

Annex

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Report of Proceedings

from 15 to 19 December 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 SPÉNALE

President

(The sitting was opened at 4.40 p.m.)

President. — The sitting is open.

1. Resumption of the session

President. — I declare resumed the session of the European Parliament adjourned on 14 November 1975.

2. Apologies

President. — Apologies for absence have been received from Mr Hartog, who regrets his inability to attend the present part-session.

In addition, I have been informed that many British Members, because of the bad weather, will not be able to reach Strasbourg before tomorrow evening. For this reason, I have been asked to defer tomorrow's budgetary debate to a later sitting; unfortunately, however, the exigencies of the budgetary procedure make it impossible for us to accede to this request.

3. Forwarding of the draft general budget for 1976 modified by the Council

President. — Since the last part-session, I have received from the Council of the European Communities the draft general budget for the financial year 1976 as modified by the Council on 3 December 1975 (Doc. 428/75). Pursuant to Rule 23(2) of the Rules of Procedure, this document has been referred to the Committee on Budgets.

4. Documents received

President. — I have received the following documents:

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

— the proposal from the Commission of the European Communities to the Council for a directive amending Directives No 66/403/EEC and No 70/458/EEC on the marketing of seed potatoes and vegetable seed (Doc. 384/75).

This document has been referred to the Committee on Agriculture;

— the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 1463/70 of 20 July 1970 on the introduction of recording equipment in road transport (Doc. 386/75).

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

— the proposal from the Commission of the European Communities to the Council for a directive on tax exemptions for certain means of transport temporarily imported into one Member State from another (Doc. 387/75).

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

— the proposal from the Commission of the European Communities to the Council for a directive on tax exemptions applicable to personal property of individuals on permanent importation from another Member State (Doc. 388/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation concerning the application of Article 40(4) of the EEC Treaty to the French overseas departments (Doc. 389/75).

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

— the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation No 259/68 laying down the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities (Doc. 391/75).

This document has been referred to the Committee on Budgets;

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

I. a regulation extending Regulation (EEC) No 2107/75 extending the arrangements applicable to trade with Tunisia

II. a regulation extending Regulation (EEC) No 2108/75 extending the arrangements applicable to trade with Morocco
(Doc. 398/75).

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

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

I. a regulation amending Regulation No 121/67/EEC in respect of the calculation of the levy and the sluice-gate for pig carcasses

II. a regulation amending Regulation No 122/67/EEC in respect of the calculation of the levy and the sluice-gate price for eggs

III. a regulation amending Regulation No 123/67/EEC in respect of the calculation of the levy and the sluice-gate price for poultrymeat
(Doc. 401/75).

This document has been referred to the Committee on Agriculture;

— the proposal from the Commission of the European Communities to the Council for a directive amending Directive No 69/74/EEC on the customs warehousing procedure, Directive No 69/75/EEC on free zones and Directive No 71/235/EEC on the usual forms of handling which may be carried out in customs warehouses and in free zones (Doc. 409/75).

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

- the proposals from the Commission of the European Communities to the Council on consolidated texts relating to the rice sector (Doc. 410/75).

This document has been referred to the Legal Affairs Committee;

- the amended proposal from the Commission of the European Communities to the Council for a directive on the approximation of Member States legislation concerning mayonnaise, sauces derived from mayonnaise and other emulsified condiment sauces (Doc. 411/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulations Nos 120/67/EEC, (EEC) 950/68 and (EEC) 1052/68 on the tariff nomenclature of certain cereal and sugar products (Doc. 412/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1411/71 in respect of the fat content of full-cream milk (Doc. 413/75).

This document has been referred to the Committee on Agriculture;

- the proposal for the transfer of appropriations between chapters in Section III —Commission—of the general budget for the financial year 1975 (Doc. 414/75).

This document has been referred to the Committee on Budgets;

- the proposal from the Commission of the European Communities to the Council for a regulation amending Annex IV to Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine and with respect to the subheadings of the Common Customs Tariff (Doc. 416/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation renewing the arrangements for the reduction of import charges on beef and veal products originating in the African, Caribbean and Pacific States (Doc. 417/75).

This document has been referred to the Committee on Development and Cooperation as the committee responsible and to the Committee on Budgets and the Committee on Agriculture for their opinions;

- the proposal from the Commission of the European Communities to the Council for a directive on the approximation of the laws of the Member States relating to measuring systems for liquids other than water (Doc. 421/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 1599/75 of 24 June 1975 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the overseas countries and territories (Doc. 430/75).

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

- the proposal from the Commission of the European Communities to the Council for a regulation on a programme for restructuring the non-industrial inshore fishing industry (Doc. 438/75).

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

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- the proposal from the Commission of the European Communities to the Council for a regulation laying down general rules for the supply of milk fats as food aid to certain developing countries and international organizations under the 1976 programme (Doc. 439/75).

This document has been referred to the Committee on Development and Cooperation;

- the proposal from the Commission of the European Communities to the Council for a regulation extending until 30 June 1976 the period of validity of Regulation (EEC) No 3576/73 on imports of the wine product exported under the label of 'Cyprus Cherry', originating in and coming from Cyprus, and the introduction of subsidies for similar wine products in the Community as originally constituted and exported to Ireland and the United Kingdom (Doc. 447/75).

This document has been referred to the Associations Committee as the Committee responsible and to the Committee on External Economic Relations and the Committee on Agriculture for their opinions.

b) from the Commission of the European Communities:

- the operating accounts and financial statements relating to the budget operations for the financial year 1974—Volumes I, II, II A and III B

the report of the Audit Board on the accounts for the financial year 1974 followed by the answer from the Institutions—First and second volumes—
(Doc. 383/75 I-III).

- an Aide-memoire on the fixing of the ECSC levies and on the drawing up of the operational budget for 1976 (Doc. 400/75).

This document has been referred to the Committee on Budgets as the committee responsible and to the Committee on Economic and Monetary Affairs, the Committee on Social Affairs and Employment, and the Committee on Energy, Research and Technology for their opinions.

c) from the committees, the following documents:

- report by Mr Pintat, on behalf of the Committee on External Economic Rela-

tions on recent developments in the Community's Mediterranean policy (Doc. 385/75);

- report by Mr Rivierez, on behalf of the Legal Affairs Committee, on the primacy of Community law and the protection of fundamental rights (Doc. 390/75);

- report by Mrs Walz, on behalf of the Committee on Energy, Research and Technology, on the conditions for a Community policy on the siting of nuclear power stations taking account of the acceptability of the effects on the population (Doc. 392/75);

- report by Mr Bayerl, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of provisions laid down by law, regulation or administrative action concerning deferred payment of duties at importation or exportation (Doc. 393/75);

- report by Mr Schwörer, on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission of the European Communities to the Council for a directive amending the Council directive of 24 July 1973 on the coordination of laws, regulations and administrative provisions concerning the taking up and pursuit of activities in direct insurance other than life assurance (Doc. 394/75);

- report by Mr Klepsch, on behalf of the Committee on External Economic Relations, on the proposal from the Commission of the European Communities to the Council for a regulation suspending application of the condition governing the import into the Community of fresh lemons originating in Cyprus, Spain, Israel, Morocco, Egypt, Tunisia and Turkey in accordance with the agreements in force between the European Community on the one hand and each of these countries on the other (Doc. 395/75);

- report by Mr Vetrone, on behalf of the Committee on External Economic Relations, on the proposals from the Commission of the European Communities to the Council for

I. a regulation extending the term of validity of Regulation (EEC) No 346/75 concerning the importation into the Community of certain fishery products originating in Tunisia

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- II. a regulation extending the term of validity of Regulation (EEC) No 347/75 concerning the importation into the Community of certain fishery products originating in Morocco (Doc. 396/75);;
- report by Mr Seefeld, on behalf of the Committee on Regional Policy and Transport, on safety glass for use in motor vehicles (Doc. 397/75);
- report by Mr Noè, on behalf of the proposals from the Commission of the European Communities to the Council for
- I. a directive on biological standards for lead and on the screening of the population for lead
- II. a directive on biological standards for lead (Doc. 399/75);
- report by Mr Flämig, on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council for a pluriannual programme of the Community for the years 1976-80 in the field of control thermonuclear fusion and plasma physics (Doc. 402/75);
- report by Mr Bourdelles, on behalf of the Committee on Energy, Research and technology, on the possibilities and limits of a Community policy to promote the liquefaction of coal for the purpose of manufacturing synthetics fuel (Doc. 407/75);
- report by Lady Fisher, on behalf of the Committee on Public Health and the Environment, on the proposals from the Commission of the European Communities to the Council for
- I. a decision concluding the Agreement for the implementation of a European project on nuisances on the subject: 'Research on the physico-chemical behaviour of sulphur dioxide in the atmosphere' (Project 61 a)
- II. a decision concluding the Agreement for the implementation of a European project on nuisances on the subject: 'Analysis of organic micro-pollutants in water' (Project 64 b) (Doc. 408/75);
- report by Lord Bethell, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a directive on the quality of water for human consumption (Doc. 418/75);
- report by Mr Ellis, on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council for a regulation regarding a Community procedure for information and consultation on the prices of crude oil and petroleum products in the Community (Doc. 419/75);
- report by Mr Duval, on behalf of the Committee on Public Health and the Environment, on the proposal from the Commission of the European Communities to the Council for a directive on the approximation of Member States' laws, regulations and administrative provisions relating to the classification, labelling and packaging of paints, varnishes, adhesives and similar products (Doc. 420/75);
- report by Mr Patijn, on behalf of the Committee on External Economic Relations, on the Agreement between the European Economic Community and the State of Israel (Doc. 422/75);
- report by Mr Kaspereit, on behalf of the Committee on External Economic Relations, on the proposals from the Commission of the European Communities to the Council for
- I. a regulation extending Regulation (EEC) No 2107/75 extending the arrangements applicable to trade with Tunisia
- II. a regulation extending Regulation (EEC) No 2108/75 extending the arrangements applicable to trade with Morocco (Doc. 423/75);
- report by Mr Mitterdorfer, on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission of the European Communities to the Council for a regulation on Community transit (Doc. 426/75);
- report by Mr Notenboom, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a regulation setting up a financial mechanism (Doc. 427/75);
- report by Mr Lücker, on behalf of the Political Affairs Committee, on the reten-

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- tion of Santiago (Chile) as the seat of the delegation of the Commission of the European Communities in Latin America (Doc. 429/75);
- report by Mr Guldberg, on behalf of the Committee on Economic and Monetary Affairs, on the effects of increased energy prices on Member States' productivity and competitiveness (Doc. 431/75);
 - report by Mr Gibbons, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the transitional common organization of the market in sheepmeat (Doc. 432/75);
 - report by Mr Bourdelles, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a directive amending Directives No 66/403/EEC and No 70/458/EEC on the marketing of seed potatoes and vegetable seed (Doc. 433/75);
 - report by Mr Brégégère, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation concerning the application of Article 40 (4) of the EEC Treaty to the French overseas departments (Doc. 434/75);
 - report by Sir Derek Walker-Smith, on behalf of the Legal Affairs Committee, on the proposals from the Commission of the European Communities to the Council on consolidated texts relating to the fishing sector (Doc. 435/75);
 - report by Mr Liogier, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the allocation for 1975 of appropriations from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and deferring certain final dates for the years 1975 and 1976 (Doc. 436/75);
 - report by Mr Bangemann, on behalf of the Committee on Budgets, on the aide-memoire of the Commission of the European Communities on the fixing of the ECSC levies and on the drawing up of the operational budget for 1976 (Doc. 437/75);
 - report by Mr Seefeld, 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 amending Council Regulation (EEC) No 1463/70 of 20 July 1970 on the introduction of recording equipment in road transport (Doc. 440/75);
 - supplementary report by Mr Cointat, on behalf of the Committee on Budgets, on the draft general budget of the European Communities for the financial year 1976, modified by the Council on 3 December 1975 (Doc. 441/75);
 - report by Mr Deschamps, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation laying down general rules for the supply of milk fats as food aid to certain developing countries and international organizations under the 1976 programme (Doc. 442/75);
 - report by Mr Zeller, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation renewing the arrangements for the reduction of import charges on beef and veal products originating in the African, Caribbean and Pacific States (Doc. 443/75);
 - report by Mr Zeller, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation amending Council Regulation (EEC) No 1599/75 of 24 June 1975 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the Overseas Countries and Territories (Doc. 444/75);
 - report by Lord Bruce, on behalf of the Committee on Budgets, on the proposal from the Commission of the European Communities to the Council for a regulation amending the financial regulation as regards transfers between the 'food aid' chapter and the European Agricultural Guidance and Guarantee Fund, 'Guarantee' Section (Doc. 445/75);
 - report by Mr Kavanagh, on behalf of the Committee on Social Affairs and Employment, on the Third Report on the activities of the new European Social Fund for the financial year 1974 (Doc. 446/75).

President

d) the following oral questions:

- oral question with debate by Mr Cointat and Mr de la Malène, on behalf of the Group of European Progressive Democrats, to the Council of the European Communities, on Community personal documents (Doc. 403/75);
- oral question with debate by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, to the Commission of the European Communities, on the difficulties facing the textile industry and measures to be taken to remedy them (Doc. 404/75);
- oral question with debate by Mr Terrenoire, on behalf of the Group of European Progressive Democrats, to the Council of the European Communities, on the difficulties facing the textile industry and measures to be taken to remedy them (Doc. 405/75);
- oral question without debate by Mr Hougardy to the Council of the European Communities on abandonment of the Dragon high-temperature reactor project (Doc. 406/75);
- oral question without debate by Mr Scott-Hopkins and Mr Corrie, on behalf of the European Conservative Group, to the Commission of the European Communities, on the fishing industry (Doc. 424/75).
- oral questions by Mr Terrenoire, Lord St. Oswald, Mr Cousté, Mr Dondelinger, Sir Brandon Rhys Williams, Mr Osborn, Mr Mursch, Mr Seefeld, Mr Espersen, Mr Fellermaier, Mr Hamilton, Lord Gladwyn, Mr Lagorce, Mr Gibbons, Mr Dykes, Sir Geoffrey de Freitas, Mr Glinne, Mr Dalzell, Mr Cointat, Mr Spicer, Mr Corrie, Mr Bangemann, Mr Noè, Mr Rivierez, Mr Thornley, Mr Hansen, Mr Laban, Mr Scott-Hopkins, Mr Hougardy, Mr Ellis, Mr Herbert, Lord Bethell and Mr Hughes, to the Council and Commission of the European Communities, pursuant to Rule 47A of the Rules of Procedure, for Question-Time on 17 December 1975 (Doc. 425/75).

e) from the EEC-Greece Joint Parliamentary Committee:

- the recommendations adopted in Rome on 9 December 1975 (Doc. 448/75).

This document has been forwarded for information to the Associations Committee, the Political Affairs Committee and the Committee on Agriculture.

5. *Authorization of a report*

President. — Pursuant to Rule 38 of the Rules of Procedure, I have authorized the Committee on Budgets to draw up a report on the problems connected with the control of Community expenditure and the Community's budgetary policy.

6. *Texts of Treaties forwarded by the Council*

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

- Agreements in the form of an exchange of letters relating to Article 9 of Protocol No 1 to the Agreement between the European Economic Community and the State of Israel and concerning the importation into the Community of tomato concentrates and of fruit salads originating in Israel;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the Agreement between the European Economic Community and the Islamic Republic of Pakistan on trade in textile products;
- Agreement between the European Economic Community and the Republic of India on trade in textile products;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the Agreement between the European Economic Community and the Republic of India on trade in textile products;
- Notice of the completion by the Community of the procedures necessary for the entry into force of the commercial cooperation agreement between the European Economic Community and the Republic of Sri Lanka;
- Minutes of the notification of the completion of the procedures necessary for the entry into force of the commercial cooperation agreement between the European Economic Community and the Republic of Sri Lanka.

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

7. *Adoption of amending and supplementary budget No 3 for 1975*

President. — Since the Council had not modified the amendment adopted by Parliament and since the budgetary procedure laid down by the Treaties had thus been completed, I declared on

President

3 December 1975 that the amending and supplementary budget No 3 of the European Communities for the financial year 1975 was finally adopted. The final version of this budget will be published in the L series of the Official Journal of the European Communities.

8. *Presentation of a petition*

President. — I have received a petition presented by Mrs Marie-Jeanne Bleuzet-Julbin, on behalf of the France-Israel Committee of Lorraine, and seven other signatories on the vote of the United Nations General Assembly on Zionism. This petition has been entered under No 12/75 in the register provided for in Rule 48(2) of the Rules of Procedure and, pursuant to paragraph 3 of that rule, referred to the Committee on Rules of Procedure and Petitions.

9. *Limitation of speaking-time*

President. — Pursuant to Rule 31 of the Rules of Procedure and in conformity with established practice, I propose that speaking-time be limited as follows:

— Reports:

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

— Oral questions with debate:

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

Are there any objections?

That is agreed.

10. *Decision on urgent procedure*

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

Are there any objections?

That is decided.

11. *Order of business*

President. — In accordance with the instructions given to me by the enlarged Bureau at its

meeting of 12 November, I prepared the draft agenda which has been distributed.

Since then, however, a number of modifications have been requested.

Mr Aigner's supplementary report on draft amending and supplementary budget No 3 and Mr Martens's report on the draft content of whole milk have been withdrawn from the agenda.

The Committee on Budgets has requested that a report by Mr Notenboom on the setting up of a financial mechanism be included in the agenda and dealt with by urgent procedure. This report could be put on Tuesday's agenda after the budgetary debate.

The Committee on Development and Cooperation asks that three reports without debate be included in the agenda and dealt with by urgent procedure: Mr Zeller's reports on agricultural products and certain goods originating in the ACP countries and on imports of beef and veal originating in the ACP countries and the report by Mr Deschamps on the supply of milk fats as food aid. Since these reports have already been distributed, it would not, I think, be too difficult for us to place them at the end of the agenda for this afternoon.

Finally, the Associations Committee requests the inclusion of a report on a proposed regulation concerning Cyprus Sherry. Since this would be voted on without debate, it could be put on the agenda for Thursday.

The Political Affairs Committee requests that the Lücker report on the retention of Santiago de Chile as the seat of the Commission's delegation in Latin America be dealt with by urgent procedure during the present part-session. This could be placed on tomorrow's agenda after the budgetary debate.

The Commission has informed me that Mr Lardinois wishes to make a statement to Parliament on the prices of agricultural foodstuffs. This will take place on Thursday before the debate on Mr Gibbons's report on sheepmeat.

The parliamentary committees concerned inform me that the reports by Sir Derek Walker-Smith on consolidated texts for the fishing sector, by Mr Kaspereit on trade with Tunisia and Morocco and by Mr Vetrone on the importation of fishery products from Tunisia and Morocco will be voted on without debate.

Finally, the Commission has requested that Mr Liogier's report on the EAGGF be debated today instead of on Thursday, since this problem is due to be dealt with by the Council at its meeting tomorrow.

President

In view of these developments and also of the fact that all the reports on Friday's agenda, with the exception of that by Mr Seefeld on recording equipment in road transport, are now items to be voted on without debate, I propose that all the items on Friday's agenda be placed at the end of Thursday's agenda on the understanding that if Parliament cannot complete its business on Thursday items still outstanding will be carried over to Friday.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, I believe you have received from the Council, and also from the Commission, a request for a debate to be held at this part-session on the report by Mr Klepsch on the proposal for a regulation suspending the application of the condition governing the import into the Community of fresh lemons originating in Cyprus, Spain, Israel, Morocco, Egypt, Tunisia and Turkey in accordance with agreements currently in force between the EEC and each of those countries, and also on the report by Mr Kaspereit on the proposal for a regulation concerning dried figs and dried grapes originating in Spain. May I ask you, Mr President, to include both these reports on the agenda for Friday—the first being Working Document No 395, and the second Working Document No 264.

I should also be grateful, Mr President, if Mr Lücker's report on Santiago could be taken on Wednesday, since Tuesday is set aside essentially for the budget debate and my colleague, Mr Gundelach, who has already reported to the Political Affairs Committee on this matter, will certainly be with us here on Wednesday.

President. — I call Mr Kaspereit.

Mr Kaspereit. — (F) Mr President, I agree entirely with Mr Scarascia Mugnozza's proposal, especially as these are essentially technical texts which raise no difficulty. I would even go further: I am convinced that these resolutions, which have been examined in great detail by the Committee on External Economic Relations, could be adopted by our Assembly without debate.

President. — I call Mr Lange.

Mr Lange. — (D) Mr President, you were kind enough to inform us that you have declared supplementary budget No 3 for the financial year 1975 adopted after the Council had agreed to Parliament's proposals. However, I remember that in its resolution this Parliament put several

political questions to the Council, and the answer to them was to have been one of the conditions for your declaration of adoption of the supplementary budget. We discussed these points during the consultation procedure. It might be useful, Mr President, if you could inform the House of the outcome of that part of our discussions.

President. — Ladies and gentlemen, we are also due to debate motions for resolutions tabled by political groups on the situation in Spain, and this debate might well help the House to express a better informed and more confident view on the subject of the products dealt with in Mr Kaspereit's report. So far the House has demanded that negotiations with Spain be frozen, and this was the reason for its recent refusal to deal with these documents. I therefore think that we should not make a decision on the inclusion of these items in the agenda before the debate on the situation in Spain has taken place.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I am unable to endorse the views you have just expressed and I wish to support what Mr Kaspereit said.

It is true that we adopted a resolution on Spain in which we defined our position on certain matters. But it is equally true that subsequent to the resolution this House adopted at least three draft proposals amending previous legislation, and it did so with the support of the Socialist Group. I had the honour of deputizing for two rapporteurs of the committee who could not be present on that occasion. That is why I know exactly what happened.

The purpose of the two proposals referred to by Mr Kaspereit and the Commission is quite simply to extend an existing situation. Regardless of whether we hold a debate on Spain and regardless of its outcome, I therefore feel that we can follow exactly the same procedure as with the three other proposals adopted by this House since its resolution was passed.

President. — I call Mr Fellermaier.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, Mr Klepsch must have visionary powers if he thinks he knows the Socialist Group and its attitude I shall have to disappoint him. All the political groups, represented by their chairmen—the Christian-Democratic Group was represented by a vice-chairman—, unanimously adopted at the Bureau meeting in Berlin a proposal from our President that the reports by Mr Klepsch and Mr Kaspereit should not be

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considered during this part-session; for the record I would point out that this was agreed with the approval of the Christian-Democratic Group.

