

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explains the different figure for the degree of independence which Member States wish to attain by 1985, namely about 50 per cent of energy produced inside the Community, instead of the 60 per cent recommended by the Commission. In the Commission's mind, therefore, it was not a matter of merely taking over what had been thought out in other conclaves, including national governments. It was, in fact, a matter of urging them to go further.

The point that I would like to underline in reminding you of this is that, whilst these are proposals reflecting a basic objective on which I think we are agreed, they should also, in my view, be subject to periodic review. The common energy policy is not a straitjacket made up of a number of rigid principles, nor a book of rules that are never to be revised. Energy will be one of the major problems facing the industrialized countries. Of itself, the dialogue with the producing countries will bring new facts into the picture and provide a basis for new decisions.

And when I spoke a few moments ago about the reference price, it is clear that this reference price cannot fail to take into account the positive or negative results of the dialogue with the producing countries. And this means that if the resolution at which the Ministers arrived on 13 February 1975 was an important event, even though we may regret the vagueness of its terms, we should regard it as one stage in a continuous process at the end of which we may and should all hope that, in so vital a field, the Community will have succeeded in being a real Community.

(Loud applause)

President. — I call Mr Bordu.

Mr Bordu. — *(F)* Mr President, it is not my intention to prolong the debate unnecessarily. I merely wish to thank the representative of the Commission for the ample information he has given us.

Secondly, without wishing to insist unreasonably on one of the points in my address, I would like to know what the situation is with regard to the enquiry on the activity of the multinational companies and whether we may soon hope to have the results.

President. — I call Mr Simonet.

Mr Simonet, Vice-President of the Commission of the European Communities. — *(F)* I am unable

to reply to your question because this problem does not come within my field of responsibility.

President. — I call Mr Emile Muller.

Mr Emile Muller, rapporteur. — *(F)* Mr President, I would just like to thank Mr Simonet for his kind tribute to Mr Pintat on the quality of his report.

This having been said, I think that, apart from certain reservations voiced by Mr Bordu, I may conclude that this report has the unanimous approval of the groups in this Assembly.

For this reason I would ask the Assembly to adopt the proposal for a resolution that it contains.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you, Mr Simonet.

8. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Friday, 14 March 1975, from 9.30 a.m. to 12.00 noon, with the following agenda:

- Report by Mr Jahn on the Programme of Action on the environment (without debate);
- Report by Mr Della Briotta on the European Convention for the protection of watercourses against pollution (without debate);
- Report by Mr Martens on rules for the purchase of sugar beets (without debate);
- Motion for a resolution on the Lomé Convention;
- Report by Mr Cifarelli on aid for certain cheeses;
- Report by Mr Mitterdorfer on the elimination of technical barriers to trade for motor vehicles and certain equipment;
- Report by Mrs Orth on the exchange of information on atmospheric pollution;
- Report by Mr Schwabe on aid in the transport sector.

The sitting is closed.

(The sitting was closed at 5.15 p.m.)

¹ OJ No C 76 of 7. 4. 1975.

SITTING OF FRIDAY, 14 MARCH 1975

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IN THE CHAIR: MR BORDU

Vice-President

(The sitting was opened at 9.30 a.m.)

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Programme of Action on the Environment: Revised list of pollutants*

President. — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Jahn, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a resolution concerning a revised list of second-category pollutants to be studied as part of the Programme of Action on the Environment (Doc. 514/74).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

3. *Decision concluding the European Convention for the protection of watercourses against pollution*

President. — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Della Briotta, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission to the European

Communities to the Council for a decision concluding the European Convention for the protection of international watercourses against pollution (Doc. 516/74).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

4. *Regulation on rules for the purchase of sugar beets*

President. — The next item on the agenda is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Martens, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation laying down special rules for the purchase of sugar beets (Doc. 2/75).

I put the motion for a resolution to the vote.

The resolution is adopted.¹

5. *Convention between the EEC and the African, Caribbean and Pacific countries*

President. — The next item on the agenda is a debate on the motion for a resolution tabled by Miss Flesch, on behalf of the Committee on Development and Cooperation, on the Convention between the EEC and the African, Caribbean and Pacific countries signed at Lomé on 28 February 1975 (Doc. 525/74).

I call Miss Flesch.

Miss Flesch, rapporteur. — (F) Mr President, ladies and gentlemen, allow me to begin by stressing that this is not a report about the content of the Lomé Convention. The texts of the Convention are not in fact available as yet, and the Committee on Development and Cooperation intends to submit a detailed report to a later part-session of our Parliament.

¹ OJ No C 76 of 7. 4. 1975.

¹ OJ No C 76 of 7. 4. 1975.

Flesch

Our committee felt that this Convention was of such great political, economic and even historic importance that it was appropriate to refer to it during this part-session which is being held shortly after the ceremonial signing of the Convention at Lomé. That is the purpose of the motion for a resolution we are now considering.

The Convention establishes new relations between the Community and 46 countries of Africa, the Caribbean and the Pacific; it is a contractual agreement between equal partners, but it also takes account of certain inequalities whose progressive elimination is precisely one of its aims.

The negotiations leading up to the signing of this Convention were marked by the very great complexity of the problems to be solved, by the large number of participating countries whose interests were sometimes divergent and by the cohesion evinced by the Community but above all by the 46 ACP countries which negotiated with Europe through a single spokesman.

For the ACP, the Convention reflects the importance they attach to a special form of cooperation with the Community; it is a political commitment by them taking account of the growing economic interdependence of the continents.

For the Community, the Convention has been signed at a time of economic crisis in which development aid policy perhaps no longer enjoys the favour and approval in the Member States from which it benefited a few years ago. The signing of the Lomé Convention therefore also reflects a political commitment on the part of the Community, underlining the resolve of the nine Member States to continue, with appropriate adaptation, the original experiment of the Yaoundé Convention, to demonstrate the Community's determination to participate more fully in the task of development and finally to show that the Community is an outward-looking body. The Community is in fact making increasing overtures to the non-associated third countries. Nevertheless relations with the ACP will continue to take priority, not only because we have contracted formal obligations to these countries, but also because many of the ACP count among the least favoured countries of the world. Through this association the Community is therefore at the same time pursuing one of the objectives of UNCTAD: to accord preferential treatment to the most disinherited countries. The signing of the Lomé Convention marks the successful end of the negotiations; we owe that success to the Commission of the Communities and the Committee of ACP Ambassadors, as the resolution stresses, and also to the Coun-

cil of Ministers of the ACP and the Council of the Community which, particularly in the final phase of the negotiations, made a decisive contribution to their successful outcome.

I wish to pay tribute to the eminent role played for the ACP by Chairman Babacar Ba. On the European side the Committee on Development and Cooperation would like to congratulate in particular the persons who were responsible for the success of the negotiations, namely Mr Claude Cheysson, member of the Commission, and Mr Garret FitzGerald, President-in-office of the Council. They have both been detained by other obligations and are not with us today, but I know they would have liked to be here for the discussion of this resolution. I wish to stress the eminent and decisive role they played in these negotiations and extend my thanks to them on behalf of the Committee on Development and Cooperation.

The innovative approach to relations between the Community and the ACP is reflected in all aspects of the Lomé Convention where new options are opened to encourage structural equilibrium in the various sectors of the ACP economy. For example, the provisions on technical, economic and financial cooperation can make a vital contribution to the economic and social development of these countries.