The Commission has now asked for these reports to be taken this week. My group is willing to meet that request, but it would also ask that the Kaspereit and Klepsch reports be debated.

President. — I call Mr Lücker.

Mr Lücker. — (D) Mr President, I have just heard that the Commission Vice-President, Mr Scarascia Mugnozza, has suggested that the report on Chile should be taken on Wednesday instead of tomorrow. In principle I agree. Can you then tell us, Mr President, roughly what time on Wednesday the debate is likely to be held?

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, I have no intention whatever of interfering in the decisions of Parliament which is completely free to pronounce on the proposals made to it.

I am grateful to Mr Fellermaier for his forthcoming attitude and I should like to indicate the reasons—so that they can be shown in Parliament's records—for which the Commission, and the Council, have asked for these documents to be debated. We are faced with the following situation with regard to Spain: there is an agreement already in force and negotiations are also under way. You are aware that following the position adopted by Parliament on Spain, the Council and Commission decided to suspend the current negotiations. However, the document in question on this occasion deals with matters relating to the current administration of the existing agreement, and if it were not debated by Parliament, that might have adverse effects for the Community.

I would remind you that in the case of Greece we suspended the association agreements by freezing all further development of relations with the Community, but we never blocked the current administration of the association as such.

While leaving the Parliament free to take whatever decisions it thinks fit, I simply wanted to point out that in this particular case it is not a matter of holding new negotiations but simply of administering current business under an existing agreement.

President. — It transpires that the Klepsch and Kaspereit reports cannot be dealt with without

debate, since they raise matters of fundamental importance with regard to these agreements. I therefore propose entering them at the end of Thursday's agenda.

As for the report on the office at Santiago de Chile, I propose entering it at the end of Wednesday's agenda.

As regards the problem raised by Mr Lange, I haven't in front of me the motion for a resolution referring, to the commitments we are asking the Council to undertake; but I would prefer this matter to be raised on Tuesday when the budgetary debate is held, since the Council will then be represented.

The order of business would then be as follows:

This afternoon:

- Statement by the Commission on action taken on the opinions of Parliament;
- Gladwyn report on defence questions;
- Kofoed report on production subsidies in respect of cereals in the United Kingdom;
- De Koning report on the common organization of the markets in cereals and rice;
- Deschamps report on the supply of milk fats as food aid (without debate);
- Zeller report on imports of beef and veal originating in the ACP countries (without debate);
- Zeller report on agricultural products and certain goods originating in the ACP countries (without debate);
- Liogier report on EAGGF appropriations for 1975.

*Tuesday, 16 December 1975**10.00 a.m. and 3.00 p.m.:*

- Presentation and discussion of the supplementary Cointat report on the draft general budget of the Communities for the financial year 1976;
- Notenboom report on the setting up of a financial mechanism.

*Wednesday, 17 December 1975**10.00 a.m. and 3.00 p.m.:*

- Question-Time;
- Joint debate on
 - the statements on the outcome of the Rome Summit,
 - the oral question with debate on Community personal documents and
 - the motion for a resolution on the Rome Summit;

President

- Joint debate on
 - the oral question with debate to the Council on difficulties in the textile industry and
 - the oral question with debate to the Commission on the same subject;
- Oral question without debate on the Dragon reactor;
- Statement on the activities of oil companies in the Community;
- Lücker report on the retention of Santiago de Chile as the seat of the Commission's delegation.

Thursday, 18 December 1975

10.00 a.m., 3.00 p.m. and possibly in the evening:

- Vote on the draft general budget of the Communities for the financial year 1976 and on the motion for a resolution contained in the supplementary report by Mr Cointat;
- Bangemann report on the ECSC levies;
- Patijn report on the EEC-Israel Agreement;
- Pintat report on the Community's Mediterranean policy;
- Mitterdorfer report on the elimination of technical trade barriers;
- Mitterdorfer report on Community transit;
- Mitterdorfer report on Community transit;
- Flämig report on thermonuclear fusion;
- Statement by Mr Lardinois on the prices of agricultural foodstuffs;
- Gibbons report on the organization of the market in sheepmeat;
- Bourdelles report on seed potatoes and vegetable seed;
- Brégégère report on the French overseas departments;
- Oral question with debate on the fishing industry;
- Report on Cyprus sherry;
- Kaspereit report on dried figs and dried grapes originating in Spain;
- Klepsch report on fresh lemons originating in Cyprus, Spain, etc.;
- Seefeld report on recording equipment in road transport;
- Walker-Smith report on consolidated texts for the fishing sector (without debate);
- Lady Fisher report on a European project on nuisances (without debate);
- Kaspereit report on trade with Tunisia and Morocco (without debate);
- Vetrone report on the importation of fishery products from Tunisia and Morocco (without debate);

- Bayerl report on the payment of duties at importation or at exportation (without debate).

Friday, 19 December 1975

Possibly, continuation of Thursday's agenda.

Are there any objections?

The order of business is agreed.

12. Tabling of two motions for resolutions and decision on urgent procedure

President. — I have received from Mr Amendola and Mr Ansart, on behalf of the Communist and Allies Group, and from Mr Alfred Bertrand, on behalf of the Christian-Democratic Group, respectively two motions for resolutions, each with a request for debate by urgent procedure on the situation in Spain (Docs 415/75 and 449/75).

I call Mr Bertrand.

Mr Bertrand. — (NL) Mr President, we have tabled this motion for a resolution in response to the initiative of the Communist Group which has asked for its own motion to be considered by urgent procedure. It is our view, however, that urgent consideration is not desirable for the moment. I would therefore ask the members of the Communist Group whether they are prepared to withdraw their request for the motion to be considered by urgent procedure; we would then do likewise. The Political Affairs Committee could subsequently give measured consideration to the problems of Spain, and we could decide whether to hold a more wide-ranging debate in January or February with a fuller knowledge of the facts and better information on developments in that country.

That is our proposal. We should gladly withdraw our request for urgent consideration if our colleagues in the Communist Group do the same and if these resolutions are referred to the Political Affairs Committee.

President. — I call Mr Fabbrini.

Mr Fabbrini. — (I) Mr President, we are not inclined to withdraw our request for urgent consideration — especially in the light of this brief exchange of views on whether or not to include reports on the agenda — because we need to clarify in our own minds what our attitude should be to the Francoist regime and then decide what action to take.

We also consider that the situation in Spain is still very disturbing and requires further timely

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intervention by our Parliament. We all know that Franco has disappeared but Francoism is still with us; we all know that the problem of an amnesty remains...

(Protests)

President. — We cannot consider this matter in detail, Mr Fabbrini.

Mr Fabbrini. — *(I)* ... I was explaining the political reasons which lead us to believe that this matter is urgent. I cannot leave these things unsaid if I am to explain why the matter is urgent, and the reasons are that even though a new government has been formed, including a number of politicians who in recent years have stood at some distance from Francoism, there are still politicians who have yet to give proof of a genuinely democratic spirit. They can give that proof only if the problems I was reminding you of are dealt with: the problem of the amnesty which has not been granted, that of the repeal of the antiterrorism law which is still being enforced; the arrests and persecution are problems on which we must reflect and which, in the view of our group, justify the urgent procedure, for which I have asked and on which I insist.

President. — I call Mr Fellermaier.

Mr Fellermaier. — *(D)* Mr President, my group is sorry that the Communists have not accepted the fair offer made by the Christian-Democratic Group.

Our Parliament would not be acting in the best parliamentary traditions if we felt we could discuss and judge the new Spanish government before it has even made any declaration of its intentions; in my view it would be better for us to look fairly at the new government's declarations and the response of the illegal Spanish opposition, to weigh up the opposing views and then define our attitude to the king and the new Spanish government. We shall have an opportunity to do so in January and February.

After a passionate debate in Luxembourg, this Parliament has already expressed its political views by a majority vote and left no doubt as to where its sympathies lie, namely with the Spanish democrats who are struggling for the restoration of democracy. These sympathies were also expressed in the decision of the Council and Commission to freeze relations with Spain, i.e. to suspend negotiations on a new agreement. If the Communists now insist and do not endorse our position, I can only say on behalf of my group, that we shall oppose urgent

consideration because we want the matter to be dealt with thoroughly.

(Applause in various parts of the House)

President. — I call Mr Jakobsen.

Mr Jakobsen. — *(DK)* Mr President, my group would also prefer not to discuss the matter now.

My group's views are certainly different from those expressed so far on developments in Spain. But now is not the time to discuss that.

We fully support what Mr Fellermaier has said. The best thing this Parliament can do is to give the Spanish Government the opportunity to speak before judging it. Parliament has no reasonable grounds for passing any judgement whatsoever.

My group therefore advises Parliament against discussing this proposal now. If it is nevertheless discussed, my group will make an effort to have best resolution adopted. It will be quite different from the Communist proposal.

President. — I call Mr Durieux.

Mr Durieux. — *(F)* My group endorses the statements by Mr Fellermaier, Mr Jakobsen and Mr Bertrand. We do not consider it urgent for the time being to discuss the Spanish question. It will be a month or two before we can formulate our position.

President. — I call Mr Kaspereit.

Mr Kaspereit. — *(F)* Mr President, you will not be surprised when I say that the Group of European Progressive Democrats—like most other groups in this Assembly—opposes not only urgent consideration but indeed any discussion of the affairs of Spain.

We think that in the present circumstances there is some reason to hope for a political rapprochement with that country which is geographically already part of Europe.

We set our trust in Spain and in its people and we reject—I repeat, reject—certain manoeuvres, the underlying reasons for which are inadmissible. We accordingly oppose the request for an urgent debate.

If a debate is held, it goes without saying that we shall take part in it and explain our position. But, like my colleagues, I hope that this affair will be left in abeyance for some time to enable the Spanish people and Spain to settle their own affairs in their own good time.

President. — I call Mr Fabbrini.

Mr Fabbrini. — (1) I simply wish to say that I withdraw the request for urgent consideration. However, I still believe that in the present conditions there is every reason, as I said earlier, for giving the matter urgent attention. But I am withdrawing my request to avoid the need for a vote on the matter.

President. — Since the request for debate by urgent procedure has been withdrawn, the motions for resolutions are referred to the Political Affairs Committee.

I call Mr Fellermaier on a point of order.

Mr Fellermaier. — Mr President, if Mr Fabbrini has himself withdrawn the request for urgent consideration the motion as such has not then been submitted. Rule 32 (e) of the Rules of Procedure allows this House to move the previous question if it so wishes.

In my view, if the author himself has withdrawn the request for urgent consideration, this House has not yet decided on reference to the Political Affairs Committee.

President. — Mr Fellermaier, I think that, pursuant to Rule 25 of the Rules of Procedure, the motion must be printed, distributed and referred to the appropriate committee.

13. Procedure for the debate on the general budget for 1976 — Time-limit for tabling amendments, proposals for rejection of the budget as a whole and proposals for an increase in the maximum rate

President. — Ladies and gentlemen, I would draw your attention to certain dispositions concerning the final stage of the debate on the general budget.

During this stage, the European Parliament is only entitled to amend the Council's modifications to the amendments adopted during the first stage. To this end, amendments may be tabled to the text of the Council's modifications contained in Doc. 428/75. These amendments will be dealt with during the debate on Mr Cointat's supplementary report, which will take place tomorrow, Tuesday; they will be put to the vote on Thursday morning.

Since these amendments can only be adopted by a majority of the votes of the current Members of Parliament and by three-fifths of the votes cast, I urge the political groups to do everything possible to ensure that as many

Members of Parliament as possible are present on Thursday when the final vote is taken.

To enable the Committee on Budgets, if necessary, to meet on Tuesday evening, the time-limit for tabling amendments, proposals for rejection and proposals for an increase in the maximum rate will expire tomorrow at 5 p.m.

14. Action taken by the Commission on the opinions of Parliament

President. — The next item on the agenda is the statement by the Commission on the action taken by the Commission on the opinions delivered by Parliament.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (1) Mr President, ladies and gentlemen, it gives me pleasure to present to you today the customary statement on the action taken by the Commission on the opinions of Parliament.

As you know, the Commission has undertaken to indicate its position on the amendments proposed by Parliament and to work out modified proposals when it accepts them. Consequently, at the opening of the part-sessions, it explains the action taken on the European Parliament's opinions. Mr President, in your letter of 16 October to President Ortoli, you said, if I remember correctly, that the procedure had yielded good results and was welcomed by Parliament.

I now wish to clarify a number of points concerning the frequency of this statement which should, in principle, be given each month, following each of the Parliament's part-sessions. The Parliament will, however, have noted that this frequency has not always been observed, and I should like to explain the reasons to you. In fact, the Parliament's part-sessions are not confined to debates on consultations requesting an opinion, and indeed the Commission welcomes the growing interest shown by the Assembly in debates on a wide range of political topics.

We have observed that in October for example there were 34 debates on the agenda, but Parliament only considered 13 reports embodying opinions; of these, 11 were entirely favourable to the Commission's text and only 2 proposed amendments which the Commission immediately adopted. As far as the October part-session is concerned, therefore, we were unable to provide any information to Parliament, as everything proceeded quite normally.

Scarascia Mugnozza

At the November part-session some thirty items were on the agenda and Parliament considered twenty reports embodying opinions. Of these opinions, fourteen fully approved the corresponding Commission proposals, while of the six opinions which proposed amendments, the Commission undertook to accept four. In substance then the Commission has only to indicate its views on the two amendments which it did not accept.

The Commission welcomes the fact that the number of requests for amendments is small; this reflects the increasingly close cooperation between the Commission and Parliament during discussion in the parliamentary committees.

Having said that, the Commission cannot make a statement every month; it will do so whenever necessary and whenever there is action to be taken. There is no point in simply stating that no action was necessary because no changes were proposed.

Returning now to the November part-session, I should like to explain that Parliament examined two proposals concerning the multiannual research programme; the rapporteurs were Mr Jahn and Mr Meintz. They proposed amendments of secondary importance, relating in particular to the submission of reports to Parliament. The Commission accepted these suggestions and informed the Council that its original proposals would be amended.

The same request was made in Mr Ney's report on the activities of the Foot-and-mouth disease Institute in Ankara. The Commission informed the Council that it accepted the amendment proposed by Parliament.

The Commission also forwarded to the Council an amended proposal for a directive on co-ordination of the guarantees required in the Member States to safeguard the interests of shareholders and third parties as regards the content, supervision and distribution of the brochures to be published for admission of securities issued by companies to an official stock exchange quotation.

The modified proposal takes account of the amendments requested by Parliament, and the Commission therefore accepted it.

After the ruling of the Court of Justice, President Ortoli notified Parliament of his position on a proposed amendment to the proposal for a regulation amending the Staff Regulations of Officials of the European Community.

These changes had been requested by Parliament in respect of the currency in which the salaries of Community officials are paid. How-

ever, the Commission was unable to meet Parliament's request on this point.

A report will shortly be submitted to Parliament on the shortage of oil products; this report had been requested at the time of the debate on Mr Normanton's report.

Mr President, I have made my statement and I believe that on the whole the results achieved up to now are perfectly satisfactory.

President. — Mr Scarascia Mugnozza, your statement proves the existence of an increasingly marked collaboration between our two Institutions. We seldom disagree, and, when we propose modifications, they are generally accepted by the Commission. You conclude from this that it is perhaps superfluous to submit each month a report on the actions taken on these proposals. That may be true, but I am nevertheless inclined to think if we have been asked for our opinion on, say, twenty different subjects and if you have agreed with our views on eighteen of them and have not accepted our proposed modifications concerning the other two, one cannot say that there is nothing at all to be said. If you spoke for no more than a few seconds in order to inform us of the Commission's opinion, that too would be welcomed by the Parliament since it would show that the Commission had listened to our views.

In my view, therefore, it is symbolically important for us to review the situation every month.

I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, I wish to thank you for your statements and assure you that you will be kept regularly informed whenever Parliament proposes amendments.

15. *European foreign policy and defence questions*

President. — The next item on the agenda is a debate on the report drawn up by Lord Gladwyn, on behalf of the Political Affairs Committee, on the effects of a European foreign policy on defence questions (Doc. 429/74).

I call Lord Gladwyn.

Lord Gladwyn, rapporteur. — I am indeed sorry that, on this important occasion of a meeting of the Assembly, the Continent should once again have been isolated. Looking round the Assembly, it seems as if there may have been a fog in Rome, too. I am very sorry, therefore, that only

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a very limited number of members can turn up. There will be very few British Labour members and practically no British Conservatives at all, as far as I can see, but we cannot help that. It is in the nature of things.

I hope that I am interpreting the feelings of this House correctly when I say that, with the exception of the Communist Group, there is probably no great opposition to the draft resolution in front of it today as such, but that some members feel either that the moment for discussing it is inopportune or premature, or that it is not right, as things are, for the European Parliament to discuss matters affecting defence or security at all. Therefore, I propose to say why what I believe is a substantial majority in the Political Affairs Committee, at any rate, holds that such misgivings, though quite comprehensible, are unfounded.

As regards inopportunity, therefore, I simply point out that seven of the nine governments represented in the Conference of Foreign Ministers have recently decided in principle to establish an independent Armaments Procurement Agency—which is, of course, also the principal recommendation of the resolution now under discussion—and that three of these governments were represented, after all, by Socialist Ministers. Yet another government represented on the Council of Foreign Ministers appears to be contemplating associating itself in some way with the Agency on certain conditions. If, therefore, there are members of this Parliament who still feel that a discussion of much the same proposal by Parliament might somehow endanger the East-West *détente* in the follow-up of Helsinki, they must presumably be more apprehensive on this score than their colleagues in the governments concerned, and perhaps they are. We shall see.

But, my dear colleagues, there is really no possibility that public discussion of a totally unaggressive and practical proposal, designed solely to constitute in a few years' time a more effective defensive system in Europe, at less cost and probably with fewer men, could cause any legitimate alarm anywhere.

The Soviet Union is a country bristling with armaments—with superiority in most, if not all—and consequently in no danger of attack by the West. If it does not wish the West to be in any position to defend itself, its intentions must be sinister indeed.

Nor is there any reason to suppose that such a project would adversely affect any agreement on mutual and balanced force reductions. On the contrary, a streamlining or harmonization of Western armaments would be perfectly con-

sonant with proposals for considerable mutual reductions both in men and in certain existing armaments.

It is admittedly true that the Soviet Government may not welcome any proposal tending towards greater unity among the members of the European Community. Thus if, as may be hoped, the rationalization of the production of certain modern and purely defensive conventional armaments, necessary if the Community is to be defended at all, leads towards a common industrial policy, it may well not be agreeable to Moscow. Indeed, it is no doubt this apprehension which is responsible for the present great Communist agitation in favour of purely national defence arrangements. But that is surely no reason why members of the European Parliament should reject the proposal to establish an Armaments Procurement Agency—unless, indeed, as may be the case, some of them do not favour any progress towards a European political union.

I now turn for a moment to the feeling that, whatever the governments may do, the European Parliament should never discuss matters affecting defence, or at any rate should not do so until European Union is an accomplished fact. I suggest that this sentiment does not take into account the fact that for some years now the European Parliament has considered and debated not only matters coming within the sphere of the Treaty of Rome but also matters not covered by that Treaty, and notably, of course, foreign affairs. As is pointed out in the first of the introductory paragraphs of this resolution, as long ago as April 1973 Parliament itself decided that foreign affairs cannot in effect be dissociated from defence and security policy. Now that seven and possibly eight of the nine Ministers concerned have demonstrated by their action that such is the case, there can clearly be nothing wrong in a discussion of such a proposal in the Parliament. How can there be?

Neither is it as if such action were in any way prejudicial to NATO or the Alliance. On the contrary, it is clear that the latest decision of the Eurogroup to recommend the establishment of an independent Armaments Procurement Agency is approved in all circles connected with the Alliance. If it is still argued that WEU is the proper sphere in which such an agency should function, there is nothing in the present resolution which suggests that the Ministers should not so proceed if they so desire, though it seems unlikely that they will, if only because of the effect of such action on the Davignon procedure. Nobody in any case will call in question the continuing validity of the

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operative clause—the *casus foederis*—, to say nothing of the protocols of the modified Treaty of Brussels.

I have, I hope, in this brief introduction succeeded in allaying the fears of some of my colleagues that our discussion of the resolution this afternoon will have unfortunate results. I now approach the positive advantages that might be supposed to stem from its approval by Parliament. Chief among them would presumably be the encouragement which the Ministers might derive from the knowledge that their recent actions—or at least the actions of seven of them—had the approval of a body which is perhaps more representative than any other of public opinion in the Community.

There is no doubt that all those who have made a serious study of the problem of the defence of Western Europe within the framework of the North Atlantic Alliance are convinced that the existing extraordinary diversity of conventional armaments employed by the various members of the Alliance is a source at once of enormous weakness and of a totally unnecessary expenditure. Some have even calculated that if we were able to pool our research and development in respect of the manufacture of the necessary conventional armaments—including, of course, aircraft—we might make an annual saving of no less than £3 000 million.

There is also the evident fact that if such a common effort really got under way—even to a limited extent—it could spark off a move towards a much needed common industrial policy; and this, as we well know, has recently been recognized by the Commission. Few things indeed would be better calculated to beat the present recession, and thus to diminish unemployment, than a commonly agreed programme for the production of standardized conventional weapons of all sorts. And if we are to have a common industrial policy—this is perhaps a dream—why should it not eventually be financed to some extent by the Common Fund in the same way as the agricultural policy is financed today? All such prospects are surely very much within the proper sphere of activity of this Assembly.

But first there must obviously be a collective will, a common policy and a common plan. There must, for instance, eventually be agreement on what weapons are in fact necessary for the defence of Western Europe in 10 years' time, which could most suitably be produced in Community countries and no doubt sold to America, who would best produce what, and whether there should be any machinery for taking day-to-day decisions, allocating contracts and so on.

In other words, there must be a completely new attitude on the part of the governments concerned towards European defence within the Alliance, or a new philosophy, if one prefers that word. This is what Parliament would, in effect, be urging on the Ministers as an objective if the draft resolution is passed today. The Ministers may admittedly not have reached that point as yet, but I suggest that it is up to this Parliament to give the necessary impetus.

I mentioned the governments concerned. Nobody in this Assembly wants to institute or recommend any particular hegemony within the Community, but it must be clear that such a new system can come about only if there is agreement between the four larger members that the effort is both necessary and feasible and if they are then associated with the Benelux countries in a detailed production programme.

That leaves two countries which may or may not want to join in the exercise but which will presumably not wish to prevent the others from going ahead if that is what they want to do. There is, after all, no veto operating in the Council of Foreign Ministers, if that should indeed be the body with ultimate authority, as the draft resolution in effect suggests. It is not, however, as if the intention was to establish some kind of European Defence Community, complete with an integrated communal structure on the lines of that which was rejected some 21 years ago. Something like that may eventually come about when and if there is a full political union. But the present proposal is only one for a collective effort by existing national States in their own obvious interests. It is thus based not so much on ideology as on common sense.

Just glance at the document. Few could quarrel with what is said on the first page in paragraphs (a), (b), (c) and (d), nor, for that matter, with the sad statement of fact in the succeeding paragraph. Nor, indeed, with the next: any grave imbalance could obviously have a deplorable effect on East-West relations if only by a lowering of the nuclear threshold.

Some, I imagine, may question the next paragraph, which speaks of a specifically European effort, but if they do, they will be running counter to all the informed expert opinion, whether in Europe or in the United States. There follows a paragraph that is surely very topical in view of a certain unrest which seems to be affecting young men called to the colours and the need to persuade them that their service is both meaningful and useful. The background of the remaining two paragraphs has already been explained.

Lord Gladwyn

So I come to the very short operative paragraphs, which will, I think, be modified by some amendments which will be circulated shortly and which are designed to bring the resolution up to date in the light of latest developments. If Parliament should approve them, it simply means that, in its view, any independent Armaments Procurement Agency which the Ministers may decide to set up should be organized in the general context of the so-called Davignon procedure, with a proviso that any Government which does not want to be associated with it should have the possibility of opting out. Why not? If the Agency is to be successful, it must operate on some kind of political directives. That could hardly be denied. And who could issue such directives apart from the Ministers? If it is all just left to the experts, they will simply, as in the past, spend their time quarrelling amongst themselves.

With those few introductory thoughts, I await the verdict of my colleagues on a resolution which cannot possibly do any harm and which may have a considerable effect on the promotion of that European unity which all of us have so much at heart. Whatever the motives, I fear that a vote cast against it will undoubtedly be interpreted as a vote cast against such unity.

(Applause from the right and from the centre)

President. — I call Sir Geoffrey de Freitas to speak on behalf of the Socialist Group.

Sir Geoffrey de Freitas. — The Socialist Group has considered this matter most carefully, and on balance we have decided to ask the House to reject the resolution. Lord Gladwyn referred to its not doing much harm. We do not say that it will do much harm. It is not because of that that we have decided on our course. It is because, firstly, it involves us in yet another field of activity when we already have more than enough to do, and also because its chief recommendation has been overtaken by events.

I am very sorry to have to oppose Lord Gladwyn's last major contribution to the work of this Parliament. I say so because outside this House, in Britain and in the pro-European organizations, we have for many years been comrades in arms. If he does not like the use of the word 'comrades', I will say that we have been fellow-soldiers in this struggle.

I became a member of this Parliament in July. Since then I have attended meetings of the Bureau, specialist committees, the political group and, of course, the Parliament. Everywhere I have met the same problem: lack of time for this Parliament to do justice to the tasks with which it has been charged. Even if I accepted Lord

Gladwyn's assumptions, I could not agree that we should involve ourselves in yet another field of activities.

It is not as if there is no international parliamentary body to debate the problems of the defence of our countries. There is the North Atlantic Assembly. It has members from all the European NATO countries which have elected Parliaments. They debate together with parliamentarians from Canada and the United States.

Owing to fog there are only three out of the 36 members of the British delegation here, so I shall risk adapting a somewhat hackneyed English saying and claim that to debate European defence without United States senators and representatives is like playing Shakespeare's 'Hamlet' without the Prince of Denmark.

The North Atlantic Assembly has been held every year since 1955. It has no real powers but it has considerable influence. Every year at least one Head of Government speaks to it and is questioned, and every year the Secretary-General of NATO and the military commander speak and are questioned.

Lord Gladwyn's initiative inevitably takes no account of the present favourable trends in NATO politically, economically and militarily. At this time there is a real chance of bringing France back into Western defence. First, politically: last month the French Government made a most encouraging response to proposals which would allow France to cooperate with the rest of us without actually joining the Eurogroup. Secondly, economically and militarily: whatever the immediate results of the last meeting of the North Atlantic Council, the long-term result is likely to be a more balanced arms trade between Europe and the United States. The present ratio is ten to one in the Americans' favour, but the new independent programme group may well result in arms standardization, saving many millions of pounds.

We must not risk confusing the issue by a new initiative on this subject. The fact is that we have more than enough to do, considering our peoples' standard and quality of living. We do not yet even have specialist committees in this Parliament covering the whole scope of trade and industry, which are our direct concern.

When we in Britain voted to stay in the Community—and I am told that it was the same in Denmark—we were thinking of this Parliament's increasing involvement in the economic affairs of the Community—the standard and quality of living, for example. We were not thinking of defence, which is not mentioned in the Treaty of Rome.

de Freitas

On July 15 the British Prime Minister made it clear in the House of Commons that his Government did not regard the Community as having—these were his words—a defence capability. This is also the view of some other governments. It is also the view of my Netherlands colleagues and others in my group. There are, however, yet others who feel that we should be able to debate defence because it often directly leads to economic problems, involving employment and various other social problems.

On the whole principle of this House suggesting defence organizations to our governments, however, I certainly do not foresee a time when I would agree to any European defence structure unless it were established, like the Eurogroup, on the initiative of members of the North Atlantic Alliance. The initiative must come from them.

I was a very junior Minister in a Defence Department at the time when NATO was negotiated, but I remember very well from what I learnt that we should never take for granted the involvement of the United States in the defence of Europe.

This debate must also be seen in the context of the move towards direct elections to the European Parliament. At this time, we must take account of what worries the ordinary citizen. I want a strong European Parliament, but it can be built only on popular support.

From time to time, the Westminster Parliament is referred to as the Mother of Parliaments. But, you know, when John Bright in the sixties of the last century first used the phrase 'Mother of Parliaments' he was not referring to our Parliament, he was referring to our country. He said, 'England is the mother of Parliaments'. In the absence, through fog, of my Scottish Nationalist colleague, I interpret that to mean that he attributed to the people of Britain the creation of Parliaments all over the world, but it was the people. This was the perspective of John Bright because there was little electoral democracy in his day.

Today, if we seek to create a truly European Parliament, it must be built on the support of the people of our European Community. It is not enough for Members of Parliament to agree that a European Parliament is a good idea. If we are to carry the people with us, we must convince them that we are trying to use this Parliament well; for example, that we are trying to tackle the various economic and financial problems that we have. We Members of Parliament know that we are trying to tackle these various problems, but my constituents have yet to be convinced. Just when we should be con-

centrating on improving the working of our Parliament and of the institutions of our Community, I submit it could only confuse the people if we appeared to be dashing off into a new sphere of activity instead of concentrating on improving our own machinery.

Let us put our own House in order first. We have a lot to do. Let us concentrate on doing it even better.

(Applause from the left)

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

Mr Klepsch. — *(D)* Mr President, ladies and gentlemen, I shall begin by thanking Lord Gladwyn most warmly for his report. He has been dealing with this matter for quite some time now in the various responsible bodies of our Parliament and has shown extraordinary persistence, skill and willingness to reach compromises. We are glad that he is now able to present his report to us today.

His report has been discussed very thoroughly and at great length. As long ago as 10 May 1973 the President of the European Parliament instructed the Political Affairs Committee to present a report on the effects of a European foreign policy on defence questions. Since that time, the Political Affairs Committee has considered this report with quite unusual thoroughness at a series of meetings.

I realize that we had to come a long way before the resolution and report could be submitted to us today. We owe our success to Lord Gladwyn who acted as a driving force in pushing the matter forward; he spared no effort to bring his report to a successful conclusion, and I am most grateful to him for doing so.

Ladies and gentlemen, this report considers the relationship between foreign policy and defence policy. This subject was already dealt with by our Parliament when it debated the Bertrand report and its attitude to political union. I clearly remember that the rapporteur, Mr Alfred Bertrand, then felt that we need not make separate reference to security policy as this House considered it to be an essential component of any foreign policy. The Socialist Group, however, was instrumental in requesting the addition of security to the list of tasks of a political union. This House endorsed their position by a large majority at that time, and we maintain that view today.

I am therefore rather surprised that in his speech the Socialist Group spokesman tried above all to explain why the British Socialists

Klepsch

consider this resolution inappropriate. It was precisely for that reason that I reminded you that this House—at the specific request of the Socialist Group—included defence policy as a necessary and integral part of the tasks of a European political union.

In the context of the increasingly close foreign policy cooperation between the Nine it has always been clear that there can be no distinction between foreign policy and defence policy questions. This was confirmed by the Helsinki security conference where the Nine were unable to confine themselves to consideration of economic and commercial policy questions but considered it perfectly logical that a common approach to foreign and defence policy had been arrived at. I remember that all the groups—Mr Radoux was the spokesman for the Socialist Group at the time—endorsed this view. I am therefore pleased to see that the tender plant, if I may put it like that, which began to grow in the Council, is now being given support in a specific direction today by our Assembly.

There is perhaps no need for me to explain how the Gladwyn report has become exceedingly topical—due to a pure chance, namely, the fact that the Socialist Group had asked for a decision on it to be postponed for two months—because other bodies also have since looked at the subject and reached similar conclusions to Lord Gladwyn.

In my view his work has proved altogether justified, precisely because numerous other bodies have drawn exactly the same conclusions.

Allow me first of all to draw your attention to a few aspects which my group believes require consideration here. The economic and budgetary aspects deserves a special emphasis. If the European Community is to develop further as an economic Community, there is no doubt that we—especially in this House—should welcome every opportunity of putting an end to ruinous competition between individual Member States in key areas of economic production. It is vitally important, both for the individual Community countries and for the Community as a whole, for appropriate cooperation to be established in the huge key sector of the armaments industry.

Let us be quite clear about it: technical developments in many areas that have nothing whatever to do with armaments have stemmed from scientific and technical progress in this sector, and in the further development of our economic capability and industrial capacity we must remain competitive in this sector with the United States, the Soviet Union and other major producers, because the knowledge gained from

research here has an enormous spin-off effect on the other branches of the economy.

I believe it is particularly important to recognize that Lord Gladwyn's report provides an impetus for the Member States of the Nine to work towards closer cooperation and harmonization of their capacities in this area. This will certainly be a spur to the process of economic integration of the Community. I do not think it is ideal to exclude certain sectors which are central to economic development from this integration in the Community and from cooperation among the Nine. From that angle I particularly welcome Lord Gladwyn's report.

I should like to look now at a second aspect. All development of our Community depends on us finding a solution to our budgetary problems and using our available resources as rationally and expediently as possible. I must say that the budgetary burden would be reduced very greatly—now and in the future—if we were to arrive at close cooperation and rationalization, perhaps even standardization or at least interchangeability of the equipment produced in the defence sector. This would enable us to compensate by rational management for the extraordinary rise in defence expenditure and raise our present level of economic development.

I believe then that this subject is extraordinarily important to us from the budgetary angle too. I was surprised by Sir Geoffrey de Freitas' remarks when I consider that all the Community Ministers whose countries are members of NATO—this does not include the Irish Foreign Minister but certainly includes his British counterpart—have stressed the vital need for closer cooperation from the budgetary and economic aspect and to ensure the greater effectiveness of our armaments.

One final point: Sir Geoffrey de Freitas implied that there was really no need for us to consider defence. I agree that it is not for this Parliament to hold a defence debate today on the situation on the European continent; but you have all noted the clear statements on this matter by a number of bodies which are generally supported by all the parties represented here. You will have noted with regret—as indicated in the report by Peter Hill-Norton, chairman of the NATO Military Committee—that the Soviet Union is not yet willing to meet the commitment it gave at Helsinki in the area of security policy. You will also have noted with regret that no progress has been made at the SALT talks and in the negotiations on mutual balanced forces reductions, not even towards a compromise, despite the spectacular proposal made by

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NATO which, we hope, will get things moving again. In our view the decisive factor is that all prosperity and social security can only be safeguarded if we have an adequate foreign policy and an adequate defence policy.

Let me state it quite clearly: the anxious appeals for greater efforts to maintain the minimum balance in Europe are justified for the following reasons—I am quoting Mr Hill-Norton speaking at the end of the ministerial meeting, but I could equally well have quoted the words of one of the NATO defence ministers:

“We should not delude ourselves into thinking that the development noted in the spring is continuing. The Warsaw Pact has strengthened the striking power and number of its troops and weapons. There can be no doubt whatever that the countries of the Eastern bloc have built up forces which in their size and structure can only be intended for an offensive role; they cannot be seen as purely defensive forces.”

I do not wish to exaggerate, but the gravity of the situation outlined in these words must be seen in conjunction with the topics I have touched on. It must be recognized that our economic strength, with the best will in the world, will not be sufficient unless we achieve a greater degree of cooperation. I would be very sorry indeed—and I hope Sir Geoffrey de Freitas will take note—if the European Community were to isolate this essential sector from the closer cooperation and integration of the economies of the Nine and leave responsibility for it to some other body outside the Community. To my mind this is vitally important to the further development of economic union and political union.

I therefore appeal to those colleagues in the Socialist Group, who viewed this matter differently, from Sir Geoffrey de Freitas when the Bertrand report was adopted, to consider whether they could vote in favour of this motion for a resolution.

In closing, let me point out that this report is of course a compromise because we wanted as far as possible to take the wishes of the Socialist Group into account as well. I am therefore all the more sorry that the many efforts made on all sides to bring about such a compromise have evidently not been successful.

My group believes that it is high time for this Parliament to indicate its views on this problem so as not to hold up possible developments in Europe. We must make our voice heard at a time when others are giving intensive consideration to this problem which concerns us directly. I therefore hope that the report will not, as Sir Geoffrey de Freitas has suggested, be referred

back to the Political Affairs Committee whose twelve previous valuable meetings would then have to be followed by others.

We should like this resolution to be seen as a beginning on which to build, a positive contribution and a statement of Parliament's views for the attention of the Heads of Government and others, and we hope that all our future undertakings will aim at further consolidation of the unity of Europe.

(Applause from the Right and Centre)

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

Mr Krall. — *(D)* Mr President, ladies and gentlemen, at its meeting last week in Paris, the Liberal Group examined Lord Gladwyn's report in great detail. May I take this opportunity to thank him again on behalf of my group for his outstanding work in drafting this report. The report is based on a great deal of far-reaching—I would almost go so far as to say scientific—research, the results of which are set out in Lord Gladwyn's other writings from the early fifties onwards, in which he traces the development of a possible European common security policy.

I think it was a wise decision of the Bureau to place Lord Gladwyn's report on the agenda of this part-session. Parliament thus has the great opportunity of making its own political contribution, immediately after the NATO ministerial meeting, to the results and decisions of that meeting, for the benefit of European public opinion.

In recent months, weeks and days, some of the leading political figures in this Community have indicated their views on a possible common European security policy for the future. For example, a few months ago in a television interview the French President described a common security policy as a conceivable aim of the Community in the long term. Only a few days ago the former German Chancellor and leader of the SPD stated in an interview that he agreed with further European integration in the defence sector; this would lead to lower costs and also fitted in with the aim of harmonizing foreign policy. Mr Brandt concedes, however, that even united European armed forces could not dispense with American aid either now or in the foreseeable future.

The present President of the German Federal Republic, Walter Scheel, recently stated to the German press that he hoped to see integrated European armed forces at the end of a process of European development.

Krall

If I may quote a minister of another EEC country, the Netherlands Defence Minister stated on 22 November 1975, in a speech in Maastricht, that at the very least democratic control of military cooperation in the Community was necessary and possible.

In his view Europe had lost a great opportunity with the failure in 1954 of the European defence Community proposed by René Pleven, the former chairman of the Liberal Group in the European Parliament.

I could continue with the quotations but shall not do so. What are we concerned with today? There is certainly no question, Sir Geoffrey de Freitas, of giving this Parliament new powers in the defence policy sector, and I must admit that I am unable to follow your arguments.

They clearly contradict many resolutions adopted by the North Atlantic Assembly in Copenhagen this year and at previous meetings. The report of the Nine and all the other relevant documents call for coordination in the armaments policy sector within Europe and the North Atlantic Alliance. I am therefore very sorry indeed that the Socialist Group is unable to approve this report, as I am aware that my Social-Democratic colleagues in the North Atlantic Assembly have repeatedly and specifically advocated such cooperation.

What are we concerned with today? Certainly not with debating, let alone deciding on, an integrated defence policy in the Community. That is unrealistic because it would not be possible without abandoning certain national sovereign rights. This Parliament has very clearly indicated its support for Europe and for political union in the Bertrand report, and Mr Klepsch has also drawn attention to this fact. I would remind you that point 3 of the resolution on European union accompanying the Bertrand report states that:

The powers and responsibilities of the Union must be progressively extended having regard to the essential interests of the Member States, in particular:

- a) foreign policy
- b) security policy
- etc...

In the debate on Mr Bertrand's report we made it perfectly plain that parallel with progress in the economic and monetary policy sectors, our foreign policy and security policy must be developed with a view to endowing the Community with powers in those areas in the future. I imagine that most of my colleagues will agree that the Defence Minister will be the last minister to be appointed in the Community and that

his actions will be controlled by this Parliament which must be given appropriate powers.

On behalf of my group I wish to state that the time has come, following the Brussels conference, to set the wheels in motion. We must recognize that the time is now favourable. We therefore support the efforts of our national ministers and parliaments to cooperate more closely in the defence sector. I should like to say a few words explaining why this cooperation is necessary.

We should make a clear commitment to cooperate in the defence sector for two reasons: firstly, because foreign policy and security policy belong together and secondly because there can be no policy of detente without a credible security policy. In addition the overall economic situation of the Community makes closer cooperation in this area essential.

In this connection I should particularly like to express the gratitude of my group to the French government for its indication that it would be willing to participate outside the Euro-group in an independent programme group instructed by the Council of Ministers to undertake efforts to achieve coordination and standardization.

The German Defence Minister, Mr Leber, has repeatedly stated in our national parliament that he would do everything in his power to bring the parties concerned together round a table which need not necessarily be the table of the Euro-group but could take any other form. Ladies and gentlemen, we Liberals consider it particularly important to know in which house or room the table at which these matters are discussed is situated. We shall not evade our responsibility. We want to see this table set up in the house of the European Community so that the responsibility for this problem in the future is clearly defined. I am able to say that we are making this declaration with the agreement of the French colleagues in my group.

Allow me to conclude, ladies and gentlemen, by drawing your attention briefly to the many instances in which cooperation has been prevented in the past. In recent months and years we have taken many decisions in the national parliaments of the European section of NATO on the introduction of new weapon systems. Regrettably the rule has been for bilateral agreements to be reached, multinational accords being the exception.

Let me remind you of some of these systems. The "Roland" ground to air missile is being developed by the Federal Republic of Germany and France. The "Milan" anti-tank missile is also being developed between those two coun-

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tries, the type "162" naval vessel between the Federal Republic of Germany, the USA and Italy, the field howitzer "155-1" between Great Britain, the Federal Republic and Italy, the MRCA between the same three countries and the Alpha-Jet between the Federal Republic and France.

The list could be extended to show how our inability to decide on joint research, development and production has prevented us from keeping the system costs low and obtaining less expensive systems; it has also closed the door on improved logistics, better infrastructures, more rational spare parts procurement and a reduction in operating and training costs.

If European security policy is to be credible and effective within the framework of the Atlantic Alliance, cooperation in the armaments sector is vital. Lord Gladwyn's report stresses the readiness of our Parliament to lend political support to this aim. On behalf of my group, I wish to express our support for Lord Gladwyn's report.

(Applause from the right and centre)

IN THE CHAIR: MR SANTER*Vice-President*

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

Mr Kaspereit. — *(F)* Mr President, ladies and gentlemen, we are bound to admit that the question of the defence of Western Europe has remained topical ever since the end of the second world war.

As to the question under discussion today—I am sorry, as I am sure Lord Gladwyn will agree, that we are not holding a far wider debate on such an important topic—and which will become increasingly pressing as we advance towards European union, the basic need is to decide what kind of defence we want and for what kind of Europe.

The alliances linking us together today were concluded in the years immediately following the second world war: the Treaty of Dunkerque signed between France and Britain in 1947, the Brussels Treaty of 1948 between France, Britain and the Benelux countries, the North Atlantic Treaty of 1949 initially involving the United States, Canada, Belgium, Denmark, France, Iceland, Italy, Luxembourg, the Netherlands, Norway, Portugal and the United Kingdom and

subsequently extended to Greece, Turkey and the Federal Republic of Germany.

France, as we all know, withdrew from NATO in 1966 and let us not forget that Greece did the same in 1974. The Paris agreements of 1954 were intended to amend the Brussels Treaty by setting up the Western European Union to which the Federal Republic and Italy also belonged. At that time the basic need was to defend free Europe against the Soviet threat.

Through NATO, the military organization established under the North Atlantic Treaty, Europe enjoyed the benefit of the American nuclear 'umbrella'. Let us not forget that the Western European Union was later to seal its own fate by transferring its military responsibilities to NATO. The failure of the European Defence Community in 1954 showed that the conditions for integration did not exist.

The economic revival of Europe and the possession by Great Britain and later France of the nuclear weapon cast doubts again on an order of things which seemed well established. Faced with the United States' refusal to share responsibilities within the Alliance, France had only two options open to it: either to integrate its nuclear force within NATO under the American command, or withdraw from the military organization of the North Atlantic Treaty which it did in 1966.

Mr President, I wanted to recall these few features of recent history—which are often forgotten—because it seems to me that the situation today makes it essential for us to remember them. Our Assembly has in fact no competence to debate defence matters because they do not fall within the province of the Treaties establishing the Communities. But let us not forget that there is the prospect of the achievement of a European Union in the 1980s. It is therefore quite right for us to look at these questions.

Clearly a political union cannot disregard defence policy. The question I am asking myself today and which I also put to you, is whether in 1980 or afterwards the European Union will follow the example of the Western European Union and hand over its military responsibilities to NATO—whether the Community of Nine after asserting its economic presence will leave its defence to others. For my part my mind is not at ease.

How could I not have doubts when in the WEU Assembly which, despite the transfer of its military responsibilities to NATO, remains the only exclusively European defence organization, we hear numerous and repeated professions of

Kaspereit

Atlanticist faith. My group has never wanted to build Europe against the United States. There has never been any question either of building Europe without the USA. On the contrary we wish to create a united Europe sharing responsibilities with the United States on an equal footing. We all know that the United States have always rejected the idea of partnership. That then is the first problem confronting us, and it is a political problem.