In accordance with the general objectives of the Convention, especial attention will be given in this area to the needs of the least developed countries in order to reduce the specific barriers to their development.

Industrial cooperation is a new component in the area of development aid. Its purpose is to promote the industrial development of the ACP, recognized as a vital necessity. This part of the Convention seems particularly interesting to those countries whose economic development has already got off the ground. The export revenue stabilization mechanism which is also a new provision will be applicable to twelve basic products or groups of products. It may also be decided to include in this mechanism other products which are essential to the ACP economy when they are affected by substantial fluctuations. The partners in the Convention will thus have the benefit of a flexible instrument which may be adapted in the short term and may also, we hope, encourage the other industrialized countries to take a fresh look at the difficult problem of the organization of markets.

Then there is the institutional component of the Convention to which the Parliament has always attached great importance. The joint institutions include in particular the Consultative Assembly

Flesch

composed, for the Community, of members of the European Parliament, and, for the ACP countries, of representatives appointed by the latter. At present only the framework of parliamentary cooperation has been laid down and it is for the partners—for us in particular—to work out more precise provisions on the basis of complete equality of the signatory countries.

Simultaneously with the signing of the Convention an agreement has been reached between the Community and the ACP on the creation of an interim committee responsible for preparing the early implementation of certain provisions, in particular those concerning trade. Can the Commission tell us whether it already knows when this interim committee is to begin its work?

In conclusion, Mr President, ladies and gentlemen, may I stress the need for the Lomé Convention to be ratified as soon as possible. I would ask all of you present here today to urge your respective national parliaments to begin the ratification procedure and bring it to a conclusion as speedily as possible.

The Lomé Convention is a milestone in the development of relations between the third world and the Community. It must be implemented in full at the earliest possible date.

(Applause)

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

Mr Deschamps. — *(F)* Mr President, as the rapporteur has just told us, the Committee on Development and Cooperation gave some thought to the question of whether it was desirable to table this motion for a resolution at this juncture. Last December we had a fully documented report by Miss Flesch which we approved unanimously; that report dealt with the progress of the negotiations. At our last part-session in February, we heard a report by Mr Sandri—which I had the honour of presenting on his behalf—recalling all that had been discussed at the parliamentary conference at Abidjan concerned primarily with the framework and institutions of this Lomé Convention. Your committee would have been still more hesitant if it had known that this debate would take place in plenary sitting on a Friday, a day when, for sound reasons, many of our colleagues as well as the representatives of the Council and Commission are unable to be present.

Nevertheless, as Miss Flesch rightly said, we felt it appropriate to lose no time in stressing the importance, both to the ACP and to our Community, of the Convention which has

recently been signed. In our view this importance derives from two essential facts; firstly the political significance of the signature, and secondly the exemplary nature of this Convention on a world scale in the context of a policy of cooperation between the developing and industrialized nations. It is these two aspects that I wish to stress briefly, while pointing out, as Miss Flesch has done, that the content of the Convention will be the subject of a detailed analysis at one of our next part-sessions when the Parliament will be able to open a debate on the matter.

Firstly then, the political significance of the Convention. I wish to stress that this Convention is not a political agreement; the 46 ACP countries in fact have widely varying domestic regimes.

Similarly the fact of accession, now or at a later date, to this Convention does not imply the adoption of uniform positions at international level and leaves very great freedom in this respect to all concerned.

The signature itself is the result of a political resolve on the part of all the signatories to arrive at an agreement which is equitable to all concerned. It is evident that this resolve gives the Convention, especially for the ACP countries, a political scope which we cannot deny. Let me highlight two aspects.

Firstly, during these negotiations, the countries of Africa, the Pacific and the Caribbean adopted a single negotiating position. We were confronted with an ACP committee representing all the negotiating ACP countries. It is to the credit of the Commission's negotiators and the EEC ambassadors that they too set out to reinforce this spirit of unity in our partners.

Another aspect worth stressing is the fact that even before the negotiations ended, during the Abidjan conference, Mr Philippe Yacé launched the idea of an African parliament as a counterpart of our European Parliament.

The first politically significant fact about the Convention is that our partners negotiated and achieved greater unity; it is also important that we helped them in this.

A second important fact is that the signing of the Lomé Convention is of political significance to Europe itself. Europe has proved capable of adopting an outward-looking standpoint, as it should. I think it was important to demonstrate the fact at this particular time. At this difficult juncture there was a strong temptation to replace enlargement of the dialogue and consultation by an inward-looking approach, a concentration of the interests of the most favoured

Deschamps

countries. We in Europe have shown, in concluding this Convention, that we do not intend to fall back into egoism. We wanted to show the open-minded outlook which our Community has always had. That too was important.

And then this agreement has an exemplary importance in world terms.

First there is its geographical dimension: 46 countries, 500 million people—that is indeed significant! Never before have so many nations and men gone so far in mutual cooperation.

The second exemplary feature is the open nature of this association which is free from egoism and exclusivity. Accession to it is conditional simply on a minimum number of conditions. We shall be only too happy to widen the scope of the Convention—already a very open one—still further.

The third exemplary aspect is that this Convention marks once and for all, for Europe and the countries which negotiated with it, a break with the colonial past. In the eyes of our partners, Europe is no longer colonialist; they have stressed this fact on several occasions. Happily we no longer appear as imperialists. Confronted with the options of cooperation, the ACP countries have chosen Europe.

The joint nature of the institutions also deserves especial stress. This is a matter of particular concern to many of our colleagues. This joint character is apparent in the institutions stipulated in the Lomé Convention—in the ministerial conference, the conference of ambassadors and the Consultative Assembly. It is also reflected in a number of administrative bodies provided under the Convention: the Development Fund, the Revenue Stabilization Fund and the Committee on Industrial Cooperation. I stress this aspect because we shall still have to finalize the nature of this joint working; only the principle is embodied in the Convention. I would urge all those who are responsible for making the preparations to do all they can to strengthen the joint character of the institutions, and in particular of the parliamentary institutions, and above all to ensure that these principles are put into practice.

Let us also stress the place accorded in the Lomé Convention to industrial cooperation. In this respect we have provided a far more detailed agreement between representatives of the various economic and professional categories in the EEC and ACP. Here again I believe we have given an example to the world.

The last exemplary feature is the reciprocal nature of relations between the partners. This

underlies all the agreements, both on trade arrangements and industrial cooperation. Mr President, we have always maintained that a genuine policy of cooperation between the industrialized and developing countries was only conceivable and tolerable both economically and socially, and could only have the lasting character which is so essential to its effectiveness, if allowance was made at one and the same time for the interests of the developing countries and for those of the workers in our own part of the world at a very difficult point in time, without opposing those interests. This lasting form of cooperation can only be accepted if, instead of stressing the point of conflict, we stress at every opportunity the genuine solidarity between the working masses throughout the world. This is done in the Lomé Convention which is founded on the principle of reciprocity and cooperation. That too, Mr President, is exemplary.

I shall end by joining the rapporteur in asking for the convention to be ratified in all the countries concerned at the earliest possible date. I hope that the importance of the Lomé Convention, which Miss Flesch described as historic, will help them to understand the need for rapid ratification.

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

Mr Dondelinger. — (*F*) Mr President, ladies and gentlemen, a rapid perusal of the press release issued by the Council Secretariat on the Lomé Convention shows that what is involved is the establishing of a new type of relations between the Community and the 46 ACP countries. This is no longer an agreement in which one of the partners might think that he is at risk of being dominated by the other.