The proposal to set up an armaments procurement agency set down in the text now before us also warrants some comment.

If the aim is to establish a European coordinating organization for the 'interoperability' of weapons to seek agreements leading to the manufacture of equipment on a joint basis, as defined by the respective governments and not by a Community body, then I think our reply can be an unreserved yes.

But I firmly believe that there can be no standardization of production or standardization of weapons procurement as this might jeopardize the national armaments industries which exist in a number of Community Member States.

Similarly this new agency, if it is set up, must not be merged into the NATO Euro-group or work to such an extent in parallel with the latter that intolerable confusion might result.

In my country, our confidence in our European partners has been somewhat shaken in this area since the famous affair, with which you are all familiar, of the replacement of the F 104 aircraft in four Community countries. For obvious reasons the United States cannot abandon its right to define its defence policy or even to employ sophisticated weapons systems, with which they are so strongly equipped.

Under these conditions are we then resolved to give Europe a fundamental role in the manufacture of armaments, a role which would be quite other than that of a sub-contractor, the position to which we seem liable to be relegated?

Here, Mr President, is a second problem—again a political one. In some quarters a European defence based on the French and British nuclear forces has been envisaged. Here again, I cannot believe for one moment that the United States would renounce their 'grip' on the British nuclear force. And if they did, a corollary would certainly be the withdrawal of American forces stationed in Europe, which would no doubt create an outcry among the members of our Community.

Here, ladies and gentlemen, is a third problem—again political.

In conclusion, Mr President, I wish to state on behalf of my colleagues in the Group of European Progressive Democrats—and this is a feeling which is no doubt shared by others—that I cannot be entirely sanguine for the present about the likelihood of an independent defence system for Europe. You all know that my group wants no part in a second-line Europe, because military dependence necessarily leads to political dependence and in turn to economic dependence.

Above all we must safeguard the component parts of any independent defence system, beginning with our European armaments industries and key technologies, without which—in the absence of the necessary infrastructures—it will be impossible to build this defence system when the necessary conditions are eventually met.

We must begin at once, after clearly defining our objectives, to intensify consultations at Community level, to extend them to the defence sector and to study the conditions for a European nuclear guarantee. For our part we want this to be done. It is not too early to make a start, but it might soon be too late.

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

Mr Jakobsen. — (DK) Mr President, I shall begin by expressing regret that my Group has no English member present to thank Lord Gladwyn today. I know that a more high-ranking English member of the European Conservative Group would be better able to give Lord Gladwyn the praise he deserves for all the work he has done for so many years, especially on this report.

Lord Gladwyn himself suggested that the report should be judged on the basis of the good it does and possibly the harm it does. I for my part do not see how much we can accomplish as regards defence techniques. Developments themselves are however clear proof of how right Lord Gladwyn is.

I regard Lord Gladwyn's report and our discussion of it however as a contribution to what is called psychological defence and I should like to support what Sir Geoffrey de Freitas said as spokesman for the Socialist Group. I might even dare to use the expression 'my comrade' in this case. I in any case will gladly accept the description if Sir Geoffrey de Freitas will use it. There has been a lot of, contact between us.

Sir Geoffrey de Freitas spoke of our relationship to the electorate. We cannot disagree with

Jakobsen

him especially on this question. When all is said and done, we are elected to be political leaders, and leaders do not just follow the votes of the population. They also contradict the electorate if they feel that it is heading in a dangerous direction. I am afraid that many electors in Great Britain, Denmark and elsewhere are about to lose themselves in the feeling that now everything is progressing very smoothly as far as foreign policy is concerned. I firmly believe that the task of Parliament is to discuss defence and to discuss it in such a way that we clearly reject any compromise and any superficial view of the subject.

My comrade, Sir Geoffrey de Freitas, asked whether we had time. I have sometimes asked the same question too, especially every time the Socialist Group put forward motions for resolutions on which we had to discuss the internal political affairs of every country in the world. I wondered whether we really had time for that. I feel however that when it comes to a question such as this, which is at the heart of the domestic policy of each of our countries—and it is—then we must find the time.

As several members have stated, the situation is as serious as it has ever been. I have here a photocopy of the Times of 11 December in which the NATO Ministers expressed serious concern at the strength of the Warsaw Pact. Allow me to quote:

‘The final communiqué noted the “increasing firepower, mobility and armoured strength of Warsaw Pact forces and their formidable capability in such areas as tactical nuclear, chemical and electronic warfare”.

The growth and worldwide deployment of the Russian navy had included the introduction into service of large numbers of nuclear-propelled attack and missile-carrying submarines.’

That is the background to which we are holding this discussion. Parliament certainly has reason for discussing defence in this situation.

The Helsinki Agreement is often quoted. The only dangerous thing about it—otherwise it has many advantages—is if it is used as a pretext for those people in our countries who would prefer our defence expenditure to be as low as possible.

I should also like to remind you that when we assess the report we must bear in mind that the same system exists in Russia, and the people in power in Russia have the same objectives they have always had.

Allow me to quote—I think it is also from The Times—what Dr Kissinger said at the meeting in Brussels:

‘Mr Kissinger accused the Russians of stepping far beyond their normal area of interest and said that the international balance of power must be maintained.’

He made that statement in connection with Soviet intervention in Angola and it shows that conditions today are not so very different from what they were when NATO was created.

And to stress that the people are the same, may I just finally quote a man who does not talk as a politician and does not have the opportunity to do so, Sakharov. When he received the Nobel Prize he said:

‘There has been absolutely no real improvement in the direction of more human-rights freedom in the Soviet Union... In fact, in some cases, attempts on the part of hard-liners can be noted to give the screw another turn.’

He is not talking about defence policy, but about developments in the Soviet Union.

This Assembly of European politicians must therefore continue to keep a watchful eye on developments that mean so much for our countries.

As we have said, we in this Parliament naturally hope that all the views put forward during the talks and negotiations in Helsinki will become reality. But all those who have experience of cooperation and agreements with the Soviet Union know that an agreement with it only becomes reality if there is force behind it. Those in power in Russia never give up anything willingly; they only give something up when they know they are forced to do so. This Assembly wants peace in the world we live in; this Assembly is concerned with peace and we know that the prerequisite for peace and, in short development is a strong enough defence.

I do not for a minute believe that anyone in the Soviet Union would regard closer cooperation on defence policy between the European countries as a hostile act. And even if they do, we cannot be more hostile than we have to be in so many areas, simply because that is how we are and it is our duty to be so.

I would be more wary of the USA reaction to our efforts. As has been said several times, none of us—and my Group naturally least of all—wants closer cooperation between our countries to antagonize the USA or make it feel that the American contribution is less necessary. We obviously want to maintain cooperation with the USA and Canada. But no doubt there are many Americans who have sometimes felt it would be marvellous if Europe could adopt a concerted approach to the question with greater strength, greater logic and greater consistency.

Jakobsen

I believe that Lord Gladwyn has touched on something very important in his report. I welcome the fact that we today have the opportunity to discuss it, and when Lord Gladwyn can no longer take part in discussions here he should know that we will think with gratitude of the strength with which he has brought this discussion to such a successful conclusion.

(Applause from the right and from the centre)

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

Mr Fabbrini. — *(I)* Mr President, I do not like to have to speak on such a delicate matter without having had the opportunity of following in committee the discussions which led up to the drafting of this resolution. On the other hand, precisely because the matter is so delicate, my group wished to make its position known: unfortunately difficulties of a technical and political nature have prevented some of my colleagues, who followed the work in committee, from attending today's sitting, although they could have spoken with a fuller knowledge of the facts.

I note with satisfaction that, contrary to the rapporteur's belief, we are not alone in opposing this resolution: the Socialist Group, although partly for reasons different from our own, has also declared its opposition to it.

We are opposed for two principal reasons: above all because we believe that it is not appropriate to discuss a problem of this kind in this Parliament today—not only because, as has already been pointed out, it does not have the necessary powers, but also because of the political difficulties the Community is experiencing today in view of the general economic situation and all the problems it brings with it.

The other reason is one of substance. If my information is correct, and it is drawn partly from a note on this subject, this resolution has caused a great deal of concern. Many colleagues have declared themselves unwilling to debate it and opposed to its substance, and even those who have not lodged objections have, if I am not mistaken, expressed their concern, that a resolution of this kind may not gain a broad majority in Parliament. Others have said—as the rapporteur pointed out—that this resolution was premature while still others have indicated their concern for a variety of reasons, such as that adoption of this line might strengthen in the individual Member States—and particularly in Britain—the opposition which is still strong to the policies of the European Economic Community.

For these reasons too it would have been more appropriate if the Political Affairs Committee had not placed this document before the Assembly today. However, the document is now before us, I am happy to know that we are not the only members to be opposed to it and that our colleagues in the Socialist Group agree with us.

I wish now to make three very brief points. The first—to which I have already referred—is that to raise a matter such as this today, at a time when the Community is unable to adopt a policy in sectors of vital importance to it and on which it seems objectively more easy to reach agreement between the Nine countries, to raise a matter such as this while other subjects are urgently awaiting consideration by the Community is tantamount—as has already happened with other aspects of Community policy—to avoiding the real issues by seeking to consider new topics.

The principal consideration which is not new, and our group has already referred to it during other political debates in this Chamber, is that by taking this path we should inevitably—this is in the nature of things—incur extremely high costs, which in our judgement are not warranted and could not be borne by the economies of the Community countries without making their citizens consent to enormous sacrifices. The cost would be terrible because it is impossible under modern conditions to conceive of a defence system which is not based on nuclear weapons—and on a large number of them. We reject this logic. We cannot initiate a strategy of this kind which would involve an increasingly high risk—to which I referred previously—of demanding enormous sacrifices from the people of the Community.

I say this above all because, in the view of our group, there is an alternative to the policy of rearmament; this alternative, as others have stressed, is the policy of detente. We have heard a great deal about the strength of the USSR and discussion as to whether the strength of the USSR or the Warsaw Pact countries is greater or less than that of the other bloc and whether or not the balance between the two blocs has been broken. Declarations of a more or less official character have been read out, but I believe that even if some of these declarations have been presented as indisputable truth, we could equally easily find declarations saying the contrary. I do not therefore think that the debate should be held on this level.

We must recognize the fact that the two blocs are more or less evenly balanced and that fortunately relations between the Soviet Union and the United States are good. The under-

Fabbrini

standing between them will, we hope, develop further. At the recent Helsinki conference a number of major problems were discussed.

It has been said that the commitments entered into have not been respected. Admitting that some of the Helsinki agreements have not been respected by all the parties and turning to more urgent matters to which our Parliament should give much more attention than it has done up to now, we might begin by seriously considering what practical action the Community could take to help to advance the process of detente initiated by the Helsinki agreements. These are the reasons for which we cannot support the resolution now before us. Rather than raising here the problem of a defence policy—that of integrated defence as it has been defined here—we should consider, as members of this Assembly, if we wish to use our energies rightly and fully, a different problem, that of deciding what the Community should do to advance the process which represents the direction in which all our efforts should tend.

Some will object that this is a problem of foreign policy while we are now debating the possibility of an integrated defence policy. But we all know that defence policy is necessarily subordinate to external policy. That is why we must—and I believe this is one of our real tasks—place emphasis on the external policy aspect because it is at this level that we can and must play an active and positive role in dealing with all the major problems in the world today.

President. — I call Mr Giraud, chairman of the Political Affairs Committee.

Mr Giraud. — (I) Mr President, in my capacity as chairman of the Political Affairs Committee, I wish to begin by expressing my thanks on two accounts. Firstly to the Bureau of Parliament for agreeing to the committee's request for Lord Gladwyn's resolution to be placed on the agenda of this part-session despite certain objections, in particular on the part of the Socialist Group, and secondly to Lord Gladwyn himself as the rapporteur on this occasion. I am particularly grateful to him for his tenacity and patience in the Political Affairs Committee. He was appointed rapporteur in May 1973 and the committee considered this subject at eight, nine or even ten successive meetings, giving rise to increasingly detailed discussion. This demonstrates the fact that our committee was well aware of the delicacy and complexity of this problem. Lord Gladwyn showed the necessary patience while at the same time managing to make progress in his work through his tenacity and great competence.

I would invite those colleagues who have not already done so to read the report accompanying the motion for a resolution; this report was submitted as long ago as 9 April 1974. It is an extremely interesting and comprehensive document which sets out a valuable historical analysis of the development in the post-war years of defence questions, indicating the bodies set up—as Mr Kaspereit recalled just now—since 1948-49 and going on to describe the present structures which are sometimes competitive and create to some extent an obstacle to the possible and necessary strategy of a constructive and effective nature that is required to give Europe a consistent role in the policy on its own defence. Lord Gladwyn has dealt with all these matters excellently, explaining and illustrating the questions at issue even if, having regard to all the reservations and doubts which have been expressed, he then reduced his report to the essential points which had to be made on this subject.

We cannot disregard the economic aspects of defence policy, as Mr Klepsch clearly stated in his speech. The nine Community countries are all directly concerned by the economic development of the Community and of its individual Member States; they have a direct interest in the balance of payments situation of those countries and in its improvement. We know to what extent defence weighs heavily on the budgets of the individual countries, and even then the funds made available for this purpose do not suffice to meet the growing demands. Lord Gladwyn has proposed an effort to make savings through cooperation between the Member States on the production and procurement of armaments.

All this appears to me perfectly logical and seems to comply with the purpose and objectives of our treaties. But I also think that the political aspects of the defence problem are potentially a matter for the Community (as stated in the Commission's report on European Union). If we establish a European Union one of its responsibilities will certainly be defence. Even today we can already speak to some extent of a potential responsibility since there is already political cooperation between the Community countries which has moved ahead from the stage of information and general cooperation on certain questions to effective and permanent diplomatic concertation.

Significant steps have been taken in this direction; we saw this at the Helsinki conference and at the meetings of the United Nations in recent months. We shall also be seeing the same trend at the North-South conference in Paris in the next few days. Despite the special situ-

Girardo

ation in which Britain was placed, a desire was shown by all the partners, including Britain, at the European Council in Rome to safeguard a united front in relations with third countries.

We thus see how cooperation is becoming closer in the area of external policy. It has been said—and I was pleased to hear Mr Fabbrini make this point—that defence policy is an integral part of foreign policy.

How can we speak of foreign policy without taking defence into account? We shall possibly be debating this question again the day after tomorrow following the report by the President-in-office of the Council on the activities in the past six months.

How can we disregard defence policy when we speak of Europe and of relations between Europe and other parts of the world?

I would remind in particular my Socialist colleagues, who are so preoccupied by this question, of Mr Brandt's observation that integration between the Community countries in the defence sector is both desirable and appropriate at the present time. We must face reality squarely and, while we want a policy of detente, we are bound to feel misgivings when that policy does not prevent the other party from strengthening the already substantial imbalance between the opposing forces in Europe. We cannot forget this.

In answer to the authoritative spokesman of the Socialist Group who said that we have too many tasks, that we shall soon be facing direct elections to the European Parliament and must have regard to the views of the citizens of Europe, I would say that in my view the citizens of Europe are disturbed about their own future and security and want the Community, which is beginning to be a political Community, to be capable of guaranteeing the security of Europe.

Elections to the European Parliament lead us to believe, in fact, that no one will be able to prevent the representatives of the people from taking an interest in and responsibility for all matters relating to the development and security of Europe.

We have approved Mr Bertrand's report on European Union in which reference was made to defence. We must be consistent and recognize that this subject, while it may not be one hundred per cent popular today, is already, in part, of immediate relevance. We must move forward towards European Union in the conviction that we shall achieve that end if we build the union day by day, argument by argument. It has

been said that there are other more urgent and vital problems with which our Parliament should concern itself but is defence not a vital issue?

In conclusion, I believe the Political Affairs Committee was right to persist in its consideration of this matter and that the rapporteur was well-advised to present his resolution. I hope that the Assembly will do its duty by adopting the resolution.

(Applause from the right and centre)

President. — I call Mr Guldberg.

Mr Guldberg. — *(DK)* Mr President, if I extend this debate by a few minutes it is not because I want to put forward any views that are not completely in agreement with what our Group spokesman, Mr Krall, has said, but because I feel it is only right that a Danish voice should be heard too.

Firstly, we must resist any taboo on discussing a question of political importance in this Parliament. Secondly, our Community has, despite its Treaty limitations, fortunately developed more and more into a political Community, perhaps conducted in other forms but with an increasing degree of agreement on foreign policy questions which we welcome and which we also know is a necessary prerequisite for maintaining and developing existing cooperation.

There is thus a logical and inseparable connection between the will to cooperate at European level in the Treaty and the will to cooperate on foreign policy and thus also security policy and defence policy common interests. It is the Community of Nine that defends the freedom and political systems of the population of the Nine.

On the other hand, there is the industrial aspect. It is clear that no highly developed modern industrial country in these times can bear the burden of all that is necessary for its own defence without in reality directly or indirectly accepting responsibility for most of it. Otherwise it will merely exceed its economic possibility and countries that are free to adopt another position would choose wrongly. But it is also a fact that the industrial aspect of defence normally depends on a high technical level and therefore requires considerable research effort and considerable industrial integration. If industrial economic cooperation is to be complete and logical, it must take the form of joint approval of defence products.

It is seldom that I have the opportunity to criticize the logic of a French colleague, but

Guldberg

Mr Kaspereit was not logical when he complained that there was not more cooperation on industrial responsibility for our defence tasks but nevertheless would not draw the consequence that such cooperation had to depend on a policy.

I see the meeting place between these two widely different aspects of our common security and defence policy interests as being somewhere around the so-called Eurogroup.

Whether it is to be the Eurogroup or something else certainly depends on the historical background of the different countries; but I regard it as a logical meeting place. Our Community is already and will increasingly be a foreign policy, security policy, and defence policy community on political grounds and the community we have in the industrial area will with the influence of our governments unavoidably include industrial cooperation on production for the protection of our own security. There is nothing horrible about it. Nor is there any reason for declaring the subject taboo.

(Applause from the right and from the centre)

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — *(D)* Mr President, ladies and gentlemen, I too do not wish to prolong this debate unnecessarily, but I have asked to speak for two reasons.

Like the previous speaker, Mr Guldberg, I wish to congratulate the rapporteur, Lord Gladwyn, most warmly on his report which he has at long last been able to put to the House. As Mr Klepsch said, we owe this to his tenacity. I wanted to speak in particular because for close on ten years in many European bodies, especially in the Western European Union and the North Atlantic Assembly, I have stood shoulder to shoulder with my old friend, Lord Gladwyn, in striving to achieve the very aims he has set out in his report. I am therefore sure that neither you, Mr President, nor Lord Gladwyn will be surprised to learn that I welcome this report and hope it will be adopted.

I agree with Lord Gladwyn—as I stated many years ago in the bodies I have just mentioned—that a European political union, the increasing integration of Europe, will not be possible in the absence of a common foreign policy and a common defence policy.

This involves, as indicated in Lord Gladwyn's report, economic and financial consequences but also consequences affecting our entire future reaction to the armaments policy and foreign policy of our principal opponents, the Warsaw Pact and the Soviet Union.

The other reason for which I wanted to speak is as follows: I have also had the pleasure of working with Sir Geoffrey de Freitas for seven years in several European bodies. I have always been impressed by his logic and the precision of his arguments. Today I have to say to him, with all due respect and in an amicable spirit, that the arguments he put forward had more in common with the noble art of shadow boxing than with political logic and certainly not with the position expressed only a few months ago in this House by members of his own group. Sir Geoffrey, to make matters plain, I should like to remind you of the following remarks made by my honourable colleague and member of your own group, Michael Stewart, on 9 July this year in the debate on the Bertrand report on political union to which many speakers have already referred today. He said that the true defence of our freedom in Western Europe is indissolubly bound up with the North Atlantic Alliance for as far into the future as we can see.

We all agree with this and the rapporteur, Lord Gladwyn, has stressed the point.

Michael Stewart went on to say that if we are speaking of a European or Community defence policy, meaning that the nations which belong both to the Community and to NATO will come together within the NATO alliance in a form of cooperation whose necessity has been keenly felt for many years, that is well and good.

Unlike you, Michael Stewart, the vice-chairman of the Socialist Group, has confirmed that he would welcome cooperation in particular between those Community countries which also belong to the North Atlantic Alliance.

In the same debate, Sir Geoffrey, the spokesman for your group; my German colleague, Mr Corterier, spoke even more plainly. He said: "For a majority of the members of my group, the Socialist Group, Willy Brandt was right when he said that any European political union worthy of the name must also have a common security policy... I would simply ask: are we to go on wasting millions and millions every year as each nation pursues its own armaments and defence policy, or should we not rather call for closer cooperation in the European context when we think of our own future?"

Sir Geoffrey de Freitas, I understand your view that we in the European Community should not concern ourselves with matters which are still remote. I understand that you have to put this view on behalf of some of the members of your group and your Labour Party colleagues in Great Britain. But I believe it would have been preferable for you to consult the record to

Blumenfeld

see what your own colleagues stated on this same matter a few months ago and also that you should not impute motives and intentions to a majority of members of the Political Affairs Committee which are not intended and which we have never adopted. What we do recognize is that the Soviet Union in the future even more than in the past intends to conduct the negotiations on detente and on a policy with or against Europe from a position of strength—indeed of constantly increasing strength. This is also the conclusion to be drawn from the NATO discussions a few days ago in Brussels. If the Europeans in NATO and in the European Community discuss the need for a defence and security policy, as we in this Parliament have already done previously in a rather more concrete form in considering the Bertrand report, we note that those who oppose Lord Gladwyn's report have broadened the debate to include many subjects other than detente, while the supporters of his report have concentrated on his proposals which our governments should consider in the future.

In this sense I am very grateful to Mr Kaspeit who spoke for his group on this question and made a proposal representing a possible solution in line with Lord Gladwyn's views, by which we could at long last arrive at more reasonable arrangements in our armaments policy and hence in a broader context in the sectors of economic, financial and conjunctural policy.

Without security, without trust and the belief of our fellow citizens in the strength of the partners in the European Community, there can be no revival and no future.

Therefore, Mr President, I am very pleased to see the conclusion which emerges from this report, for which I should like to thank Lord Gladwyn once again, that a large majority in this European Parliament views the Community as a single entity in which France too at long last sees its place alongside its European partners in a common defence and armaments policy. This to my mind is one of the most important results of our debate today.

(Applause from the right and centre)

President. — I call Mrs Kruchow.

Mrs Kruchow. — *(DK)* Mr President, since the views expressed in the proposal go beyond what I promised my electorate in Denmark to work for in 1972 and since I strongly recommended that they should vote for Danish membership of the Community, I must vote against the proposal today.

The Danish Parliament had a debate on the European Communities on the same day that

our Group recently met to discuss the report, and therefore I have not been able to inform our spokesman of my voting intentions.

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, it is clear that a number of speakers have failed to understand the position of the Socialist Group. It has been repeatedly stated that certain declarations were made on behalf of a majority of members of our group during the debate held in this house on European Union a few months ago. These statements were intended to hold good if a European Union is ever established, in 1980 or later. They were not meant to apply right now.

I would also remind you that on that occasion, the British Labour members, who were attending for the first time, abstained from voting. The Netherlands Socialists said that they would under no circumstances agree to the inclusion of defence policy in the European Union, and they therefore abstained also. The Danes also made a statement on which my colleague, Mr Espersen, will be speaking in a moment. And today Sir Geoffrey de Freitas repeated that our group does not have the same views on what should be done right now and in 1980 if a European Union is established then.

We agree on one thing. The Treaty of Rome makes no provision for defence policy. But when we ask for the Nine to speak as far as possible with one voice, it is suggested that we maintain it is logical for a common defence policy to be worked out now.

This is not the case. There are certain political and social and economic questions on which we consider it very important for us to speak with a single voice, but these issues certainly do not include defence. In addition we have a clearly defined organization in which defence policy is dealt with and to which all our countries belong, despite the fact that the French position is rather different. But, Mr President, are the European countries, which must pursue this defence policy, the same as our nine Member States? Are we then to exclude Norway, Iceland and Portugal, to say nothing of Turkey and Greece, which sometimes adopt a rather different position? No, we cannot.

That is why we maintain that this debate has no place here. We can always speak of the importance of security and defence. Which of us would fail to agree with the chairman of the Political Affairs Committee when he points out the importance of defence today? Would any of us deny this? On the contrary, we in the

Broeksz

Netherlands consider it to be very important and believe that defence should be properly dealt with in NATO.

What we are doing today is like asking for mustard after a meal! In NATO a decision has been taken to carry out a study on the harmonization of weapons and on the possibility of joint European armaments production. This has already been decided. We therefore wonder whether there is really any need for us to take the same decision again. No, Mr President, we do not wish to do so.

We now have the strange situation that we cannot in reality do anything because there is no relevant provision in the Rome Treaty. We cannot ask the Commission or Council to take action because they are both powerless. We can do no more than make an empty gesture. We cannot request the Commission or Council to do anything but we are urging the governments of the nine Member States, who may wish to take part in such a programme, to do just that. What does this amount to? We are going back to the governments which have already taken a decision on this matter in NATO, where the decision belongs. Is it then so surprising that we should wish to vote against this resolution? A number of our members recognize the true situation; they made their point clearly in the debate on the Bertrand Resolution on the assumption that there might be a European union in 1980. Be that as it may, there is no union today, and now we have a resolution which is meaningless.

It might then be objected that we can easily vote in favour of it in that case, but I consider this an absurd situation.

We cannot do anything and we are therefore not making any requests to the Commission and Council, but, to our governments. The governments will reply that they have already taken a decision in NATO and are studying the matter. I hope that even if they do not agree with our views, Mr Klepsch and other members will now at least have understood our motives — and this is very important.

(Applause from the left)

President. — I call Mr Espersen.

Mr Espersen. — *(DK)* After Mr Blumenfeld's postmortem on the Socialist Group and the contents of its heart one feels almost bound to take the floor — I do in any case.

Many of the previous speakers have stressed that we all want détente; but I must admit that when I listened to some of the speakers it

sounded almost as though they were calling for rearmament. Be that as it may, I find it alarming that an attempt is being made to create a new military organization in addition to those already existing that are trying to cut down their activities as far as possible.

It can hardly be seen as anything but an attempt to create a new organization under a security and military policy if the European Parliament and the Community devotes time to such problems.

Mention has been made of direct elections and their relationship to what we are discussing today, and the idea that there should be a connection between direct elections and Lord Gladwyn's report has been rejected. I think there is a very obvious connection. We are bound to introduce direct elections some time or other, and, although the Danish Government had temporary doubts, it is now in favour of direct elections. We must, however, tell the people what a Parliament elected by direct suffrage will deal with, and the more blurred the outline of such a parliament we give the more opposition—understandably—will there be to direct elections. If the people do not know whether such a Parliament will deal with defence policy or not, they do not really know who or what they are electing.

I therefore feel that it would of interest to those who are strongly in favour of direct elections to consider whether what is being done today is wise.

I agree with Mr Guldberg that there should be no taboo on discussions in this Parliament or in our committees. There should be no taboo on any important political question. We have, however, other procedures than merely adopting resolutions; we have Davignon procedure under which we receive guidance on important political problems when we seek to obtain as much information as possible. It is quite another thing to take decisions and make recommendations to governments as we do here.

Mr Blumenfeld mentioned that thousands of millions are being poured out because there is no standardization. I agree with Mr Blumenfeld. It is wrong that we have not standardized before. That is the important point in Lord Gladwyn's report. We could be more economical as regards arms but what is keeping us today from being more economical? As far as I understood, there was no indication in Mr Guldberg's speech that the Eurogroup in NATO should not do precisely what Mr Guldberg wants us to propose that the governments should do in the Community. It can quite easily be done; we can standardize and we can manufacture in Europe. We

Espersen

could have got European fighters instead of American fighters. No one forced us to buy outside Europe. But we did so nevertheless. The will was obviously lacking, but there was no lack of institutionalized cooperation in the Community.

I believe that the attitude towards European defence expressed by most of the groups today and their willingness to make it a part of Parliament's work will make future European development more difficult.

We in Denmark have always emphasized that something as vital as the defence of a country should as far as possible have the general support of the Danish Parliament, and that has happened until now. We find it regrettable that people accept and tolerate that a decision on precisely such an important and vital problem as the one we are discussing today should be swayed by a very few votes.

It is obvious that this is a problem that has split Parliament and it cannot in any circumstances be in the interest of European defence. We had therefore hoped that the problem would not be discussed, but unfortunately our hopes were not fulfilled.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, ladies and gentlemen, the Commission wishes to thank and pay tribute to Lord Gladwyn for the interesting report he has submitted, which has been so fully debated in the House this evening.

It has been said by some speakers that defence is not a responsibility for the Community and that the debate is therefore superfluous. The Commission on the other hand, following the views put forward by a number of other speakers, has indicated in its report on European Union that all elements of the Community's future foreign policy must be studied and that one aspect of that policy, namely defence, could not be disregarded.

The Commission's report places particular emphasis on the need for a European defence policy based on a common view of the international problems facing us and on the implementation of a common foreign policy in certain key sectors. I am grateful to Mr Giraud for reminding the house that defence was considered by the Commission to be one sector of its potential responsibility which should be further examined following the submission of Mr Tindemans' report.

The Commission report to which I have already referred hopes for closer cooperation between

the Member States in the area of defence as a measure to facilitate achievement of the union and suggests a number of concrete actions aimed above all at the establishment of a European armaments agency. This agency is being requested for the same economic motives referred to during this debate. In the Commission's view the creation of a European armaments agency would lead to more rational utilization of the financial resources and of the industrial and technological potential of the Member States. Experience shows that the lack of a common policy in the defence sector is one of the reasons for the excessive dependence on other countries in certain industrial sectors. This situation has adverse repercussions not only for the development of military production, and hence for the possibility of European independence, but also for certain types of civilian production.

In the light of these facts, the Commission submitted to the Council of Ministers on 1 October 1975 a programme of action for the European aircraft industry, advancing concrete proposals for the organization of a European civilian and military aircraft industry, the creation of a European agency with the task of coordinating the procurement of armaments for the air force sector and the promotion of common programmes.

With this end in view, the European countries should, in the Commission's view, open the dialogue with the United States with the twofold objective of promoting increasingly balanced exchanges in both directions and of safeguarding a European role in the principal technological sectors.

The Commission views all these objectives against the background of European union of which the agency in question should become an integral part.

A number of solutions are possible to achieve objectives of this kind, but it is not the Commission's task to pronounce on what may be the most appropriate institutional framework to establish this cooperation. The Commission considers, however, that any action in the defence sector should group together those Member States which have an armaments industry and be organized effectively to allow cooperation and a balanced development of exchanges with our allies.

The Commission feels that it would be in any case desirable to establish a link between initiatives in the armaments sector and the Community bodies so as to achieve an overall concept of the economic, technological and employment implications of cooperation in the armaments sector.

Scarascia Mugnozza

That, Mr President, put explicitly but very briefly, is the opinion of the Commission, arrived at not on the basis of Lord Gladwyn's report but on that of the report which the Commission itself presented as its contribution towards further European unification.

President. — I call Mr Dalyell.

Mr Dalyell. — Through no fault of the British a number of my colleagues are not here but have unfortunately been delayed at London Airport. Instead of making a speech, I should like to ask the Commission two rather specific questions arising out of its answer.

The Commission spokesman indicated that some sort of liaison with those concerned with the technology of developing armaments should be set up. Can he be more explicit as to precisely what kind of liaison? This is a matter of very great importance. Secondly, the spokesman said that the Commission was looking at these matters in the context of European Union. What is the time scale for this study, particularly in relation to the report that we are expecting from Mr Tindemans?

I am asking these rather specific questions on which I hope that there will be further explanation.

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) As regards the problems relating to Mr Tindemans' report, I can do no more than refer to the Commission's document which contains the ideas I have outlined. By reading that document you will gain a full idea of our views. It is our opinion that no progress can be made in the external policy sector without also considering defence, and that no progress can be made in defence without an armaments agency which takes account of the requirements in this sector.

As to technology, I spoke of this matter when I referred to the Commission document on policy in the aircraft sector. In this connection we have said that greater cooperation is necessary between the Member States and the United States of America to ensure that certain highly advanced technologies belonging to the Member States of the Community are not dispersed through lack of resources. They could usefully be pooled by means of the agency proposed by the Commission for an aircraft policy on a global scale together with the United States.

President. — Does anyone else wish to speak?

We shall now consider the motion for a resolution.

I put the first indent of the preamble to the vote.

The first indent of the preamble is adopted.

On the second indent of the preamble, I have Amendment No 1, tabled by Mr Klepsch on behalf of the Christian-Democratic Group:

'Delete the following words:

"... during the last eighteen months...".'

What is the rapporteur's opinion?

Lord Gladwyn, rapporteur. — I accept it.

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

Amendment No 1 is adopted.

I put the second indent thus amended to the vote.

The second indent thus amended is adopted.

I put to the vote the third, fourth and fifth indents of the preamble.

The third, fourth and fifth indents of the preamble are adopted.

On the sixth indent of the preamble, I have Amendment No 2, tabled by Mr Klepsch on behalf of the Christian-Democratic Group:

'The 6th indent to read as follows:

"— convinced, therefore, of the evident and urgent need to achieve the most effective form of defence by rationalizing both the production of armaments, and logistics and infrastructure in the Community, so as to offset the very high rise in defence costs which is due largely to technical progress, and also of the need to demonstrate that Community Members are making an appropriate contribution to the common defence;"'

I call Mr Klepsch.

Mr Klepsch. — (D) I think a brief comment is called for here, Mr President. I simply wish to point out that this is an adaptation to the development brought about by inflation and rising costs. We have formulated the text in a manner which is justified today by its purpose of assuring that rationalization and better co-ordination would prevent defence costs from rising as highly as would otherwise be the case. The text is simply being adjusted to the present economic situation because the resolution is more than a year old.

President. — What is the rapporteur's opinion?

Lord Gladwyn, rapporteur. — I am entirely in favour.

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

Amendment No 2 is adopted.

I put the seventh indent of the preamble to the vote.

The seventh indent is adopted.

After the preamble, I have Amendment No 3, tabled by Mr Klepsch on behalf of the Christian-Democratic Group:

'At the end of the preamble, add a new indent worded as follows:

"— welcoming and supporting the new efforts of the European States to take appropriate measures in the field of armaments cooperation;"'

I call Mr Klepsch.

Mr Klepsch. — (D) Reference is simply being made here to further developments which have taken place in the last year and become topical, particularly in the last few months. We felt it necessary to make this addition.

President. — What is the rapporteur's view?

Lord Gladwyn, rapporteur. — This resolution was drafted a year ago and I am astonished that it has not had to be changed any more than is being suggested. Mr Klepsch's last amendment simply brings it up to date, and I hope that the great majority of this Assembly at least will approve of the recent action by the Governments, which, of course, included the action of three Socialist Ministers.

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

Amendment No 3 is adopted.

On paragraph 1, I have Amendment No 4, tabled by Mr Kaspereit on behalf of the Group of European Progressive Democrats:

'Paragraph 1(b) to read as follows:

"(b) to set up an agency ultimately aimed at the joint manufacture of weapons to meet the requirements of the Member States;"'

I call Mr Laudrin to speak to this amendment.

Mr Laudrin. — (F) In proposing this amendment, Mr Kaspereit is consistent with the speech he made a short while ago when he put our views on the armaments question. We were a little

disturbed in the text proposed by the rapporteur by the problem of standardization which we know may have serious economic effects.

The agency we propose to establish must lead to the joint manufacture of armaments meeting the different requirements of the Member States.

I think too that it is essential—as many speakers have said this afternoon—to have an agency which can work to improve the performance of our armaments and ensure their interoperability, so that we can reach agreement with a view to acting in an eventuality which we hope will never arise; we might also seek agreements allowing the joint manufacture of equipment defined in advance by the Member States.

In conclusion, we believe that the creation of an agency which would envisage the definition and manufacture of equipment is premature for the time being. On the other hand we should favour the establishment of an agency to coordinate the manufacture of harmonized equipment for the defence of a common cause in a single combat for the liberty of Europe.

That is why we believe it is time to examine and set up this agency which will enable a measure of harmonization to be ensured.

President. — What is the rapporteur's view?

Lord Gladwyn, rapporteur. — I do not know what my colleagues think, but I would have preferred the original wording, which referred to the standardization of certain defensive weapons. If, however, our French friends would prefer the text which they have put forward, I would be disposed to adopt it. It does not speak of standardization but it speaks of 'the joint manufacture of weapons to meet the requirements of the Member States'.

Clearly, however, if that is to happen, it must be based on the principle, which I gather the French have accepted, of the inter-operability, as it is called, of certain weapons. It is no good having different ammunition for various guns, so to speak, in the defence of Western Europe as a whole. That would be an obvious absurdity. Therefore, if this phrase means that eventually we would by our joint endeavours be able to produce the weapons, manufactured in each country of course, which would meet that requirement—that is to say, they would not be all kinds of diverse weapons but would be unique weapons available to the Community—I gladly accept the phraseology suggested by the Group of European Progressive Democrats.

President. — I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I think that the text of amendment No 4 must be read carefully if we are to reach a clear decision.

As I interpret and understand the text of amendment No 4, it seems to me that Mr Kaspe-reit agrees with the original text to the effect that this common armaments agency should be established...

Mr Broeks. — (NL) Would Ireland be included?

Mr Klepsch. — (D) Of course.

Secondly, I think his text goes further than the original version because it covers standardization and cooperation as well as the interchangeability of spare parts, to which the rapporteur has referred, and joint manufacture. It leaves it to the governments to decide which aspects should be given priority in which phase.

From this angle I find no difficulty in voting in favour of this amendment which goes beyond the original version.

President. — I call Mr Laudrin.

Mr Laudrin. — (F) Mr President, I wish to return to the problem of standardization, which term may perhaps not have the same meaning in all our languages.

In our view, standardization would have serious economic consequences, since in the present difficult economic and employment situation it is better for us to maintain the production of armaments in our individual Member States. The problem is simply to arrive at an exchange which would enable these different productions to be regularized. I do not think our views diverge widely on this matter, but we should like the word standardization to be deleted, as its meaning seems too, rigid to us.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is adopted.

I put paragraph 1 thus amended to the vote.

Paragraph 1 thus amended is adopted.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I call Mr Cifarelli for an explanation of vote.

Mr Cifarelli. — (I) Mr President, for reasons beyond my control, I was unable to attend the meetings of the group to which I am 'allied' when this subject was debated, and it was not until later that I learnt that the group had

decided, with the unanimous agreement of those of its members who were present, to vote against. Had I been present, I should have presented my reasons. I should not have managed to change the overall position, but I should certainly have called for a free vote.

By abstaining I am respecting as far as possible my group's position. But I wish to make it clear that this does not imply insensitivity on my part to a problem which I consider urgent; I do not know whether progress will be made, but I consider it would be very strange if, while wishing to build a united Europe, we were to reject any effort to find a European solution to defence problems. There can be no political union without a common foreign policy and an adequate common defence.

(Applause from the right and centre)

President. — I put to the vote the motion for a resolution as a whole, incorporating the various amendments that have been adopted.

The resolution so amended is adopted¹.

(Applause)

16. Regulation on production subsidies in respect of cereals in the United Kingdom

President. — The next item on the agenda is a debate on the report by Mr Kofoed, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European Communities to the Council for a regulation on the production subsidies which the United Kingdom is authorized to retain in respect of cereals (Doc. 302/75).

I call Mr Kofoed.

Mr Kofoed, rapporteur. — (DK) At the plenary sitting of 26 September 1975 the motion for a resolution now before us was referred back to the Committee on Agriculture after being rejected by Parliament. The Committee on Agriculture was subsequently asked for its opinion on the report and decided unanimously that there was no need to amend the text that had been adopted the last time it had met.

The conclusion is therefore the same. Following the establishment of a new representative rate for the pound sterling, the system of guaranteed prices applicable to cereals in the United Kingdom should have been discontinued.

The Committee on Agriculture feels that it cannot approve the Commission's proposal to con-

¹ OJ C 7 of 12. 1. 1976.

Kofoed

tinue the system of guaranteed prices in respect of cereals until 1 August 1976 since it would have no practical effect. I would point out, however, that since we discussed the proposal at the last plenary sitting there has been a further devaluation of the pound sterling and of the green pound and, since the price of cereals on the world market is higher than the intervention and guarantee prices, the Committee on Agriculture does not feel that it can follow the Commission's proposal.

I therefore recommend that the Assembly vote against the Commission's proposal and for the report by the Committee on Agriculture.

(Applause)

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

Mr Frehsee. — *(D)* Mr President, ladies and gentlemen, we have already considered this document once, namely at the European Parliament's sitting of 26 September in Luxembourg. On that occasion a majority of our members voted in favour of the Commission's proposal, thereby overriding the view of the Committee on Agriculture that the Commission's proposal should be rejected. On the lines of the position adopted by a majority of the members of this house on 26 September, our British colleague, Mr Hughes, tabled an amendment which was accepted by the Socialist Group at its meeting this afternoon. The Socialist Group accordingly considers that the Commission's proposal should be approved against the wishes of the Committee on Agriculture.

The rapporteur is right in saying that following the devaluation of the green pound on 4 August 1975 the European Community's intervention prices have outstripped the British guarantee prices. It is correct that the British guarantee price system was thereby in effect superseded, but the Commission has shown that British farmers' production plans for 1975/76 originally drawn up on the basis of the guaranteed prices might be jeopardized if the guarantee price system were cancelled immediately. It also showed that the Community's 1975/76 year legally began on 1 August 1975, so that we were now well into the year in question. Thirdly, the Commission pointed out that conversion to the new system would take some time.

The Committee on Agriculture remained unimpressed by these points. It felt that adoption of the Commission's proposal could be based solely on psychological grounds.

We do not agree with the committee. We subscribe to the views of our colleague, Mr

Hughes, who explained here on 26 September that it would be a gesture to British farmers—I am quoting his very words—not simply to abandon out of hand a well-proven support system for the income of British agriculture, thus incurring the risk that, under the provisions of the Treaty of Accession for the transitional period, no further guarantee prices could be introduced if that became necessary at some future date.

Mr Hughes put it in humorous terms on 26 September. He said that in Britain there was a long-standing tradition of supporting agriculture in two ways, with belt and braces. This image pleased me so much that I wanted to repeat it for the benefit of those members who were not present on that occasion—British farmers are supported against all eventualities of market trends with belt and braces. We should therefore like to leave this twofold support unchanged, even if the actual dimensions of the stomach holding the trousers no longer require either the belt or the braces. The Commission representative replied that the Commission's belt was much more effective than the British braces.

Be that as it may, the Socialist Group believes that the matter is one of solely psychological importance and that British farmers should not be deprived out of hand of their dearly loved guarantee price system, even if it is no longer effective. We therefore support the views of the majority of members, as expressed on 26 September, and ask you to vote in favour of Mr Hughes' motion put forward on behalf of the Socialist Group, thus endorsing the Commission's proposal that the provisions on the British guarantee price system should be allowed to remain in force at least until 1 August 1976.

(Applause)

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

Mr De Koning. — *(NL)* Mr President, after the speech by my colleague, Mr Frehsee, I can be very brief, because he has shown in his own inimitable manner how absurd the Commission's proposal is, that it has no foundation in substance and is purely psychological in its significance.

I believe that there is no need for us to go along with this. My group considers that the report by Mr Kofoed must be adopted as it stands and Mr Hughes' amendment rejected. We share the view of the overwhelming majority in the Committee on Agriculture.

De Koning

We fail to see the purpose of maintaining a national agricultural system if that system has been overtaken by the EEC agricultural arrangements. That would also conflict with the agreements reached with the United Kingdom when it joined the Community.

My group believes that British farmers should be made to realize that the Community's agricultural system is not inferior but on the contrary superior to the national agricultural systems. We shall therefore vote against Mr Hughes' amendment.

(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, there is no need for me to go through the tortuous history of this resolution once again: we have all heard what has happened. I simply wish to point out that the Commission has indicated on several occasions that this proposal is symbolic and political rather than economic in nature, since in practice it will have no significant economic consequences. What it boils down to is the best way of presenting things in the least disagreeable light to British farmers.

Having said that, and in the light of the complex discussion I have just listened to with the difference—pointed out just now—between Community belts and braces on which I think it better for the Commission not to enlarge, I wish to state that the Commission will closely follow the decision taken by a majority of members of this Parliament.

President. — I call Mr Kofoed.

Mr Kofoed, rapporteur. — (DK) Mr President, I have just a few comments to make to Mr Frehsee.