Quite the contrary.

This is a treaty between equals with no trace of colonialism and in which a great step has been taken to free the ACP countries from certain neo-colonialist constraints.

That is the essential aspect of this Convention; the members of the Socialist Group through me as their spokesman wish to congratulate Miss Flesch on having stressed this positive aspect in her motion for a resolution which has already been given our approval during the discussion in the Committee on Development and Cooperation. Without considering in detail the various provisions of the Convention—that will be our task at a later part-session, as we have just been told—and without wishing to repeat what has been said by previous

Dondelinger

speakers, I would stress that the two partners—the Community and the forty-six— have not been motivated by pure altruism. Both sides have defended their rights, what I would term their legitimate rights. We have assured our supplies of certain products which we need and by doing so we have ensured a measure of stability for our economies. That is an aspect which is more than positive in this age of inflation, economic insecurity and unemployment.

The forty-six for their part have ensured the profitability of their production and thus guaranteed to some extent the improvement of their respective national economies.

In addition the three thousand million units of account will enable them to develop their industrial sectors and diversify in some measure their economic base. Too often they are still at the stage of agricultural monocultures and suffer from a complete lack of an industrial infrastructure.

Such in a few words in the content of the Lomé Convention, which may be one of the first of its kind—I stress the fact—to harm nobody. As Socialists, we hope that the great powers, the United States and the Soviet Union, will follow this lead in their relations with the developing countries.

In conclusion, Mr President, the importance of this Convention was also indicated by the presence for the first time of the Presidents of the Parliamentary Conference of the EEC-AASM Association, Mr Philippe Yacé and Mr Cornelis Berkhouwer. I welcome that fact and feel that it should be stressed.

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — It is correct that we should have been given this immediate opportunity to welcome the Lomé Convention, which was finally signed by 55 countries on 28 February, even though the resolution before us was prepared without knowledge of the form of the final text and although the final text is still not available. Doubtless we shall be having a fuller debate in due course, but the successful conclusion of two years' hard work on the most important, concrete and constructive initiative which the Community has taken since enlargement, certainly in the field of its relations with the developing world and possibly in the field of international relations as a whole, could not have been allowed to pass without an immediate response from ourselves.

The Lomé Convention is an impressive document. It contains imaginative elements. It is thorough and is pervaded with evidence of an intention to cooperate. Its range is extraordinarily wide. If I were to pick out one of its more obvious but none the less remarkable features, I would point to the extremely liberal character of its trade provisions. All manufactured products from the ACP countries will enter the Community duty-free. Of their agricultural exports, only a minority will not enter duty-free. Taken together, 96% of their total exports will enter the EEC duty-free. The tiny remainder will be subject in most cases to preferential schemes.

As regards trade benefits for the Community, the original demand for reciprocal preferential treatment was dropped. However, two important elements are retained. Under Article 7 of Chapter 1 on trade arrangements, first, in their trade with the Community the ACP States shall not discriminate between Member States of the Community. Secondly, they shall grant to the Community treatment no less favourable than the most-favoured-nation treatment. In other words, it would be impossible for any ACP country, without being in breach of the Convention, to adopt any differential pricing policy, apply any boycott or impose any other obstacle, whether in respect of the import of Community products or the export of their own products to the Community, to the disadvantage of one Member State in relation to another or to the disadvantage of the Community as a whole in relation to any other developed nation. It is not difficult to see that this could be a most valuable provision.

There is, however, a derogation from the application of this most-favoured-nation clause, namely that it does not apply to trade exchanges between ACP countries themselves or between ACP countries and other developing countries. In such trade exchanges preferential treatment may be given to the disadvantage of the Community. More favourable treatment may be given in such trade exchanges than is given to the Community. This derogation is not wholly satisfactory, for the reason that once again the list of countries which should be described as developing countries does not appear to have been agreed.

I believe that here the Commission faces a bigger problem than it has acknowledged, at least to Parliament. On the occasions when Parliament has given expression to its strong feelings on the question of what countries should be permitted or should not be permitted to enjoy advantages deriving from their classification as developing countries, the Commission has either

Lord Reay

not responded or been markedly discouraging, although, to be fair to the Commission, it must be said that in the proposal which it has submitted with regard to the future development of the GSP it seems to have gone a bit further than it has done in the past in acknowledging that probably something needs to be done in this field.

I know the Commission's problem. It does not wish to provoke an aggrieved or aggressive reaction from countries against which any action the Commission took to modernize the list of developing countries would seem to be directed, for gains which, in the Commission's mind, would often appear trivial or non-existent.

But the Commission has a duty to take note of feelings in Parliament, and, unless it acts in good time, I could well imagine that at some future date it would suffer the same bitter experience as the United States administration has suffered over the United States Trade Reform Act, when Congress, acting under exactly the same impulses as are present in this Parliament, refused to endorse the extension of preferential treatment to OPEC countries and, as a result, provoked an unwelcome political reaction from Latin American countries, which, among other expressions of severe annoyance, cancelled a meeting of the American Foreign Ministers which was due to be held this month in Argentina.

The dilemma for the Commission is exactly the same as it was for the United States administration, but I do not think that the Commission will escape from it by inaction. Nor do I think that it is impossible for the Commission, using its advantages of control over timing and control over the means by which criteria can be devised and put forward, to solve this problem. The Lomé Convention already incorporates the principle that aid must go where it is most needed.

The Convention, apart from the list of 46 ACP signatories, contains two further lists—one of the 24 least-developed countries in the ACP, and another of the 34 least-developed landlocked and island states within the ACP, each of which groups receives in separate cases special treatment under the Convention.

Moreover, the proposal of the Nine within OECD last month for the application of a new common discipline in export credits subdivided all countries into three categories by per capita GNP. This approach must be extended. Where countries receive advantages from the Community by virtue of the fact that they are developing countries, in all applications of this

principle the list of beneficiaries must be systematically cleared of anomalies.

I have a question for the Commission. I am disappointed that Commissioner Cheysson is not here this morning, doubtless for good reasons. I understand that perhaps I shall have to wait for an answer. We know that the ACP countries did not want this agreement to be called an association, and accordingly it is being christened a convention. But I wonder whether it is still to be classified as an association for the purposes of the Community's internal procedures.

As the Commission will be aware, different articles of the Treaty cover different forms of international agreement undertaken by the Community. I wonder, therefore, whether the Commission is in a position to give us a ruling on that matter. Is it an association in everything but name, or is it a breach in the Community's traditional systematic categorization of the accords which it reaches with other States?

Finally, I should like to come back to the question of the significance of the Convention. With respect to the European Development Fund, a sum of 3 390 m u.a. is proposed over five years, or approximately 675 m u.a. on an annual basis. That sum is substantial. As usual, it will be provided overwhelmingly in the form of grants. If account is taken of what I believe to be the fact that Nigeria will not be drawing from the fund, the size of the fund will have trebled over the size of the previous fund while the number of beneficiaries, expressed as persons, will have doubled. When it is considered that during the period of these negotiations there erupted the gravest threat to the Community's economic and financial strength that had appeared in 30 years, this outcome is a proof of the Community's steadfast determination to be an outward-looking Community and a Community which is willing to take up its responsibilities in the world.