I cannot understand why Parliament will not safeguard European agricultural policy interests. The intention cannot be that we should go on making gestures. The United Kingdom and the Community have made an agreement on the development of such aid arrangements. The agreement is followed by the Community and also by the Committee on Agriculture, and I feel that it is the duty of the Committee on Agriculture and of this Parliament to stand by the agreements it has made with the United Kingdom.

I cannot accept the argument about belt and braces. As far as we are concerned, once an agreement is signed it has to be implemented. There is no question of consideration for the

British; they merely state that they will not accept the European Agricultural Policy. They fully and firmly believe that the payment deficiency system is better than our European agricultural policy.

I therefore recommend that Parliament accepts the report by the Committee on Agriculture and what Mr de Koning said by voting against the Commission's proposal—in other words by voting for the Committee on Agriculture's proposal.

President. — I call Mr Cipolla.

Mr Cipolla. — (I) Mr President, I shall vote along the lines indicated by Mr Frehsee and my other colleagues in the Socialist Group.

I have been led to this decisions by the last observation of the rapporteur who said that the Community protectionist system is superior to the deficiency payments system.

I believe that we are in a phase of discussion and review of the common agricultural policy, and before affirming with so much certainty and even arrogance which system is better, all the political forces should undertake a detailed examination of the damage and trouble which the common agricultural policy has caused to European consumers, farmers and finances.

For these reasons and for the arguments put forward by the committee rapporteur, I shall endorse the Socialist Group's vote.

President. — Does anyone else wish to speak?

We shall now consider the motion for a resolution.

I put the preamble to the vote.

The preamble is adopted.

On the one and only paragraph of the motion, I have Amendment No 1, tabled by Mr Hughes:

'This paragraph to read as follows:

"1. Approves the Commission's proposal".'

This amendment was proposed a few moments ago by Mr Frehsee; we have also heard the rapporteur's view.

I put this amendment to the vote.

Amendment No 1 is rejected.

I put paragraph 1 to the vote.

Paragraph 1 is adopted.

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

The resolution is adopted¹.

¹ OJ C 7 of 12. 1. 1976.

17. *Regulations on the common organization of the markets in cereals and rice*

President. — The next item on the agenda is a debate on the report drawn up by Mr De Koning, on behalf of the Committee on Agriculture, on the proposals from the Commission of the European Communities to the Council for

- I. a regulation amending Regulation No 120/67/EEC on the common organization of the market in cereals; and
- II. a regulation amending Regulation No 359/67/EEC on the common organization of the market in rice.

(Doc. 303/75).

I call Mr De Koning.

Mr De Koning, rapporteur. — (NL) Mr President, at its September part-session the European Parliament referred this report back to the Committee on Agriculture, which considered the proposal again but saw no reason to change its position. It was unanimously decided to place the matter before Parliament again.

After the excellent statement by Mr Martens on this subject in September I see no reason to consider the matter as such in detail again. Briefly, what is involved is a restoration of the possibility—I stress the possibility and not the obligation—of granting production refunds for maize groats and meal and broken rice used in the brewing of beer. The purpose of these refunds is to restore the situation of fair competition between maize groats and meal and broken rice, on the one hand, and maize starch on the other; a production refund already exists for the latter product.

A number of objections were made to this proposal when it was considered in September. In the first place it was stated that these refunds would involve additional costs for the EAGGF.

In formal terms that is correct. These refunds require a certain amount of money, but in reality this amount is compensated by the disappearance of an identical refund for maize starch, which would otherwise be necessary so that the net result is that the cost to the EAGGF will remain the same.

The second objection is that the use of maize groats and meal and broken rice will result in a loss of quality for the beer produced.

In answer to this objection it will be noted that these products are used in the preparation of beer in eight of the nine Member States. Clearly there can be no arguing over tastes.

As against the objections which seem to me unfounded, there are certain real advantages. An optional refund will prevent changes in the respective competitive situation of products which have up to now been placed on an equal footing, with all the serious consequences that may result for employment and loss of capital in the enterprises concerned.

Mr President, for these reasons I urge Parliament to adopt the Commission's proposal today. (Applause)

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

Mr Frehsee. — (D) Mr President, we have heard this appeal by the rapporteur, just as we heard it on 26 September. On 26 September the House rejected the rapporteur's appeal by a majority and did not adopt the report of the Committee on Agriculture.

Under the Rules of Procedure of the European Parliament this does not result in rejection of the proposal, but only in reference back to the committee responsible.

We then had a procedural debate and the new Committee on the Rules of Procedure considered the problem and discussed what should be done. So far I have not heard the result of its consideration. Be that as it may, the document on which we have already voted in a regular and perfectly correct manner is back on the agenda and we must discuss it now that the item has been called.

Mr President, I do not wish to enumerate yet again all the reasons which we put forward already on 26 September for which the producers of brewers' barley are bound to suffer damage if these producer subsidies for maize are reintroduced after being abolished on the Commission's proposal in the spring when the prices were fixed for 1975/76. The idea was to make savings and the amount involved is 4.3 million. I wanted to remind you of that fact briefly.

But it is not correct that we saw no reason to amend this proposal from the Commission and it is also not true that Parliament did not endorse the 'unfounded objections', as the rapporteur just called them, against the proposal. It did endorse those objections because there was a majority in favour of them.

The Commission indicates as its reason for reintroducing the production refund for maize groats and meal, which was abolished as we have seen in the spring, and for broken rice the notion that the absence of such a refund

Frehsee

would lead to a distortion of competition in favour of maize starch and against maize groats and meal and broken rice.

However, maize starch competes not only with maize groats and meal and broken rice but also with brewers' barley or malt. If a refund is granted for maize groats and meal and broken rice to place both products on an equal footing with maize starch, a refund must also be granted for malt.

Mr President, ladies and gentlemen, I am quite sure that if this production subsidy for maize groats and meal and broken rice is introduced, the European association of malsters—Euro-malt—will immediately apply for a subsidy for malt as well, in other words a production refund for malt. Given the present annual consumption of 4.1 million tons of malt in the EEC, it is easy to calculate how large the amounts then needed to cover all the refunds would be.

Logically too a refund should then also be granted for the sugar needed for the production of beer. I simply wish to draw your attention to all that is involved if we reintroduce a production subsidy for brewers' malt.

The unfavourable treatment of brewers' barley in competition with maize starch, maize groats and meal and broken rice affects what is a product of high quality, in respect of which we have made a great many efforts and whose present level of quality is the result of measures of encouragement over a long period. This is being called into question with the reintroduction of the abolished producers' subsidies.

Mr President, I do not intend to appeal yet again to beer drinkers who are well aware of the quality of beer brewed from hops and malt—may God preserve it!—, but I would say that in 5 of our 9 countries this quality is unquestioned. Maize groats and meal and broken rice can be used as well, and it is then up to the consumer to decide which beer he prefers.

But if this production subsidy is introduced, that will be done at the expense of brewers' barley and hence at the expense of pure beer. I would therefore appeal to all those who appreciate pure beer, for this and other reasons. Financial considerations are important too, because what is involved here will cost a great deal of money. We now pay some 56 million u.a. for these production subsidies; it is proposed to add 4.3 million. This will then involve a whole chain of further demands—I wanted this argument to be mentioned as well.

I would ask you once again to approve the motion which we are submitting in this form for procedural reasons only, since the rejection

of the entire motion for a resolution presented by the committee did not have the desired effect because of Parliament's habitual procedure.

President. — I call Mr Fellermaier to speak on a point of order.

Mr Fellermaier. — (D) Mr President, ladies and gentlemen, Mr Frehsee has just pointed out that we are considering this matter for the second time, despite the fact that the House clearly rejected the motion for a resolution. The matter has been officially referred to the Committee on the Rules of Procedure and Petitions, which has also considered it. It has adopted a recommendation which will be presented to the Bureau for a decision tomorrow afternoon. I wonder whether the House is well advised to adopt a position 24 hours before the Bureau reaches its decision on the matter which will then be binding on us, although the House cannot know at this stage how the Bureau will act tomorrow on the recommendation of the Committee on the Rules of Procedure and Petitions. Having regard to the rules of procedure and the terms of reference of the new committee, I can only advise that the vote should not be taken this evening.

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, I do not believe that we should now necessarily consider the formal aspect, although I see the logical reasons. I have a great respect for logic and also for the consequences of the deliberations of the Committee on Agriculture. But reading this report I have the impression that it is quite illogical on a number of points. On the one hand the rapporteur himself says that the Commission's proposal should not be adopted because the objections to it are weighty, but in the next sentence he says it is adopted. And then we find a reservation again in the last sentence.

Mr President, as a member of the Committee on Budgets, I fail to understand why this motion was not also presented to the Committee on Budgets. Recently in our consideration of the budget for 1976 we deliberated without interruption for almost three days and argued with the Council to reinstate 30 million units of account for research against the wishes of the nine Finance Ministers. We were successful, but now 56 million are being entered at a stroke without the Committee on Budgets being consulted...

Mr Lange. — (D) The figure is only 4.3 million!

Mr Aigner. — (D) Be that as it may, you know, Mr Lange, in what detail we discuss such

Aigner

amounts. I consider that the Committee on Budgets should definitely be consulted.

I am sorry to say, Mr De Koning, that the report does not seem logical to me on this matter. If I endorse the objections which you yourself put forward in your capacity as rapporteur, I should reject it.

President. — I call Mr Klepsch who will speak in favour of Mr Fellermaier's proposal.

Mr Klepsch. — (D) I agree with Mr Fellermaier. We had two debates on the question of repeated voting on the same matter. We then felt that a second decision should not be taken but that the matter should be considered by the Committee on the Rules of Procedure.

In view of the facts explained by Mr Fellermaier, I believe it would be preferable for us to adopt the same procedure in this case as in the others and reserve our decision.

President. — I call Mr Zeller who will speak against Mr Fellermaier's proposal.

Mr Zeller. — (F) I would like you to note that less than two kilometres from here there is a maize plant which is closing down because the subsidies were cancelled six months ago.

Think of the resulting unemployment problem and you will see how relevant this Parliament's logic really is.

I am therefore against the motion for referring the matter to committee and suggest that we should vote on the proposed regulation this evening.

President. — I put to the vote Mr Fellermaier proposal to adjourn the debate on this item.

The proposal is adopted.

18. *Regulation on the supply of milk fats as food aid*

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 Deschamps, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation establishing general rules concerning the supply of milk fats as food aid under the 1976 programme to certain developing countries and international agencies (Doc. 442/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

19. *Regulation on the importation of beef and veal originating in the ACP countries*

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 Zeller, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to Council for a regulation renewing the arrangements for the reduction of import charges for beef and veal products originating in the African, Caribbean and Pacific States (Doc. 443/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

20. *Regulation on the arrangements applicable to agricultural products and certain goods originating in the ACP countries*

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 Zeller, on behalf of the Committee on Development and Cooperation, on the proposal from the Commission of the European Communities to the Council for a regulation amending Regulation (EEC) No 1599/75 of the Council of 24 June 1975 on the arrangements applicable to agricultural products and certain goods resulting from the processing of agricultural products originating in the African, Caribbean and Pacific States or in the Overseas Countries and Territories (Doc. 444/75).

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The motion is adopted¹.

21. *Regulation on the allocation for 1975 of EAGGF appropriations*

President. — The next item on the agenda is a debate on the report drawn up by Mr Liogier, on behalf of the Committee on Agriculture, on the proposal from the Commission of the European

¹ OJ C 7 of 12. 1. 1976.

President

Communities to the Council for a regulation on the allocation for 1975 of appropriations from the Guidance Section of the European Agricultural Guidance and Guarantee Fund and deferring certain final dates for the years 1975 and 1976 (Doc. 436/75).

I call Mr Liogier.

Mr Liogier, rapporteur. — (F) Mr President, ladies and gentlemen, a proposal for a regulation on the allocation of appropriations from the European Agricultural Guidance and Guarantee Fund, Guidance Section, for the year 1975 and on the postponement of certain final dates for the years 1975-76 has been referred to the Committee on Agriculture as the committee responsible.

The committee does not propose to consider the detailed working procedure of the EAGGF but will simply point out that the area of action, the conditions for granting aid and the procedure for the Guidance Section are matters which are governed by the second part of Council Regulation No 17/64 of 5 February 1964.

One initial observation is called for on the allocation of the EAGGF, Guidance Section, appropriations for 1975. The presentation of the allocation of the appropriations lacks clarity in both the explanatory memorandum and substantive text of the regulation. The proposal for a regulation as such only shows two amounts, that of the total appropriations (325 m u.a.) and that of the appropriations allocated for the individual projects (216.2 m u.a.).

Your committee considers that the financing procedures envisaged should be defined more fully and invites the Commission to submit a clearer and more detailed text to it in future. In this connection it draws attention with the greatest possible emphasis to the remarks made last year.

Turning to the actual text, Article 1 of the proposal for a Regulation indicates that the appropriations available under the Guidance Section for 1975 total 325 m u.a. It should be noted that this amount was fixed by Regulation No 729/70 of 27 April 1970 which set a ceiling of 325 m u.a. per year on Guidance Section expenditure. The Committee on Agriculture has always expressed reservations about this ceiling: the endowment of the Guidance Section is a very modest sum, having regard to the importance of agricultural structural policy and in comparison with the expenditure required to finance the organization of the agricultural markets.

The explanatory memorandum lists the expenditure estimates, item by item, in a table which

shows the appropriations entered and the forecast expenditure. The initial appropriation entered for the individual projects is 141.5 m u.a. But this table shows a substantial unused balance of 130 m u.a. explained by the fact that the implementation of certain common actions — particularly the directives for agricultural reform—can only be effected slowly, which means that the expenditure of the Guidance Section in this sector is low.

The Commission of the European Communities proposed that this balance of 130 m u.a. should be used for two separate purposes.

An amount of 67.5 m u.a. would be earmarked for individual projects over and above the 145.1 m u.a. already provided. The Committee on Agriculture is favourable to this approach, especially as the number of individual projects is constantly increasing. In 1975 they reached a total of 1067 applications with total assistance of 454 m u.a.

On the other hand the committee cannot agree to utilization of the residual 62.5 m u.a. for the granting of premiums in favour of producers of bovine animals. This problem has been the subject of a proposal for a regulation recently submitted to the Committee on Agriculture.

The committee rejected this proposal, arguing that it had always opposed charging to the Guidance Section the financing of expenditure which has nothing to do with the objectives of that section. It considers that the 325 m u.a. allocated to the Guidance Section should go as a matter of priority to finance common actions.

As we have noted, the Member States have unfortunately not succeeded in undertaking a sufficient number of joint actions. The Committee on Agriculture therefore continues to maintain that the appropriations of the Guidance Section must be used to finance individual projects in the structural field and must in no case merely strengthen the Guarantee Section further by financing a system of premiums. The European Parliament invites the Commission to amend its proposal accordingly.

To ensure the future financing of the joint actions—on the assumption that they at long last become substantial—part of the Guidance Section appropriations has been placed in reserve. This is the 'Mansholt' reserve which on 31 December 1974 stood at close on 526 m u.a.

Your rapporteur does not propose to consider here in detail a problem which has been dealt with fully and which he has himself commented on in the past. He simply wishes to point out that Parliament has always presented objections of principle to these reserves, whose legal nature is in any case far from clear.

Liogier

These reserves tie up considerable sums which are depreciating year by year because of the constant process of monetary erosion. In view of the slow implementation of the structural reforms these 'Mansholt' reserves are liable to remain frozen for a long time. Does the Commission really intend to leave these large sums idle for a long time to come?

The postponement of certain final dates for the introduction of applications for assistance from the Guidance Section of the EAGGF is requested every year and has now acquired a permanent character.

The dates laid down in Regulation No 17/64/EEC have never been respected since the relevant provisions took effect, i.e. in 1964. These delays are due in particular to the very considerable increase in the number of applications for assistance. It is also true that over the years part of the delay has been made good. Nevertheless this extension of the time limits and the delay in granting aid have the effect of depriving the interested parties of credits intended for the improvement of the agricultural sector. The Committee on Agriculture stresses once again that everything possible must be done to overcome these delays which are prejudicial to the beneficiaries of assistance.

Ladies and gentlemen, you have also been able to read the opinion of the Committee on Budgets drawn up by its excellent draftsman, Mr Hansen.

This very carefully thought out opinion takes over our own observations on the principal points but strongly emphasises, in a manner which is sometimes critical, certain aspects of the management of the EAGGF Guidance Section, the rather summary presentation of the proposals and their lack of clarity, the financial information provided by the Commission being incomplete. It expresses astonishment at the fact that the many observations made up to now by Parliament have met with practically no response.

At its meeting of 8 and 9 December 1975, the Committee on Agriculture unanimously adopted the report and motion for a resolution, approving in principle the Commission's proposal but opposing the transfer of 62.5 m u.a. from the Guidance Section of the EAGGF to the Guarantee Section. In this connection it recalled the rejection of the proposal for a

regulation establishing a system of premiums in favour of producers of bovine animals. These premiums must in fact come from the EAGGF Guarantee Section and be covered by the latter which would enable a further 62.5 m u.a. to be allocated for individual projects under the Guidance Section, thus bringing the appropriations under this heading to a total of 275.1 m u.a.
(Applause)

President. — I call Mr Scarascia Mugnozza.

Mr Scarascia Mugnozza, Vice-President of the Commission. — (I) Mr President, I simply wish to thank Mr Liogier and ask Parliament to approve the resolution, although clearly with a reservation concerning the 62 million units of account on which the Commission's opinion is not altogether identical with that of Mr Liogier.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted¹.

22. *Time-limit for entering names on the list of speakers for the budgetary debate*

President. — I propose that Members of Parliament and the political groups hand in to the appropriate office by 10 a.m. tomorrow the names of those who intend to speak during the budgetary debate.

Are there any objections?

That is agreed.

23. *Agenda for the next sitting*

President. — The next sitting will be held tomorrow, Tuesday, 16 December, at 10 a.m. and at 3 p.m., with the following agenda:

- Presentation and discussion of the supplementary Cointat report on the draft general budget of the Communities for 1976;
- Notenboom report on the setting up of a financial mechanism.

The sitting is closed.

(The sitting was closed at 8.40 p.m.)

¹ OJ C 7 of 12. 1. 1976.

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 10.05 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. Welcoming of various personalities

President. — It is a great pleasure for me to welcome a delegation of six Members of the Knesset, who will be having talks during this part-session with a delegation from the European Parliament, with the political groups and with the relevant committees. The delegation from the Knesset is led by Mr Abba Eban.

Our Parliament has frequently had an opportunity to examine the problems facing Israel. We are sure that the presence of this delegation here will allow us to strengthen our relations and will produce useful results for both sides.

On behalf of all Members I extend a very warm welcome to this delegation and hope that its work here will prove useful.

(Applause)

3. Apologies

President. — Mr Cheysson, member of the Commission, asks me to apologize on his behalf to the Members of Parliament for his inability to take part in our proceedings this morning because his plane has been held up in Brussels by bad weather.

4. Documents submitted

President. — I have received from the Council of the European Communities a request for an opinion on the proposal for the transfer of appropriations between chapters in Section II—Council—Annex I—Economic and Social Committee, and Annex III—Auditor of the ECSC, of the general budget of the European Communities for the financial year 1975 (Doc. 450/75).

5. General budget of the Communities for 1976

President. — The next item on the agenda is the presentation of and debate on the supplementary report drawn up by Mr Cointat on behalf of the Committee on Budgets on the action taken by the Council on the proposed modifications adopted by the European Parliament and on the draft general budget of the European Communities for 1976 as modified by the Council on 3 December 1975 (Doc. 428/75 and Doc. 441/75).

I call Mr Aigner for a procedural motion.

Mr Aigner. — (D) Mr President we still have to take a decision on supplementary budget No 3 for 1975. It is true that the Council has accepted our motion for a resolution and also the amendment we have proposed, but it undertook to give Parliament an explanatory statement.

I would be grateful if this could be dealt with first.

President. — Mr Aigner, the President-in-Office of the Council informed me a moment ago that while speaking to Mr Cointat's report, he would also make the statement which is requested in our resolution on supplementary budget No 3. I think we can accept this procedure.

I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Mr President, ladies and gentlemen, last month—on the 13 November, to be precise—you voted on the

first reading of the 1976 draft budget. You urged that the budget for the following year should be a real budget with its own resources and in particular that the Member States' contributions should be replaced by a share of the VAT, a real budget, in other words a precision tool of economic policy as well and the expression of the political will to build a united Europe.

From this viewpoint you defined a number of basic options during the first reading of this draft such as the Social Fund, research, the Regional Fund, energy policy, food aid, and aid to the non-associated developing countries. You also voiced the hope that a real budgetary policy would be defined and that at the same time, there would be an improvement and simplification in the budgetary procedure, particularly the 'dialogue' procedure—the procedure for conciliation between Council, Commission and Parliament—in order to create a body of budgetary caselaw which would make discussion easier in the years to come.

The result of first reading, you will remember, was the passing of amendments increasing non-compulsory expenditure by 321.6m u.a. and the submission of proposed modifications to compulsory expenditure amounting to 119.5m u.a., a total of about 441m u.a., equivalent to an overall increase of 6% in the draft budget.

This is what you proposed at the last part-session in November.

Following this vote the draft budget went back to the Council, and discussion began between the Council and the parliamentary delegation led by Mr Spénale, President of this Parliament. The meeting with the Council took place on 3 December last. Discussions were long, difficult, spirited and sometimes impassioned, but I think that this is normal for effective conciliation since otherwise all that would be involved would be a pleasant conversation held for the sake of form and of no great value.

There are a number of things that can be said about this conciliation.

Firstly, I think this is the first time that there has been a thorough discussion of the amendments submitted by the European Parliament. Not all the amendments were considered in detail: they were grouped by major sector, but each major sector was discussed and was the subject of an exchange of views with the Council.

The second point is that the European Parliament's margin for manoeuvre is no longer contested by anyone, a point which is, in my opinion, of capital importance. There must, I

Cointat

think, be universal satisfaction at this agreement with the Council.

Thirdly, everyone realizes—and I believe this to be due to the persuasive campaign conducted by the European Parliament—that the present system of expenditure classification and maximum rates is too complicated, too far removed from reality and too difficult to apply. Incidentally, discretion prevailed on this point throughout the meeting and no one referred to the system. This means firstly that it has very quietly begun to fall into disuse and secondly that, whilst everyone held the Treaties in respect, it was tacitly agreed that they should be applied pragmatically, flexibly, effectively and intelligently so that, in the sieve of our discussions, only the spirit is retained.