From the point of view of the ACP countries, when it is remembered that the Community represents the densest concentration of industrial nations in the world and contains the majority of the principal industrialized nations, and when it is considered what its skills, resources of capital, technology and markets can provide for such countries—and the Convention deals at considerable length and in great detail with the means whereby the ACP countries can better exploit these advantages in the future—, it must be evident that the Convention, simply by being on the European and not the national level, offers to all who will benefit from it possibilities far in excess of any they could have if they were not able to deal with the Community as an entity but were forced back on the

Lord Reay

dying possibilities of preferential arrangements with a single Member State.

The Convention of Lomé has given us all, both the European and the ACP countries, the opportunity to transform a series of parallel relations between one Member State and a group or groups of developing countries into a form of relationship which is the only way in which people in the world can meet for constructive purposes today—that is to say, as one group of nations meeting another group of nations and as one continent meeting another. Let us be faithful to that engagement.

(Applause)

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

Mr Normanton. — I wish to put on record two points which, I believe, have not been sufficiently covered in this important debate.

First, I pick up the point made by Mr Deschamps. He said that the importance of Lomé lies in providing evidence of the openness of the Community. We all agree with that unreservedly. However, it is also important that the world should increasingly recognize this openness and see the Community as being of tremendous significance.

With the United Kingdom referendum in mind, I should like to place on record—I hope that the media will pick this up—that the significance of Lomé lies very much in the fact that 22 of the signatory States were once British colonial territories. Despite those sentiments linking us with them, which many of us and many of them have voiced frequently and which will remain for a long time, the clear facts of the situation are there for all to see. These 22 former British colonies see their economic and industrial future aligned with the Community as opposed to Britain. It would be absolutely misleading, it would be a case of pure self-deception, were any of the critics of the concept of the European Economic Community to suggest that Lomé could ever be set aside were Britain to withdraw from the Community. These states will keep their heart aligned with Britain, but their pockets and prosperity lie increasingly with the Community.

The other point I wish to make—and forgive me for repeating it here for possibly a third time—relates to the implementation of the Lomé Convention. There are still many technical matters to be resolved if the Lomé Convention is to be implemented fully and effectively, with the minimum of conflict and in the interest of all parties to the Convention.

I refer particularly to the problem included under the heading 'Definitions of origin for manufactured products' and more particularly for textiles than for other manufactured products. As I said in Abidjan, I strongly recommend to the Commission the formula which was worked out in preparation for establishing the European Free Trade Area at Stockholm. The formula of the Stockholm Convention which relates to definitions of origin provides, I believe, the only practical basis for such a formulation in regard to Lomé.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli, *member of the Commission of the European Communities.* — (I) Mr President, my colleague, Mr Cheysson, who is at present taking part in the UNCTAD conference in Lima, will certainly have occasion to speak to you at length, with the competence derived from his knowledge of the subject, during the debate in this Parliament on the ratification of the Lomé Convention.

I shall not fail, however, to convey to him the congratulations expressed by this Parliament and shared entirely by his colleagues. There is indeed no doubt that the success of the negotiations was due in no small measure to the tenacity and intelligence with which Mr Cheysson conducted them.

I shall confine myself to making a few general points and answering certain questions put to me.

May I begin by expressing my pleasure with the report presented by Miss Flesch and my keen satisfaction at the resolution with the European Parliament proposes to adopt on the Lomé Convention.

The Commission is particularly grateful to this Parliament which has paid tribute to its success in completing these negotiations. We gladly subscribe to the appeal for the Convention to be ratified at the earliest possible date; and we call upon each Member of this Assembly to urge his national Parliament to complete the necessary procedures as soon as possible.

We share the European Parliament's satisfaction at the creation of the interim committee. In this connexion I would assure Miss Flesch that the representatives of COREPER and the ACP countries will shortly be meeting at ambassadorial level to fix the exact date of the committee meeting, already scheduled for the first half of next month.

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We are also satisfied with the agreement reached between the contracting parties which will enable certain provisions of the Lomé Convention to be brought into force on 1 July 1975 in advance of the date set. Finally we are extremely grateful to this Parliament, and in particular to its committee responsible, for the support given to us during the key phases of the negotiation and for the active role and initiative taken by it.

In answer to Lord Reay, I would say that the problem of updating the list of the developing countries (which benefit from preferential measures) must be looked into in detail without delay. Lord Reay has, however, recognized that great caution is called for in this matter for evident political reasons. It is therefore clear that the Commission cannot give an immediate reply on this matter, even though it cannot be denied that the problem exists.

Lord Reay also asked whether the Lomé agreement constituted an association or a convention. May I stress that this agreement draws its basis and designation from Part Four of the EEC Treaty, while an association, as defined in Article 238, has a different legal and political character. However, the word chosen to denote the relations with these countries—be it an association or a convention—does not change the nature of the relations we must maintain with them or which we may open with others.

The final point on which I was asked to provide information was the possibility of supplying aid to Nigeria. I would specify that the Convention texts indicate that in principle all the signatory ACP countries may benefit from any form of aid provided for in the Convention. However, the choice of the aid agreement must be guided by the economic situation of each country and the nature of the financial operations. In this context, allowance must also be made for the special structure of the Nigerian economy. I am convinced that the matter will need to be considered in more detail, but I am also sure that this Parliament will have an opportunity to return to it when it debates the ratification of the Convention.

(Applause)

President. — I put the motion for a resolution to the vote.

The motion for a resolution is adopted.¹

Thank you, Mr Spinelli.

6. Regulation on aid for certain cheeses

President. — The next item on the agenda is a debate on the report drawn up by Mr Cifarelli on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 804/68 as regards the conditions for the granting of aid for the private storage of Grana-Padano and Parmigiano-Reggiano cheeses (Doc. 519/74).

I call Mr Laban, who is deputizing for the rapporteur.

Mr Laban, deputy rapporteur. — *(NL)* Mr President, the matter under discussion is quite simple. I shall therefore give only a very brief explanatory statement.

In addition to an intervention system for Grana-Padano and Parmigiano-Reggiano cheese, the relevant market regulation provides for a number of intervention measures for private storage of the two types of cheese, whose names I shall refrain from repeating too often. Mr Cifarelli would have had much less difficulty in pronouncing them. The granting of support is dependent on the conclusion of storage contracts with the intervention body of up to six months for Grana-Padano and twelve months for the other variety of cheese.

The support is only granted if the cheese has reached a certain age, twelve months for the first variety and eighteen months for the second. The support is granted monthly on the basis of quantities of one hundred kilos. In 1974 the average amount in storage was 4 495 tons per month; the average aid was 3.15 units of account per ton per month, so that expenditure over 11 months in 1974 totalled about 1 560 000 units of account.

The proposal on which we have now been consulted provides for a reduction in the minimum age of Grana-Padana cheese from 12 to 9 months and of Parmigiano-Reggiano from 18 to 15 months. This has been made possible by advances in dairy techniques which enable the cheese to be ripened more quickly. The sole consequence of this reduction is that the aid measures in favour of the factories can be taken at an earlier date. This measures will not lead to extra expenditure by the EAGGF as the aid may only be granted for a set period which is always the same, namely three months. I therefore recommend the Parliament to adopt the Committee on Agriculture's motion for a resolution.

President. — I call Mr Spinelli.

¹ OJ No C 76 of 7. 4. 1975.