Lastly, the discussion showed that in spite of the gains that had been made and in spite of unquestionable goodwill on the part of the Council there were still many problems outstanding. We would have liked to have been more fully satisfied. In some cases we did not get all we wanted. But, sufficient to the day the evil thereof, the results obtained are encouraging. Without attempting to disguise the differences that still remain between Parliament and Council, one can, I think, honestly say that the overall result is fruitful and that major progress has been made.

Let us now look at the draft budget referred back to us by the Council and the extent to which the Council has approved, rejected or changed our proposals. What, at the outcome of this discussion, is the position taken by the Council of Ministers of the Nine?

Firstly, with regard to the amendments—in other words, non-compulsory expenditure—the Council accepted an overall increase of 90.7m u.a. Four amendments were accepted, six were accepted in modified form and thirty-one were rejected. The Council said what it had in mind and what it was hoping for. At the second reading it would like attention to be concentrated on the Social Fund, research and the non-associated developing countries. Although the 90.7m u.a. is more than the margin for manoeuvre, which we had fixed at 78m u.a., the Council is leaving the European Parliament to decide how these appropriations should be allocated. This, briefly, is the Council's position. I shall return to the amendments later.

As for the proposed modifications, the Council rejected them all. This position is somewhat difficult to understand, particularly as these proposed modifications contained suggestions on food aid. It seems to me that, in the present situation as regards world cooperation, food aid

is particularly important and that in some sectors we also have surpluses which might have justified a further effort to help the nations that are hungry and at the same time settle certain of the Community's internal problems.

After all, the Council will one day have to decide what is to be done with the million-tonne surplus of milk powder, part of which has been in stock for two years. Everyone knows that milk powder begins to deteriorate after two years, and a decision will therefore have to be taken very soon. We very bitterly regret the wholly negative position taken by the Council in this area.

As regards budgetary policy—that is, the commitment and payment appropriations policy, budgetary calendar, budgetary nomenclature and policy on supplementary budgets—the Council asked for time to think in view of the complexity of the problems raised. It nevertheless said that it intended to consider these general and basic questions with the European Parliament during the first quarter of 1976.

That, then, is briefly the position adopted by the Council on the draft budget forwarded to it.

Let us now look at the work that the Committee on Budgets has done on the draft returned to it by the Council.

First of all, the Committee on Budgets kept in mind the three declarations that had been made to the Council by the parliamentary delegation. The first of these was that Parliament did not wish to obtain more than its margin for manoeuvre since that was what had been decided. The second was that we hoped that the Council, outside this margin for manoeuvre, would make its budgetary choices and state which appropriations it had decided upon. The third declaration made to the Council was that the research appropriations should have been included in the draft budget since everyone was agreed that a research programme should be established and implemented in 1976. Normally, the Council should have met thereafter, in November, and a letter of amendment should have been sent, at that time, to Parliament as the Council had done in the case of the EAGGF, Portugal and aid to developing countries. For purely practical reasons, however, the Council meeting had been postponed to mid-December. The parliamentary delegation therefore declared that these research appropriations could not be included in the margin for manoeuvre since they were foreseeable and inevitable.

In reply to these three basic declarations, the Council simply decided on an overall figure, admittedly higher than Parliament's margin for

Cointat

manoeuvre, but did not formally reply, as Council, to these budgetary options, merely asking that Parliament should make provision for the research appropriations in the 90m u.a., but leaving the final decision with Parliament. This solution, however, is not acceptable even though the Council's proposal is politically astute, because it seems to give greater latitude for Parliament to exercise its judgement. But Parliament is not asking the Council for charity; it merely wishes that each institution should shoulder its budgetary responsibilities in the framework of the procedure jointly agreed.

The research appropriations should normally be part of the 1976 budget, and it would therefore be abnormal for these appropriations to be included in Parliament's margin for manoeuvre. Moreover, if the 30 or 35m u.a., as the case may be, necessary for research is deducted from the additional 90m u.a. proposed by the Council, the remaining 50 or 55m u.a. would be below the minimum level of the parliamentary margin—66m—which is definitely not what the Council and Parliament had in mind. This is why your Committee on Budgets felt that it should work on the basis of the following principles:

First of all, each amendment should be considered with the object—the wish of both Council and Parliament—of making as many savings as possible. Secondly, the basic options defined by the European Parliament at the first reading should be maintained but this time the priorities should be established. Lastly, in a spirit of cooperation, account should be taken of the wishes voiced by the Council with regard to the allocation of the additional appropriations.

The result of the deliberations of your Committee on Budgets is as follows. Your committee suggests that you should adopt a series of amendments making a total additional amount of 102,900,301 u.a. After studying the matter with the Commission, your Committee on Budgets felt that 30m u.a. would be enough for the research programme. In other words, not including the research appropriations, the increase in expenditure—102.9 minus 30—is only 72.9m u.a., which—by happy coincidence or pure luck, Mr President, but it shows how conscientiously the work has been done—is between 66 and 78m u.a., the figure considered desirable by both our institutions.

This slight increase in the total—from 90.7 to 102.9—is no more than 0.15% of the overall budget, and it will enable the research appropriations to be found that everyone wants. It also safeguards Parliament's sovereignty within the limits of its present powers.

This increase is so small that one can hardly imagine it giving rise to any dispute between the Council and Parliament, particularly after the friendly atmosphere prevailing at the various discussions. I would add that this slight increase in the fixing of the maximum rate amounts to an addition of only 1.2%, which will, I think, put all minds at rest.

In conclusion, on behalf of the Committee on Budgets, I would ask the House to accept these amendments so that the President of our Parliament can finally report the adoption of the 1976 budget.

(Applause)

President. — I call Mr Fabbri.

Mr Fabbri, President-in-Office of the Council. — (I) Mr President, ladies and gentlemen, it is a great pleasure for me to be once again in Parliament in my capacity as President-in-Office of the Council of the European Communities and to outline the decisions reached by the Council at its meeting of 3 December on the draft general budget of the European Communities for 1976, which has been amended and adjusted by the proposed modifications referred to by the rapporteur.

But before I turn to the detailed consideration of these amendments I would like above all else to say that the meeting that took place on 3 December between the Council, Commission and a delegation from the European Parliament led by you, Mr President, and consisting of Mr Lange, chairman of the Committee on Budgets, Mr Cointat, rapporteur, and Mr Aigner, rapporteur on the supplementary budget, was very frank. Mr Cointat has said that in some cases it was impassioned. I agree, but I would also say that it was very useful.

The fact is that at this meeting it was possible to give thorough consideration to some of the main amendments and some of the proposed modifications adopted by the European Parliament at the first reading, and also to some procedural problems that had been raised during the discussion of the draft budget for 1976.

At the meeting, the Council was very grateful for the additional information provided by Mr Cointat, the rapporteur on the draft budget, and by Mr Aigner, the rapporteur on supplementary budget No 3.

I would now, Mr President, like to explain to you the position taken by the Council on 3 December with regard to the amendments and proposed modifications put forward by the European Parliament.

Fabbri

I would stress that the Council considered these amendments and proposed modifications with the greatest care and, in accordance with the Treaty, took decisions on them. Following its deliberations, the Council found that it could agree on a new maximum rate of increase for non-compulsory expenditure compared with the 1975 budget, equivalent to a possible increase in such expenditure—on which the final decision rests with the European Parliament—of 90.7m u.a., as has just been recalled by Mr Cointat, compared with the draft budget adopted by the Council at the first reading.

It is mainly in certain sectors, namely research, the Social Fund, and financial cooperation with the non-associated developing countries, that the Council has endeavoured to make an effort to fall into line with Parliament's proposals, raising the relevant appropriations to 35.2m u.a. In this way the Council wished to give a clear pointer for options that had priority over others. In addition, it accepted as they stood, or with slight changes, a series of less important amendments. There are other amendments which the Council felt it could not accept, and among these I would like to refer to that concerning the introduction of a distinction between payment and commitment appropriations. The European Parliament had a thorough discussion of this subject at the first reading.

The fact that it did not accept these proposals does not mean that the Council is unaware of their importance. The Council attaches at least as much importance to this problem as does Parliament itself. Nevertheless, the Council believes that it would be right for this problem to be dealt with in another context, that is, in the framework of the consideration of the proposed modification to the Financial Regulation which the Commission has already tabled. In this connection I would like to assure you, Mr President, that the Council will take a decision on this subject as soon as possible.

As regards Amendments Nos 6 and 7, calling for the entry of a budget line for certain payments, the Council was unable to agree for the reasons set out in the document forwarded to you. Here I am referring to proposed modifications which the Council also considered at the meeting on 3 December.

It is certainly known, Mr President, at least to those who attended the meeting, that is, Mr Lange, Mr Cointat and Mr Aigner, that certain of these proposals met with some favourable reaction in the Council, and it was only in view of the need for greater compliance with the spirit of budgetary austerity that the Council was unable to agree unanimously to the proposed modifications.

It is, I think, unnecessary to go into further detail regarding the Council's decisions. I would remind you that a detailed reply by the Council to all the modifications made to the European Parliament's amendments was forwarded to Parliament on 4 December.

Mr Aigner has pointed out that, on behalf of the Council, I have the task of replying to certain questions that have been asked regarding the approval of supplementary budget No 3, and I am happy to outline the Council's position to you in this regard.

The Council devoted its meeting of 24 November 1975 to the proposals concerning own resources and the harmonization of the legislation of Member States on turnover tax. At that meeting the Council gave particular attention to the European Parliament's resolution of 20 June this year, the President's letter of 7 July 1975 and the European Parliament's resolution on the draft budget for the Community and supplementary budget No 3. In the resolutions and the letter the Council was asked to give its decision on the subject. At the meeting the Council reiterated the urgency of taking decisions to put into effect what had been decided on 21 April 1970 with regard to own resources.

At that meeting of 24 November the Council discussed, in particular, the problems arising with regard to any temporary exemptions from the principle of uniformity of the basis of assessment of VAT in all Member States. These problems are essentially of two kinds: first of all, knowing what the possible exemptions might be and secondly, defining the effects of such exemptions—the compensation they imply, the method of calculating these compensations, and the exceptional nature and periodical review of exemptions.

The work, begun at the meeting of 24 November 1975, will continue along the lines that have so far emerged and which I have just recalled. The Council intends to devote one of its early meetings to this subject because it is aware of the great political importance of the decisions to be taken in this regard, but it hopes that the European Parliament recognizes the difficulties that still have to be overcome before it is possible to adopt the relevant rules.

As regards supplementary budgets, I had occasion to speak on this subject—and to my mind quite fully—at the last part-session of the European Parliament during the debate on the budgets, and I pointed out that the Council had to follow the rules of procedure at present in force, which require that only such expenditure as was specifically quantifiable and arose out of definite decisions taken by the Council of Ministers could be entered in the budget.

Fabrizi

It is true that we are dealing with a budget designed to provide us with estimates of expenditure, but nevertheless we cannot enter an item in the budget and give it a figure if the Council of Ministers has not already adopted a decision with regard to it. The Council therefore holds that it is not up to it to prejudge the budgetary instrument or to prejudge decisions that still have to be taken regarding new actions which are still in the embryonic stage and not fully quantified and for which, as I have said and say again, we do not yet have the legal instrument giving us authority and justification for entering the relative expenditure in the budget.

On the other hand, as regards certain expenditure which, though to some extent foreseeable, still lacks that degree of certainty justifying its entry and therefore the entry of a definite figure in the general budget, the Council is still of the opinion that the adoption of supplementary budgets, which is moreover provided for in Article 1 of the Financial Regulation, represents—at least for the moment—the only instrument, and an effective instrument, for allowing such expenditure to be entered in the budget if that should become necessary during the course of the financial year. The Council, however, shares the view—which incidentally stems from the rules in force and has been repeatedly stressed by the Assembly—that recourse to supplementary budgets should be in the nature of an exception.

Then there is the problem of Chapter 98. The Council holds that, when the expenditure involved is small, use should be made of this chapter for its entry in the budget and therefore for its appropriation, even if the Council of Ministers responsible has not taken any decision on the subject.

At this point, winding up my statement, Mr President, but remaining at the service of Parliament and ready to answer any questions which may be put to the Council during the course of the debate—and to that end I propose to speak again, if circumstances require, in today's debate in this Assembly—I believe that, on behalf of the Council, I can associate myself with the hope expressed by Mr Cointat at the beginning of his speech. By perfecting the legislative rules—it has been pointed out, and this is the conviction of the Council as well, that Article 203 of the Treaty concerning the procedure for discussing the budget could be improved—with the Community acquiring its own resources as planned, and by improving the conciliation machinery, it will be possible to arrive at a discussion of the budget as a fore-

casting instrument in ever closer collaboration between our two institutions and with ever better results.

Moreover, Mr President, it should not be forgotten—as Mr Cointat pointed out a little while ago—that the procedure for consultation between the Council and Parliament may be regarded as being in the running-in stage. And this is why, if the parliamentary delegation which participated in the Council's work did not obtain complete satisfaction, this may be excusable. On the other hand there are grounds, precisely because we are in this running-in stage, for hoping for a gradual improvement in the future.

This is the wish I wanted to voice in conclusion. I would also like to point out that the Council feels this draft budget, in its modified form, will enable Community activity to be developed—particularly in the social sector—precisely in the direction desired by the European Parliament.

(Applause)

President. — I should like to thank the President-in-Office of the Council both for the explanations he has just given and for the quality of the joint discussions we have had, which were at times impassioned, at others calm. Although we did not, of course, settle everything to everyone's satisfaction, we do realize that at the Council the difficulty is due less to a lack of willingness, which was not apparent to us, than to structural questions. Everyone agrees that Article 203 is not the ideal legal basis for perfect budgetary work. It is important that we should establish together suitable texts for the future, and that we should do this all the more quickly since in three years' time, after it has been directly elected, Parliament should be able to carry on a budgetary debate on a better legal basis.

I call Mr Lange to speak on behalf of the Socialist Group.

Mr Lange. — *(D)* Mr President, ladies and gentlemen. On behalf of the Socialist Group I would like to say, from the very start, that we approve the results of the discussions on the budget—including its total amount, 102.9m u.a., but I would not like to conceal the fact—and this is intended for the ears of the President of the Council—that in the Socialist Group and, I am told, in other groups, too, the question has already been raised of whether the budget, in the form it has been given by the Council, can be accepted at all or whether it should not be rejected outright.

Lange

Well, this has not happened, and, as I have just said, the Socialist Group will be voting in favour of the motion for a resolution that the Committee on Budgets has tabled.

There is no denying that between 3 December and 10 December—3 December was the day that discussions went on until midnight and 10 December the date of the meeting of the Committee on Budgets—Mr Cointat, the rapporteur, put in a substantial amount of work. For this he deserves recognition. He is entitled to be particularly satisfied that his original idea, in other words, to regard what has developed between the Council and the Parliament as a decisive step forward, has been accepted—at least by the majority. Even so, in any evaluation of this process of conciliation, and particularly the meeting of 3 December, we should not disguise the fact far-reaching differences of opinion continue to exist between the Council and Parliament.

I think, Mr President, that it would be useful in the future—and the rapporteur, Mr Cointat, has already referred to this—to involve all three institutions, Commission, Council and Parliament, in discussions which we once called the trialogue, in other words, tripartite discussions in which representatives of the three institutions would discuss the political form of the relevant budget. In these discussions, of course, there would be no question of a binding commitment on the part of the various institutions, but if it were possible, in this preliminary phase, to come to an understanding on the course to be followed, the political form of the budget, then this would mean a commitment by each individual institution, not *vis-à-vis* the other institutions, but *vis-à-vis* itself, for it would have to stand by the views it advanced in these discussions unless totally new facts came to light in the meantime.

In other words, the budget should first be dealt with in these tripartite discussions, and then the Commission and the Council should once again put their thoughts to this House so that the matter can be discussed here in the full light of day. The debate in this House would therefore have to take place some time in late spring, in May or June. As I have said, this presentation of the political intentions of the Commission and Council, as well as those of Parliament, would have to be preceded by the trialogue.

I think, Mr Fabbri, that this would make it possible to remove many of the difficulties that we have encountered in dealing with the 1976 budget. For we all saw how we were always in danger of being entangled in the coils of the provisions of Article 203 and thus losing our

freedom of action. We all endeavoured to avoid these coils as elegantly as we could. For if both the Council and Parliament ask themselves how closely we have kept to these provisions of the Treaty, we have to admit in all honesty that we have to a very great extent disregarded them. The question now is merely that of formally adopting the budget in the framework of the applicable Treaty provisions; otherwise, it will have no validity.

But what the budgetary authorities have done with the budget has been anything but in conformity with the Treaty. For one thing, the Council itself has largely failed to observe that which it required of us with regard to compulsory expenditure and the way it is dealt with. In other words, the Council has not by any means been so conscientious. For another, by generously—from its viewpoint—allowing a larger margin for manoeuvre, the Council has tried to transfer to Parliament the responsibility it should really bear itself. In other words, within this margin for manoeuvre granted to us by the Council we were also supposed to take over all the Council's responsibilities. This, I remember very clearly, was specifically stated by one of the delegations. So if we take another look at the 90.7m and at the Council's proposals—35m for the social fund, 35m for research and 20m for the non-associated countries—then the Council has already indicated its preferences to Parliament and in reality has itself made use of the margin for manoeuvre allowed Parliament under the Treaty. I think that a discussion such as I have suggested would enable these difficulties to be overcome as well.

I now come to my next point, Mr Fabbri. By reason of the Treaty provisions, this Parliament is stupidly—if I may use a not altogether parliamentary expression—a parliament that can only increase expenditure, not take decisions on revenue. I think, Mr President, that we all have cause to want to retrieve Parliament from what is in fact an undignified situation. I can, for example, imagine that the Members of this Parliament would be more careful in relation to their own citizens if they had to share responsibility for revenue. What I am now saying is addressed to Parliament itself. We know how carelessly—how carelessly in inverted commas—many decisions are taken in the specialized committees on the basis that the Committee on Budgets will find a way of coping with them. This Parliament can no longer continue to work in this way, for the problem is precisely that this Parliament has rights only in relation to increases in non-compulsory expenditure. This means, of course, that any one of us can have the fun of going to his constituents and saying to them: Look what a

Lange

fine chap I am; look what I have fixed up for you! But surely this cannot be the responsibility of a political representative of the people, for he must bear just as much responsibility for what he wants to extract from people's pockets. Please, Mr Fabbri, try to convince your colleagues that the Council alone just cannot continue to have the power to dispose of revenue.

As you know, we still have to discuss a number of points relating to changes in Parliament's budgetary powers or the extension of its budgetary powers. The Council has already said that it was ready for these discussions when, on 22 July this year, it took the decisions that are necessary for ratifying or supplementing the Treaties.

I would therefore be grateful, Mr Fabbri, if you could indicate to your colleagues that these discussions should be introduced as soon as possible. It is unacceptable that, in the context of the discussion on direct elections, this Parliament should be treated like mud and the future Parliament be regarded as something special.

Instead, it should be a question of continuity. Direct elections have nothing to do with the question of whether Parliament's powers should be extended before or after, for if democratic control and democratic cooperation are to be created, they must be created regardless of whether the Members of this House are elected directly or indirectly. That, Mr Fabbri, would be another point to be considered in the further discussions that we shall be having together.

Then, of course, there are two other points on which differences of opinion continue to exist. The Council has set itself rules which are not to be found in any financial regulation. It has, over the years, set itself the rule—an unwritten law if you like—that the only items that can be included in the budget are those on which there are Council decisions with financial implications, in other words directives or regulations.

Parliament takes a different view. I think that this point, too—you have yourself referred again to it in your statement—should be a subject for the discussion we shall have to have together in the foreseeable future. Here again I repeat that I think it is important for all three institutions to be involved. We must rid ourselves of the idea that the budget has, to all intents and purposes, a secondary function. It must have a primary function. It must be a law in itself and unto itself, able to implement political intentions, there always being the possibility, if certain conditions have not yet been clarified, of blocking appropriations until these conditions have been created. I think, Mr Fabbri, that we

discussed this matter to some extent during this year's conciliation meeting. We should discuss it again, thoroughly and frankly, so that a final settlement can be reached, enabling future budgets to be dealt differently from this budget. In other words, Mr Fabbri, we should come to an understanding on these matters, possibly without the need for Treaty amendments. Surely responsible people should be able to come to an agreement that makes certain unmanageable or unjustifiable Treaty provisions obsolete. For one day we shall ask ourselves what this or that Treaty provision is really there for. They could in fact be removed and declared obsolete. I would therefore be grateful if all this—and this seems to me necessary in the context of the debate on the 1976 budget—could be discussed by the three institutions and in particular by the two budgetary authorities. That would take us a step further and would mean that what we repeatedly refer to as confrontation or conflict between the Council and Parliament—possibly to the point of using the ultimate weapon, namely the outright rejection of the budget—could then be avoided. Council and Parliament would then face each other from better and more rational positions as regards budgetary matters.

I now come to my last point, Mr Fabbri. Nowhere does it say that payment and commitment appropriations must not be included in the 1976 budget. In the case of the Social Fund this already happens under the Financial Regulation. For the other sectors, however, the Council has said that it was against the notion, referring to the fact that this Parliament had said it would submit only an interim report—the Commission has produced an appropriate proposal—and not decide now, but wait until we have obtained certain information. We took this attitude because some Members had difficulty in coming to terms with the notion of payment and commitment appropriations, since they were afraid that Parliament's freedom of decision might be affected. But it is up to us to decide how far into the future commitment appropriations, which in practice leave the budgetary institutions without any freedom of action, should extend.

It would be useful if this, too, could again be discussed in the debate on the further treatment of the Commission's proposal, and if the Council could also give up its attitude that specific legislative provisions are necessary for each individual item before it can go into the budget. Here we come back to the question of whether the budget has a secondary role or a primary role, thus making it an original act that enables policy to be established. This, in fact, is the issue, for if policy can be estab-

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lished, then it will also be possible to prevent, say, the regional policy, which I say should not only be a geographical regional policy or a regional structural policy, but that it should be enlarged to include what I call sectoral regional policy—and more thought will have to be given to this as well—from getting into difficulties, as is now happening in our discussions.

As you know, Mr President, in the interests of budgetary truth and clarity we want as far as possible to avoid supplementary budgets, although admittedly they are allowed by the Financial Regulation. You know that some delegations pointed out very clearly during the conciliation meeting that supplementary budgets at national level had caused them nothing but difficulty. Why, then, should we not make a joint effort to avoid such supplementary budgets by actually using Chapter 98 in other ways than for small sums as the Council at present intends?