Mr Spinelli, member of the Commission of the European Communities. — (I) Mr President, I wish to assure the Committee on Agriculture that the cheeses at issue here, which are the subject of private storage, are only made available to the consumer after a further period of storage of six months in the case of Grana and one year in the case of Parmigiano. These cheeses are therefore only marketed after storage for 15 and 27 months respectively, a period sufficient to guarantee good ripening. Mr Cifarelli was concerned about this point and I think he can be reassured.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you, Mr Spinelli.

7. Directives on the elimination of technical barriers to trade for motor vehicles and certain equipment

President. — The next item on the agenda is a debate on the report drawn up by Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs on proposals from the Commission of the European Communities to the Council on the elimination of technical barriers to trade

- in particular, proposals for directives on the approximation of laws of the Member States relating to :
 - safety belts and restraint systems and head restraints of seats of motor vehicles,
 - headlights for motor vehicles emitting an asymmetrical passing beam or a driving beam or both, and to incandescent electric lamps for such headlights,
 - side lights, rear lights and stop lights for motor vehicles and their trailers,
 - the rear registration plate illuminating device of motor vehicles and their trailers,
 - towing hooks on motor vehicles,
 - the roll-over protection structures of wheeled agricultural or forestry tractors,
 - the type-approval of motor cycles,
 - alcoholometers and hydrometers for alcohol and alcohol tables,

- electromedical equipment and medical X-ray equipment operating at 10 to 400 kV,

- common provisions for constructional plant and equipment; the measurement of the sound level of constructional plant and equipment; the permissible sound level for pneumatic concrete-breakers and jackhammers,

- appliances using gaseous fuels, safety and control devices for these appliances and methods for inspecting these appliances and to appliances using gaseous fuels for the instantaneous production of hot water for sanitary purposes.

(Doc. 517/74)

I call Mr Mitterdorfer.

Mr Mitterdorfer, rapporteur. — (D) Mr President, ladies and gentlemen, my introduction to the report now under consideration by you concerning the removal of technical barriers to trade can be relatively brief, in view of the work already done by Parliament and, in particular, the debate on my report of 12 December 1974. A full record is available in the report of proceedings.

I still believe that in the area of the removal of technical barriers to trade as a prerequisite for the free movement of goods in the Community, it would be desirable that a more streamlined procedure than the one used up to now be introduced in the near future. In this connection I would recall the suggestion made by your committee, Mr President, that outline directives could be submitted for individual sectors and then supplemented, according to Article 155, by Commission directives prepared on the Commission's own responsibility on technical details.

The Commission showed sympathy for this proposal. It too recognized that in future it would be preferable to submit proposals for directives on the removal of technical barriers to trade, classified at the very least by industrial sectors. I think we should consider this willingness as an initial success and a favourable basis for our work until the procedure proposed by Parliament in December 1974 has been officially recognized by the Council. In the meantime we should certainly be well-advised to group Commission proposals on the abolition of technical barriers to trade together as soon as possible and present them to the plenary sitting for adoption whenever possible without debate; there would be a motion for a resolution and an explanatory statement on the individual reports with appropriate observations. This will be the

¹ OJ No C 76 of 7. 4. 1975.

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only way of lessening the complexity of the procedure which is still used at present by the European Parliament.

As I said last December, Parliament should, in its opinions on these proposals for directives, always bring out their immediate political relevance and the fact that proposals of this kind are designed to implement the freedom of movement of goods, one of the great freedoms of the Common Market. Parliament should steer clear of efforts at perfectionism and a repetition of the discussions which often drag on for months or even years in the various expert bodies of the industry, the Commission and the Council. The Community must work more quickly, especially in view of the present economic situation about which we have heard so much during this part-session. Technical barriers to trade have a serious effect and create difficulties in costing, ability to compete and competition in general. It is vital for us to work more rapidly. Mr President, without wishing to go into detailed explanations of the statement accompanying the motion for a resolution which, in my view rightly, has been kept concise and formal, I should just like to expand briefly on a few points.

First, may I draw your attention to the fact that I have classified the proposals for directives under three headings in an attempt to effect a certain grouping at least on our side at this stage: there are the proposals concerning motor vehicles, those concerning appliances and finally proposals concerning industrial products as such. In an attempt to allow the other committees the fullest possibility of putting their views, I should like to reproduce—very briefly—their observations on the content of the individual draft directives.

As regards the proposals for directives on motor vehicles it has already been pointed out that three-wheeled vehicles should also be included in the area of application of the different directives; vehicles of this kind are still built and used in the Community, especially in the United Kingdom.

As a basic rule, whenever the safety and health of persons are involved, total harmonization should always be the solution adopted in the motor vehicle sector for the elimination of technical barriers to trade.

As regards the proposals for directives for electro-medical devices and medical X-ray appliances, the Legal Affairs Committee suggests in its opinion, which we unfortunately received only after the adoption of this report, that in Article 3 the initial purchase cost should be taken into account by mentioning it in this

article before the concept of 'medical expenses'. As a formal request for an amendment has not been made, I should like to pass this suggestion on now to the Commission.

The same applies to suggestions concerning the marking, type-approval certificates and observations of principle on the proposals for directives on constructional plant and equipment and gas consumption appliances. I wish to draw the Commission's attention to these suggestions too.

(Applause)

President. — I call Mr Jakobsen, who will present the opinion of the Committee on Public Health and the Environment.

Mr Jakobsen. — *(DK)* The Committee on Public Health and the Environment has asked me to present some of its views on the two directives on gas appliances submitted by the Commission to the Council.

The two Commission proposals before us deal with an outline directive on the approximation of the laws of the Member States relating to gas appliances in general and a special directive on gas appliances for the instantaneous production of hot water.

The vast differences in the technical and administrative rules laid down in the various Member States in this sector give rise to great difficulties in trade within the Community since they force producers to change their products to suit different national standards.

The purpose of the national laws is to protect the consumer by laying down construction and safety standards.

Construction and safety standards alike are influenced to a considerable extent by the multiplicity of types of gas marketed in the different Member States and the diversity of the regulation gas and water supply pressures. To take account of the actual situation the Commission proposes optional harmonization which the Committee on Public Health and the Environment agrees to without further ado.

The Committee on Public Health and the Environment notes with satisfaction that the Commission clearly states in its explanatory memorandum that 'some special directives may nevertheless lay down detailed rules concerning the substitution of the Community's technical requirements for national provisions in force, when particularly important problems of security are involved by the directive'.

Article 20 of the outline directive also enables Member States provisionally to prohibit the

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sale of a product or subject it to special conditions if the product, although satisfying the requirements of the directive, constitutes a hazard to safety.

My last comment on the outline directive applies to Articles 17 to 19 which deal with the adaptation of the directives to technical progress.

A committee has been set up in this sector whose task it is to deliver an opinion to the Commission and which acts in accordance with the procedure of the implementing regulations committee.

Although the Committee on Public Health and the Environment still has a different opinion of these committees' activities, it has in this particular case—as is customary—refrained from recommending that the committee responsible should amend the Commission text since it intends to adopt a final position on this question, which has remained confused for so long, as quickly as possible and in an exhaustive discussion.

As regards the special directive on appliances for the instantaneous production of hot water, the Commission on Public Health and the Environment notes with satisfaction that its aim is to harmonize those aspects which most closely affect safety problems.

Lastly, my committee urges the Commission of the European Communities to draw up a special directive on gas appliances not covered by this directive with a view to facilitating trade within the Community and providing better protection for the users of such appliances.

(Applause)

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

Mr Normanton. — My colleagues in this House have been dealing with what I believe to be one of the very important and crucial issues facing the Community as a whole. We are debating this morning the report presented to us by Mr Mitterdorfer but I believe that it is not on the technical aspects of the proposed directives but more upon the basic principles underlying the preparation of technical harmonization as such that we should concentrate our attention.

Harmonization for the sake of harmonization is bureaucratic nonsense. The Commission knows and believes this. Parliament believes this. The committees all believe this but, tragically and lamentably, too many individuals and interests in the Member States of the Commun-

ity do not know of the Commission's belief in this connection. Therefore, I am asking the Commission in the course of this debate to spell out loud and clear its belief and the firm conviction of Parliament on this issue, if for no better reason than to confound the carping critics of the concept of a Community.

Harmonization for the purpose of eliminating barriers in the path of trade expansion is what we are all concerned about. It is essential and vital and must be facilitated. Above all, the speed of progress towards achieving effective harmonization must be accelerated. But the big question that is still in the minds of many of us here as Members of this House, and perhaps throughout industry as a whole, is how best this objective might be achieved.

May I put briefly three particular points to express to the Commission my concept, or the concept of my group, of how progress should be achieved towards greater and faster harmonization in technical fields? First, I believe that the role of the Commission is to identify actual obstacles—I use the term 'obstacles' in the technical and commercial sense—which are in effect obstacles in the path of the widening of trade; to identify them by broad product definition, such as textiles, processed foods, cars and motor vehicles, which are manufactured or processed, historically and for a host of reasons, differently in different parts of the Community.

The second step is that the Commission should convene regular meetings with trade associations representing the processors or manufacturers of the individual products that have been identified and, along with them, identify the actual, detailed items of their product ranges which by collective judgment need harmonization and which, because of variations, are obstacles in the path of the widening of trade or the freer movement of the products.

The third step, having identified in collaboration with industry the individual items, whether they be mirrors, exhaust silencers, rear lighting equipment or whatever else—in fact, any individual small item—, would be for the Commission to give notice to the industries of the Community, through the trade associations, that they are required by law, the law of the Community, to resolve these differences urgently. I say 'urgently' because I believe that in general there will be a different scale of time required as between one detailed item requiring harmonization and another. I would suggest that the Commission should, for example, declare that the design and siting of mirrors is a matter upon which the industry should collectively agree on a common policy, by giving notice that

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such agreement must be reached in one year or, perhaps, two years from the date on which the Commission gives an order for it to be done. In other words, the Commission would in no way be involved in the technicalities. Above all, the industry would be able to adopt an industrial approach to the matter rather than a bureaucratic approach, a point on which there is some feeling, mistakenly I believe, in many sectors of industry in the Community. If the full onus and responsibility is placed upon the manufacturers and producers of the product to proceed by agreement, it will eventually receive the power of law in the form of a directive. That is our idea as to how the Commission should proceed.

Mr Spinelli may well answer the debate by saying, in effect, that that is precisely what the Commission is doing, in which case I should welcome a statement to that effect. But I would specifically ask Mr Spinelli and the Commission collectively to spell out this concept in crystal clear terms so that there can be no question or challenge in the minds of any sector of Community industry that there is a bureaucratic approach to harmonization by officialdom as opposed to industry.

A directive at the end of the period of notice, whether it be the one year to which I have referred or two years, would have the power of law but it would be a formality. In effect it would be a rubber-stamping, a blessing having been given by the Commission to the industry which had taken action.

We come now to another facet of this whole question: how should Parliament deal with directives which either anticipate or result from the procedure to which I have referred? Here it is appropriate to draw the attention of the Commission to a procedure which we have in the House of Commons for ministerial orders. A Minister places on the table of the House of Commons an order, which is binding on those to whom it applies. It remains on the table of the House for a specific period, whether 30 days or 60 days, and it automatically becomes law in the event of no objection being raised by an individual member of Parliament.

A national Parliament is, and I believe will eventually become, of different importance—I nearly said 'less importance' but I would not dare even to think in those terms at this stage—and of different significance in this context to the Community.

Therefore, I suggest that the European Parliament could adopt the same concept but give a longer period of notice. In other words, the

Commission would present formally on a specific date, attached to the document, its proposals for the directive, which would be binding, and give 90 days' notice, during which a political group, a committee or an individual Member of this Parliament could object. If an individual Member signified his objection, then, and then only, would these directives of a technical nature be submitted formally to the Committee on Economic and Monetary Affairs, the Legal Affairs Committee or whatever committee was appropriate for study in greater depth. I think that this would clear away a lot of paper from many of the committees. It would clear many procedural irrelevances away from Parliament. It would provide a certain safeguard for minority interests—political, industrial and social—which is basically an underlying principle of a democratically-constituted Parliament.

Having regard to the fact that the United Kingdom will be going through the nonsense of a referendum, may I place on the record of this Parliament a point which may well be missed by many people who will be voting in that referendum. The harmonization of British products with products from other Community States is just as important to British manufacturers whether Britain is inside or outside the Community, with one fundamental difference. If Britain remains in the Community, as all of us who are involved in this Parliament passionately and fervently believe that it must and will, it can influence, persuade and bring arguments to bear in the formulation of policy and of directives, in the drafting of documents and in the preparation of steps to be taken towards greater harmonization. If Britain is outside the Community, the point of contact and the influence that can be brought to bear will be nil. Under any process of logic, that would be an idiocy for which British industry and those who work in it would pay the price.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli, member of the Commission of the European Communities. — (1) Mr President, three different points have emerged in this debate. The first concerns the procedures to be followed for harmonization of the legislation under consideration; the second concerns a number of further initiatives proposed in particular by Mr Mitterdorfer and Mr Jokobsen, to which we shall certainly give due consideration. The third relates to certain specific proposals for amendments to these directives. I shall look briefly at the first point.

All the members of the Commission, and in particular my colleague, Mr Gundelach, are

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convinced that the decision-making procedure used in dealing with these problems is slow and unnecessarily complicated; in addition, the distinction between decisions on regulations which should rest with an executive body and those on legislation which should be the responsibility of a legislative body is unsatisfactory and needs to be changed. I would, however, draw your attention to the fact that at present the Treaty lays down specific procedures which must be followed to make amendments.

The method used in the British Parliament, to which Mr Normanton referred, seems interesting; a proposal for a government decree is laid open for consideration in Parliament for a specific period, and if there are no objections it is adopted. We must, however, remember that the Treaty, as it now stands, requires the European Parliament to formulate its opinion on the various proposals. This is the procedure which should be changed in the sense indicated by Mr Mitterdorfer, and Parliament's opinion should deal with a general framework and not with each individual measure.

The last Paris Summit Conference again stressed that the Community should give the Commission greater executive powers and the Parliament more legislative powers. I am convinced that, with the present method, for each obstacle we eliminate another ten arise, and we shall therefore never manage to complete the task entrusted to us. But this is a matter which touches on the reform of the Community in general.

Mr Normanton referred to the problem of harmonization and asked for further details on the matter. The Commission has said and repeated on many occasions that it is not its intention or approach in its work to seek harmonization at all costs. We must propose harmonization when the object is to remove barriers to trade or, still more important, to achieve a higher degree of safety. I would stress that the Commission's proposals have always respected this criterion.

The fact is that in general the Commission's proposals do not break new ground but relate to sectors already covered by different national regulations and laws which ensure a certain closure of the market—an 'enclosure', as the English would say, for industries on a certain market. These industries feel threatened by a Commission proposal and react by claiming that the lunatics in Brussels want harmonization for its own sake. Let me give you an example: there was a time when the Commission had to deal with the problem of the restrictions on the transport of bread between Belgium, Germany and Holland due to the fact

that the product 'bread' had to meet different requirements in the three countries, despite the fact that the hygiene criteria are much the same. It is not true that we wanted to impose the same type of bread on everyone: we simply wanted to allow every consumer to choose between Belgian, German and Dutch bread. This made it necessary to give a precise definition of this food product. But the general reaction was an accusation that we wanted to impose standard European bread on everyone.

For this reason we must use the means of information and publicity at our disposal to clarify the Community's policy, to eliminate obstacles and engage in discussions with industry in order to establish the time by which the various provisions should take effect. This is the method we normally follow. The difficulties we still encounter are due to the fact that whenever certain interests enjoying some guarantees within the limits of a small market feel themselves threatened, they react by leveling accusations at Community policy.

I shall now turn to the amendments proposed in Mr Mitterdorfer's report.

In regard to the proposals for directives on safety belts, head rests and protection systems in the event of overturning, the Commission does not think it desirable to give an undertaking to change the method of harmonization in the near future from optional to total. The Parliament knows that up to now all directives on motor vehicles have been based on the optional method, and the results obtained in their application will alone show whether their working is satisfactory. If it is, there will be no need for any change: this is an instance in which we must not seek harmonization for its own sake. Only if the results are negative will it be necessary to change from the optional system to the total system.

As to the directive on alcohol-meters, the Commission is able to accept the two amendments proposed by Mr Mitterdorfer

In conclusion, I wish to thank the rapporteurs of the parliamentary committees for their contribution to the formulation of the document under consideration.

(Applause)

President. — I call Mr Mitterdorfer.

Mr Mitterdorfer, rapporteur. — *(D)* Mr President, I simply wish to thank the previous speakers for their contributions. We have already heard Mr Normanton's proposal in committee; we believe it is a positive proposal and

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shall certainly look into it. It is important for us to overcome this slowness and find a method which will enable us, while upholding the dignity of Parliament, to deal with these matters in a way which will prevent us from being accused of pettiness. I think we should stick to the proposal made by the committee. We already voted on it last December. As a Parliament we should try to be the motive force in bringing about change in the sense of simplification and acceleration of the procedure. I call on Parliament to adopt the motion for a resolution.

(Applause)

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you, Mr Spinelli.

8. *Decision on the exchange of information concerning atmospheric pollution*

President. — The next item on the agenda is a debate on the report drawn up by Mrs Orth on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a decision establishing a common procedure for the reciprocal exchange of information between the surveillance and monitoring networks based on data relating to atmospheric pollution by sulphur compounds and suspended particulates (Doc. 515/74).

I call Mr Laban, who is deputizing for the rapporteur.

Mr Laban, deputy rapporteur. — (NL) Mr President, I wish to make a few observations on the introduction of a Community procedure for the exchange of information on atmospheric pollution by sulphur compounds and suspended particulates between the surveillance and monitoring networks.

The report on this subject was unanimously adopted by the Committee on Public Health and the Environment at its meeting of 24 February 1975. We welcome the Commission's proposal as a contribution to the implementation of the European Communities' environmental action programme which refers specifically to the establishment of a procedure for the exchange of information on measurement results relating to atmospheric pollution.

I would, however, add, Mr President, that the Commission's proposal does not go far enough in our view. The aim of maintaining and improving the environment must always be kept in mind.

In the first place it is vital to intensify international cooperation by the exchange of information on atmospheric pollution measurements. We have therefore recommended to the Commission—and in my view this is a realistic position—that cooperation in this area should be extended to all the countries of Europe and the Member States' governments asked to strengthen their cooperation with other countries.

The Commission's proposal is, however, unsatisfactory not only in regard to its geographical coverage but also in regard to its material application. We consider it desirable for the collection of measurement results to be extended as speedily as possible to forms of atmospheric pollution other than by sulphur compounds and suspended particulates. The necessary measurements must not be confined to monitoring stations on land but also taken from aircraft, balloons, ships and measuring stations at sea.

Furthermore it is not enough for the measurements simply to be collated and exchanged. In our view the Commission's proposal should go further and require the Member States to standardize their measurement methods for a sufficiently dense network of monitoring stations.

We also believe that further measures must be taken to record the spread of atmospheric pollution by sulphur compounds and suspended particulates, as well as by other harmful substances, over greater distances in the context of international cooperation.

Our further requirements and recommendations to the Commission may be summarized as follows:

- recording of data on illness in the Member States for the purpose of comparison with the results of the atmospheric pollution measurements;
- installation of automatic measuring devices which might be purchased with the financial aid of the Community;
- introduction of local meteorological measurements by atmospheric pollution measuring stations;
- a start on cooperation in the area of atmospheric pollution warning systems at Community level.

¹ OJ No C 76 of 7. 4. 1975.

Laban

In conclusion, the Commission's proposal represents a good point of departure but must be supplemented to guarantee a more intensive exchange of information on atmospheric pollution in the widest sense.

On behalf of the Committee on Public Health and the Environment, I call upon Parliament to adopt the motion for a resolution.

(Applause)

President. — I call Mr Spinelli.

Mr Spinelli, member of the Commission of the European Communities. — (I) Mr President, the Commission is well aware that this proposal represents the start of a process which must go beyond informational activity but must necessarily begin with the exchange of information and the definition of precise rules.

The Commission's proposal takes account of the measuring stations at present established or under construction in the Member States so that the exchange of information can begin as soon as possible; it also draws on the experience acquired by the Commission over a period of more than fifteen years in the matter of monitoring radioactive contamination, a subject covered by Article 36 of the Euratom Treaty and in which the European Parliament has always taken a great interest.

Conscious of the preliminary nature of this exchange of information, the Commission is prepared to consider, after a limited period of application, the possibility of making new proposals, taking account of the experience gained, the harmonization of measurement methods, new techniques developed in this area and other forms of atmospheric pollution which are the object of systematic measurement.

The report by Mrs Orth puts forward a number of observations, to which I should like to reply briefly.

As regards paragraph 2, concerning cooperation with other European countries, I wish to assure Parliament that the Commission is taking an active part not only in the work of the expert groups in the OECD and the United Nations Economic Commission for Europe on measures to control atmospheric pollution, but also in the activities of the World Health Organization and the World Meteorological Organization on measures to prevent atmospheric pollution in Europe.

The Commission also maintains close links with the Global Environmental Monitoring System of UNEP (United Nations Environmental Programme). The UNEP Secretary-General, Mr

Strong, will be coming to Brussels next week and we shall have an opportunity of meeting him. All this shows our awareness of the need for a wider framework.

As to paragraph 4, I would say that the Commission is aware of the great diversity of measuring methods used in the Community. Not all the data compiled will be directly comparable. We shall therefore attempt as far as possible to achieve some harmonization of methods. The Commission believes that the implementation of the procedure dealt with in Mrs Orth's report will enable the effort of harmonization to be limited to the methods contemplated for the exchange of information.

As to paragraph 5, I would say that the exchange of information is in the nature of a pilot study. We shall make appropriate proposals on the basis of the results acquired and in relation to the development of systematic measurements of other forms of pollution, a development to which the Commission will make the fullest possible contribution.

As to paragraph 6, the Commission, while wishing to acquire the maximum information, considers that in the context of this joint procedure we should confine ourselves to measurements taken systematically in time and space and covering the Community as such. The measurements taken at present in the Community by means of aircraft, balloons and ships are few and do not have a systematic character for the Community as a whole. These measurements are no doubt highly interesting, but at the present stage they must be considered a research effort only.

As I have said, the Commission is following with close interest the OECD study on the effect of the movement of atmospheric pollution over long distances, based partly on measurements from aircraft. We are contributing to this programme with the CORT activities on the physical and chemical conversion of sulphur dioxide in the atmosphere.

With regard to paragraph 7, the Commission has taken 24 hour measurements as its basis, as these are the commonest measurements in the Member States both for sulphur compounds and for particles in suspension. The data acquired in this way will enable the maximum and minimum daily values to be obtained for each month. Other intervals of time could be considered in the light of experience acquired.

The purpose of the exchange of information proposed by the Commission is then to obtain data on the levels of atmospheric pollution due to certain sulphur compounds and to suspended

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particulates in urban and rural areas of the Member States. For the rural districts, Member States will be asked to send data obtained from measuring stations distributed as uniformly as possible over their territory. This data will help in the plotting of a map showing the movement of pollution over long distances. The Commission would remind you that as part of its environmental action programme it concluded in 1974 a number of research contracts with ten Community laboratories, the purpose being to conduct an epidemiological survey, strictly coordinated in the different parts of the Community, into the relationship between atmospheric pollution and respiratory disorders in children. Special attention is being given to the harmonization of the survey methods and measurements of atmospheric pollution.

May I also assure you that the Commission is aware of the need to use automatic measuring devices when there is a threat of atmospheric pollution in a particular area. Since the report asks for studies to be put in hand, I can assure you that this will be done as soon as possible. The Commission also has a great deal of meteorological data which it has been using for a considerable time to evaluate the results of measurements of environmental radioactivity. Members of this Parliament will certainly be familiar with the annual reports regularly forwarded by the Commission.

As to paragraph 12 of the resolution, the Commission, as part of its environmental research programme (a direct Commission action), is engaged on a study to establish a mathematical model of atmospheric pollution in the Po valley; climatic data will also be taken into account.

As to the final observation, the Commission recognizes the importance of Community-wide cooperation on atmospheric pollution alarm systems. The Commission is also conducting exploratory studies and will begin a corresponding programme once some experience has been gained with the exchange of information which is the subject of Mrs Orth's report.

All of this shows how aware we are of the problems raised by Mrs Orth and of the need to proceed gradually in the light of certain limits which cannot at present be overcome.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you, Mr Spinelli.

9. Regulation on aid for transport by railway, road and inland waterway

President. — The next item on the agenda is a debate on the report drawn up by Mr Schwabe on behalf of the Committee on Regional Policy and Transport on the proposal from the Commission of the European Communities to the Council for a regulation modifying Regulation (EEC) No 1107/70 relative to aids granted in the field of transport by railway, road and inland waterways (Doc. 512/74).

I call Mr Schwabe.

Mr Schwabe, rapporteur. — (D) Mr President, ladies and gentlemen, may I begin my short speech by thanking the Bureau for having placed this report on the problems of the railways at the end of this week's part-session. In doing so, the Bureau has shown a high degree of sensitivity, as at this time all of us here in the chamber and round about it are thinking of the railway which will take us home.

The railways must be aided. A few remarks need to be made on this, but I shall not take up too much of the House's time.

The matter is simple but raises certain difficulties. It is simple to the extent that the aims of these proposals for regulations are clear. It should be possible for State railway undertakings to continue to receive certain subsidies from the State.

Closer perusal of the document reveals that the matter is rather more complex. Members will see from the explanatory statement that reference has had to be made to a whole series of regulations. You will have noted that the report contains an opinion of the Committee on Economic and Monetary Affairs which views proposed regulations less favourably than the Committee on Regional Policy and Transport.

I suppose that the two committees must inevitably place a different emphasis on questions of aid to railway undertakings. In my view the Committee on Economic and Monetary Affairs has reflected in an excellent way the perfectly valid basic thinking of the Community on aid questions. But the Committee on Regional Policy and Transport is also obliged to recognize the special situation of the railway undertakings, which are alone among transport undertakings in having to bear the entire cost of their infrastructure themselves —unlike, say, road transport which may well receive hidden subsidies by not having to meet the cost of its basic infrastructure, the highways, itself.

¹ OJ No C 76 of 7. 4. 1975.

Schwabe

Of course there are exceptions and differences. But on the whole that is the true picture. Moreover, the social, economic and environmental potential of the railways is also coming to be increasingly recognized in comparison with other forms of transport.

The energy crisis has forced greater attention to the railways in many quarters than before. However, until genuine progress has been made in the sense of all modes of transport contributing themselves an appropriate share of the relevant infrastructural costs, the railways must continue to be in a position to receive certain subsidies from Member States.

In my view it would be a serious mistake to allow the railways to go under in the present situation. We know from the example of the United States how difficult and expensive it is to reopen a neglected railway undertaking when this reactivation has become an economic and social necessity.

Although I recognize the position of the Committee on Economic and Monetary Affairs, I therefore recommend this report to the House and hope it will be adopted today.

And now, as is somewhat customary for a member of this Parliament, I have the almost formal obligation of addressing a critical word to the Council—critical, because Parliament received this proposal in December last year with a request to consider it at its January part-session. But when the Committee on Regional Policy and Transport looked at the proposal, it found that it could not proceed with its consideration because the documents referred to in the regulation were not available in all the official languages. Our committee and the Committee on Economic and Monetary Affairs were therefore only able to begin considering the matter in February when the requisite documents were available. Because of this confusion we also had to submit two proposals for amendments. I hope that in future the Council will not ask the impossible of us by expecting us to prepare reports without the necessary documents. As I personally prefer to make observations such as this in a more obliging form, may I say to the Council a few words in the style of European politeness, instead of voicing a criticism: we are grateful for your confidence in our 'clairvoyance' and for expecting this parliamentary body to anticipate the Council's intentions and give its approval rapidly in the light of that anticipation.

Mr President, ladies and gentlemen, my group, which is still strongly represented here, has no objection to approving this proposal. I thank you for your attention and am grateful to all those who have remained here for their patience on this extremely important matter.

President. — I call Mr Spinelli.

Mr Spinelli, member of the Commission of the European Communities. — (I) Mr President, I simply wish to congratulate Mr Schwabe on his report and say that we fully endorse the views put forward by him.

President. — I put the motion for a resolution to the vote.

The resolution is adopted.¹

Thank you, Mr Spinelli.

10. Dates of the next part-session

President. — Parliament has now completed its agenda.

The enlarged Bureau proposes that the next part-session of Parliament be held in Luxembourg from 7 to 11 April 1975.

Are there any objections?

That is agreed.

11. Adjournment of the session

President. — I declare the session of the European Parliament adjourned.

12. Approval of the minutes

President. — Rule 17(2) of the Rules of Procedure requires me to lay before Parliament, for its approval, the minutes of proceedings of this sitting which were written during the debates.

Are there any comments?

The minutes of proceedings are approved.

The sitting is closed.

(The sitting was closed at 11.25 a.m.)

¹ OJ No C 76 of 7. 4. 1975.