The fact is that Chapter 98 includes a reserve for specific measures, which, of course, must be handled in an appropriately restrictive way. On this there is no difference of opinion between us and the Council.

Mr President, I wished briefly to refer to the disputed questions which remain between Council and Parliament in spite of the results that we have achieved, but I am interpreting your last comment, Mr Fabbri, to mean that the Council appears to be ready to accept what Parliament may possibly decide the day after tomorrow in accordance with the proposals of the Committee on Budgets, that is, not to restrict the amendments to 90.7m u.a. but to increase them to 102.9m u.a. If that were to happen, one specific point of dispute would be disposed of and we could conclude that the Council and Parliament were in agreement in their judgement of a number of items of a symbolic character which express a certain political will and point in one and the same direction, even though a difference of opinion may remain regarding the money allocated to this or that chapter or this or that policy aim.

Mr President, I would like to leave it at that. I hope that we have made our opinion very clear to the Council. I hope that the Council can bring itself to allow a political discussion of the budget by all three institutions together before it is tackled by the Commission. We would then have fewer difficulties than has been the case with the 1976 budget.

(Applause)

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

Mr Aigner. — (D) Mr President, ladies and gentlemen, allow me first to make a preliminary comment regarding supplementary budget No 3.

I would like to thank the President of the Council most cordially for making this, we may well say, unequivocal statement. We had, you will remember, announced that we would agree to the supplementary budget if a certain condition was accepted by the Council. I would like to reiterate to you, and for the general public as well, that condition.

We asked the Council to commit itself, to taking, no later than the start of discussions on the 1977 general budget, a decision on the sixth directive on the harmonization of legislation on the basis of assessment of value added tax on which the Community's financial autonomy would be based as required by the Treaty. In this statement the Council has undertaken—and there can be no difficulties of interpretation on this—to achieve full financial autonomy for the Community by 1977.

I welcome this statement, Mr President. In this connection, I would like to remind you of your correspondence on the question of a charge of inactivity levelled at the Council. With this statement, which was the condition for the acceptance of the budget, we have a completely new legal position. We are not blind to the difficulties that lie in the way of creating this financial autonomy. We know how difficult it is to adopt the sixth directive. We know how big the problems are regarding the zero rates, agricultural policy approaches, medium-sized firms, and so on. But it says financial autonomy is in the Treaty. We also need it in order to give greater importance to the institutional side of the Community, which has been referred to clearly both by the rapporteur and by Mr Lange, and to give the dialogue between the Council and Parliament as effective a structure as possible.

Mr President, I wanted once more to state specifically for all to hear that we now have a legal position which we ought to use to help the Council overcome its own difficulties in this situation.

To come now to the 1976 budget itself. For my group I can take the same position as Mr Lange on behalf of the Socialist Group. We accept this result, but we are not satisfied with it because it does not match the policy objectives we hold. That is self-evident. But there is no sense in wanting to attain something which we know beforehand to be at the moment unattainable.

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We believe that here, in a tough confrontation with the Council, we have discussed and determined precisely what the Council's yield point is. Even if we wanted more, this result is therefore to be welcomed.

Those Members present at the conciliation talks in particular must concede one thing, and this is a conclusion that we simply must bear in mind for future budget debates. The point is that I do not believe that we would have been able to overcome the difficulties—here I do not mean those with the Council but the difficulties with individual Council delegations—if we had not been able to tell the full Council that we were absolutely ready to take the ultimate step, namely the rejection of the budget. I believe that it was precisely this combative mien of Parliament—and this I regard as the decisive result—that made it possible to dispose of certain obstacles in the Council.

My purpose in saying this is that in future all our groups should make greater use than in the past of this instrument of confrontation in their parliamentary policy discussions.

In this connection I remember the words of Mr Kirk—I shall never forget them—when he spoke for the first time in this Parliament. He said that a parliament does not have rights granted to it, it gets them by fighting for them. But, ladies and gentlemen, fighting for rights also means being prepared for confrontation, in order to reach solutions, remove obstacles, and really to be able to realize those aspirations that we all have, namely to achieve European integration more quickly.

As Mr Lange has rightly said, we had to go through a few very depressing hours in the dialogue between the Council and Parliament, and this applied to the Council delegation as well. But, Mr Fabbri, I am very grateful for what you have said. The difficulties did not lie in the fact that the members of the Council bore any illwill or themselves sought confrontation with Parliament: the difficulties are rooted in the system, and at this point I would like to offer my warm thanks to Mr Fabbri, the President-in-Office of the Council, for his unswerving efforts to improve the atmosphere time and again and for continually suggesting new lines of thought. I see with growing enthusiasm that every exchange in the Council is an attempt to create still better conditions. That is a process which I welcome and which we should support. On behalf of my group as well, I would like to thank you most particularly, Mr Fabbri, for all the efforts you made in this direction.

Mr President, the difficulty with the Council lies in the fact—and this is a problem which has

altered the whole constitutional structure of the Treaties—that the Council has not yet completely mastered this confounded Luxembourg compromise. If it is not mastered, we shall not reach full operability of these Community Treaties for the specific reason that the vetoing or questioning of majority decisions in the Council not only very substantially weakens the position of the Commission but also our own position, for our relations with the Council are not direct, but pass through the Commission. If the Commission is weakened, we naturally are weakened as well. Here lies the complete destruction of the balance of the Treaties, to say nothing of future development. My plea—addressed to all members of the Council—is that in the future we should really cease to call the structure of the Treaties into question and go over to majority decisions and therefore to operable compromises.

There is, however, another point I would like to make and not solely on behalf of my group. The discussions have shown once again—we had the same experience last year—that it is completely impossible to apply Article 203 in practice. One has only to consider that the whole procedure has in fact been put out of action by the two of us—Parliament and the Council. You cannot, for example, use the first maximum rate procedure at all so long as the Community has any life in it. You can only use the first maximum rate procedure if the Community is dead and not developing any new activities. Then a statistical maximum rate is sufficient, allowing for the rate of inflation and the necessary increases in staff. But for a living Community, this kind of maximum rate is simply out of the question.

As for the second maximum rate procedure, it is really only the formal outcome of a dialogue taken to its conclusion. If we were unable to agree on the various amounts for social policy, research policy, agricultural policy and so on, then we could naturally not agree on the second maximum rate. This means that only if we come to an agreement on the money, on the political principles, is this computation accepted as a formal settlement pursuant to the second maximum rate procedure. But that is certainly not the purpose of such a procedure.

As regards the time limits, it has become clear that, for a decisive political dialogue, they cannot be kept to by the Council, the Commission or Parliament. This schematic conciliation procedure does not work. Thus the whole of Article 203 and above all Article 203(8) are, in practice, simply inoperable. Mr Fabbri, we would not have reached any result if we had not both had the courage to override all these provisions, in a kind of gentleman's agreement,

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and to find a compromise in the spirit of the provisions. Mr Cheysson, in the round of conciliation talks, found the right expression when he called this Article 203 a monster with which, in practice, little could be done. I say this because we should perhaps think about what we ourselves are going to do to reshape the budgetary procedure.

As you know, the Commission is putting new proposals to us. But first the old proposals have to be ratified. These old proposals are again based on the 'monstrous' structures. Tomorrow, in our national parliaments, we shall be faced with the question of whether, in the light of the experience that we have had of them in practice, we should recommend these proposals for approval by our national parliaments at all. That is the crucial question. I must say that with the increasing amount of practical experience I have gained, the more I am inclined to the conclusion that we really cannot recommend at all to the national parliaments that they adopt the modified financing provisions as they now stand, with the exception, however, of those regarding the Court of Auditors. We ought to move forward, but that is another question. I merely wanted to raise this point so that we may perhaps draw lessons from practical experience in this case, too.

Mr President, allow me to raise a second point that had a surprisingly new effect for me and my group. I refer to the discussions in the European Council. The basic thinking of the European Council runs something like this: it is perfectly realistic, and understandable as well, that a Head of Government should say to himself: I am only prepared to transfer national sovereignty or national power to the European level if I myself go over to the European level as the holder of this power. But that is also the reason why we make no progress for it is very difficult to draw the dividing line between the transfer of power to the European level and the holders of power, even if we try to look at this in a realistic way. This is really a basic question for this Parliament as well. If the European Council takes decisions in the future rather than the Councils of the relevant ministers, then these decisions cannot be taken outside the constitutional structure of the Treaties. This means that if, for example, the Heads of Government should decide tomorrow, as was being discussed in Rome, that in future the Community budget should not exceed this or that amount, the decision cannot be binding while Parliament and the Commission are not involved in the dialogue.

If the European Council puts itself in the place of the Council of Ministers, it has to accept the structures of the Treaty and thus respect the

rights of the Parliament. I believe that to be a logical consequence since otherwise we would be going into reverse and have still fewer democratic structures than those provided for in the Treaties.

Allow me, in this connection, to say the following to the Council. I believe that if the Council of Ministers or the European Council should take such decisions, it must also be aware of the risks implicit in such action. We have experienced these dangers very recently when it took too many decisions at once without having the slightest detailed knowledge. We know from the integration policy that it is taken for granted that the Heads of Government do not know the thousandfold details. That means that their decisions are broad recommendations. Now, if the ministers responsible for the field concerned actually implement them and in so doing fall short of the political will of the European Council, the European Council loses authority. The result would be worse than if it were not to sit at all. Conversely, however, if the European Council gives the Councils of Ministers absolutely binding recommendations so that the Councils of Ministers have no room for manoeuvre at all then we shall see that everything will come to nought because no agreement can be reached, because without flexibility no compromises are possible and without compromises Europe cannot be built. I believe that this is a realization we must accept. On this point a discussion took place in Rome which fills my group with very much concern.

The fact is that it was stated in Rome that it was perfectly normal for the Community's public expenditure to have to evolve alongside the expenditure of the Member States. This is the falsest statement that could ever be made. The more we want to be successful in Europe and the more we want to transfer national responsibilities to the European level, the more must activities—and therefore expenditure—at European level increase and expenditure at national level decrease. Those who deny this reciprocal movement, deny in fact the law of European evolution.

(Applause)

Such an argument cannot therefore be upheld and must be vigorously opposed.

Mr President, I would like to quote a brief passage from a European press report and then make a few comments upon it. The report, which relates to our conciliation procedure, reads:

The essence of the 15-hour discussions was that the Council did not fall into the traps set with some skill by Parliament. In the opinion of many observers, Parliament came off best in its political incursion into the Council's discussions. The

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parliamentary delegation, profiting from the prospect of direct elections to the European Parliament, had full mastery of the budgetary technique and had no difficulty in dominating a Council some of whose delegations—with little experience of the procedural labyrinth—had a difficult time. It was not until midnight, when the parliamentary delegation left, that the Council regained the advantage and agreed on a number of important options.

Mr President, this assessment is completely wrong. Parliament set no traps, Parliament wants to achieve faster Community progress in real dialogue with the Council. Those who describe that as a trap simply do not see Europe in the same way as we do.

It is also untrue that the Council is less familiar with the procedural difficulties or the difficulties of budgetary law. The Council officials know the tricks and dodges and are just as skilled in interpretation as we are. That is not the problem. The problem lies in the fact that we lean towards a broad interpretation of the Treaties whereas the Council officials, with short-term national interests and positions in mind, incline towards a restraining and restrictive interpretation. If objective observers say that we are better at dealing with the Treaties, it really means that, objectively, we act—with our broader interpretation—more correctly than those who seek, by restrictive interpretation of the rules of law, to bring about a reduction in the rights of Parliament.

We are fully in agreement with the draft amendments which the rapporteur has described. I would, however, like to make a very brief comment on three points.

The greater part of the budget is made up of the agricultural budget, and we have resisted all attempts to cut it back or to question appropriations, not because we take the view that there is not much that needs to be clarified and made more transparent, but because we wished to counter what is—in my view—ill-judged criticism by the general public that the Community's agricultural policy is a big fiasco. That it certainly is not. On the contrary, some other continents would be happy to have an instrument available that has functioned for so many years as fantastically—I repeat, fantastically—as the one fashioned by this European Community.

Agricultural policy has its problems in all continents and in all countries, but when I look at the food balance in the world, when I hear the alarms sounded by the FAO, and when I look at our own economic situation, then I have to say: what do you think consumers would have to pay in Europe today if we had to buy not 10 or 15% but 40 or 50% on the world market.

In a few months world market prices would be completely different and our foreign currency situation would, in a few years, present a completely different picture from today's.

I say this, Mr President, because this item is still the biggest. We have difficulties. We have—and you were right to raise this question, Mr Cointat—the problem of surpluses in the case of milk, dried milk powder and so on. The question of food aid and all that needs to be used more vigorously as an instrument. But Mr President, major negative situations that we discuss in public do not stem at all from the agricultural policy, but from other sectors—the economy, monetary policy and regional policy. The agricultural policy merely gets the blame.

On the basis of all these considerations we have fully accepted the general budget in the form proposed by the Commission, but we would like to indicate our readiness to enter into more intensive discussion on the financial operations of the fund and to endeavour, in such a discussion, to offer the fruits of our own experience in eliminating mistakes that naturally occur here and there.

Energy and research policy—I think that all groups are agreed on this—should, we feel, be one of the priorities in the Community. My group felt, in fact, that it was a dangerous development when we found that the Council could not agree on this priority in good time. I think that in this respect the Council went beyond the bounds of irresponsibility in trying to shrug off this research and energy policy and shelve it.

Mr President, we shall regard research and energy policy—and my group attaches particular importance to this—as a major objective in the future work of the European Community, and we shall do everything that is possible on our side to ensure that these activities are carried out successfully. This naturally also involves loans policy and payment and commitment appropriations.

One last point: we, too, took the view that we should provide major appropriations in favour of the Third World. The Council—in what was indeed a surprisingly rapid action—has given us the additional 20m u.a. As a classic example of a country that has provided a very high ceiling for development aid in its own budget, I would like to refer to the Netherlands. Now, if the European Community spends a further 20m u.a., the Netherlands—on that account—does not need to enter a single unit of account more in its own budget. What it is doing is quite right. The Dutch say, they have so much in their budget and will spend their share

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not at national level, but at European level. In this way we improve our efficiency. Resources are never sufficient; they always fall short. For this reason we have to answer the question: how can they be used most efficiently for this difficult task? There is obviously a difference between nine states working side by side and the Community acting in real union and implementing a group policy. This I hold to be a good development. I would particularly like to thank the Netherlands delegation in the Council—for its was the guiding vote—for saying yes to this.

Mr President, you once said in a meeting with our African partners: Europe's solidarity with the Third World cannot be dissociated from solidarity within the Community. It is perfectly clear: if this Community solidarity, for example, is unable to ensure that the poorest regions are helped, then you cannot expect solidarity to grow in relation to third countries. This means that social expenditure and development aid expenditure are really in almost as close a relation as communicating tubes. This explains—and I would like to express my thanks for this—why the Council yielded to our appeal and granted an additional 30m u.a. for the Social Fund, that is, for Articles 4 and 5, and also 20m u.a. for development aid. Here we have restored the proper relationship.

I will conclude by saying that my group welcomes this development and entirely accepts the proposal which the Committee on Budgets recommends you to adopt. My group feels, however, that the struggle for Europe has not become any easier through these budget discussions, but that they represent just a further stage. It hopes that in 1977 we shall take that leap forward that is essential if we are to help Europe onward.

(Applause)

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

Mr Bangemann — *(D)* Mr President, Parliament has very severely criticized the Council on many earlier occasions and particularly during the discussions on the budget. I believe that here we have definitely an opportunity for once, in spite of all the criticism on matters of detail, to agree that, overall, the discussions that took place between Parliament and Council have produced a result that may be received with some satisfaction. My group, at any rate, feels that it should not be necessary in today's debate to attack the Council again and that perhaps, on the contrary, the Council should for once be encouraged to continue on the path

that it has begun to tread. It is quite possible for someone finding himself on a new road to be urged onwards by encouragement and not just criticism.

For this reason, I would like on behalf of my group to state specifically that we not only approve the result of the discussions in the Committee on Budgets, but that we would also like to say to the Council that, with Parliament, it has taken a step in the right direction. It would therefore have been wrong and politically foolish for Parliament to have gone as far as rejecting the budget outright. It is certainly right that we should not regard this weapon of ours merely as a theoretical possibility, but use it politically. We should not therefore allow it to drop out of the discussion with the Council. No one should be able to rely on Parliament not being in a position to use this weapon. But in a situation like today's it would have been politically foolish, not wise, to use it. Had we done so, we would, in a situation in which the political partners throughout Europe—and among them the Council of Europe—are on the way to achieving substantial progress, have set up a signpost that would in fact have pointed in exactly the opposite direction to general trend of this development, quite apart from the fact that the occasion on which we would have erected such a signpost would not have been all that favourable from Parliament's point of view. For in the light of the slight difference that in our own conception remains outstanding, we would meet with a general lack of comprehension on the part of the public if we turned down the budget as a whole on account of questions of procedure for example. If we had wanted to use this weapon, there were certainly better opportunities in the past and there will, perhaps, be far better occasions in the future. But today and with this budget we should not do it.

On behalf of my group, I would like to take up again a number of general viewpoints some of which have been referred to by previous speakers and in particular Mr Aigner. My group is quite definitely of the opinion that we should insist upon the extension of the financing of our expenditure by own resources and should urge the Council also to take to heart what Mr Aigner has said with regard to the supplementary budget: if the Community wants to have a life of its own in the eyes of the public, it must base its policy mainly on own resources and not have to depend on contributions from Member States. These should and must remain purely a supplementary source of funds until we have arrived at financing entirely from own resources.

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Next, on behalf of my group, I would like to stress, as noted in Mr Cointat's report, that in the interests of both budgetary truth and clarity, we must frame a number of requirements that should be included in future discussions on the Financial Regulation: loans must be included, the breakdown should be taken further for various items as the Committee on Budgets has already proposed, and care should be taken to see that in the technical nomenclature of the subjects to be dealt with by the Council and Parliament there is agreement on the major features so that we do not go on having to argue about non-compulsory and compulsory expenditure and so that there is no more contention about the entry of payment and commitment appropriations. In the interests of budgetary clarity we need to arrive at a rational budgetary procedure in which the terms are defined precisely, so that we no longer have to resort to a gentleman's agreement in order to settle on some political measure.

In this connection, I would suggest that possibly we did not do ourselves so great a service as all that when we abandoned the abstract rate of increase in the discussions. It was this that caused the difficulty when the increase in non-compulsory expenditure was being fixed: the discussion centred not only on the non-compulsory/compulsory question, but also on whether the Council was not pushing its responsibilities on to Parliament by wanting certain expenditure to be included in this rate of increase or whether, on the contrary, Parliament wanted to take certain expenditure out of this rate of increase, which was partly the issue in the case of research expenditure.

I feel, therefore, that we really must have a new budgetary procedure. What Mr Aigner has said with regard to the proposals that have so far been made, seems to me to be worth thinking about. We welcome the proposals because we know from experience that the present procedure creates difficulties and will continue to create difficulties in the future. But after we have altered it, we should then consider how we can achieve a clearer budgetary procedure.

We welcome the fact that a number of future activities are included in the priorities which arose in the debates, after the previous decision which allocated three-quarters of the budget to the agricultural budget. Altogether, this will be advantageous for the Community.

I feel we were absolutely right, in the present economic situation, to give priority to the Social Fund, and I also think that, in view of these economic difficulties, which are also structural difficulties, we are also fully justified in giving priority to research and the

development of modern future technologies. I would like to say, on behalf of my group, that the Social Fund measures to be implemented will definitely make for greater social justice and mitigate a momentary situation, but that they are not sufficient in the long run for the elimination of the structural economic difficulties that lead us to take such social hardship measures. Now that the Community is for once in the lead at world level in certain advanced areas, it would be absolutely foolish to delete appropriations for them and not to enter larger appropriations as Parliament has suggested. This is not just a matter of prestige: it concerns the economic development of the Community. The Community will overcome the economic difficulties which it now faces, including those affecting cooperation with the countries of the Third and Fourth World, only if it makes a deliberate effort to develop its technical standard further. That alone will enable it both to provide sufficient jobs in the Community and to increase the aid that the Community has already begun to give to the outside world.

This brings me to the third priority that has been set, on which Parliament and the Council have sensibly agreed: support for the non-associated developing countries. In this area we did think that higher appropriations might have been provided for other items in the budget as well. But, however this may be, it became clear that the Community's position in this important sector should be underlined once more. I would like to stress this because I feel that, in its development aid policy, the Community not only has bigger and better opportunities than the individual Member States, but can pursue its development aid policy in accordance with criteria which are all too often forgotten in what is done at national level, namely those of a policy directly oriented to the needs of the beneficiary countries and not those of national prestige and of representing national interests. That is the crucial point to be made in favour of the Community's development aid policy as opposed to with national measures. Unlike individual Member States giving development aid, the Community is not competing with anyone else; it can give development aid in a spirit of cooperation between partners. If we create a name for ourselves as a fair partner, the Community's reputation will also reflect, in a completely reasonable way, on the Member States.

For this reason I would like to stress what Mr Aigner has said. His group can be sure of the full support of my own group when it insists that it is completely irrational for Member States to think that the increases in their own budgets and those in our budget should be kept

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in step. Quite the contrary. With the growing significance of Community development aid it is certain that some items in Member States' budgets will become smaller or in some cases even disappear. In this way it will be possible to finance the Community's policy if there should be a sharper increase for this or that item in the Community's budget than in a national budget.

This issue will certainly continue to be faced in the future, and it is this Parliament that will have to take the lead in arguing it. The legitimization that it will obtain through direct elections will be useful to Parliament in this connection, although I would draw Members' attention to the fact that while this Parliament must certainly take an active part in the debate on the Parliament's powers, we shall certainly not be bringing about a revolution. I personally am perfectly prepared for this, but I could think of some Members of this Parliament who might have some difficulties with it—personally, I mean.

Instead, I would like to propose that we should look for partners in this argument. We should not from the outset emerge as opponents of the institutions with which we may be able to obtain powers in a spirit of friendly cooperation. I would like to point out that one very important set of partners will be necessary in the future when it comes to fighting for these powers: the national parliaments. We must realize that we are entering more and more into a conflict of powers not only with the Council—for it is not just a question of Parliament obtaining powers which the Council now exercises—but also with the national parliaments. These national parliaments will probably be just as tough opponents as the Council has been up to now in the redistribution of powers. After all, who likes giving up power? I have never seen anyone who was ready to accept a loss of his powers. This applies not only to the administration, but even more so—to say something favourable and pleasant with regard to officials for once—to political powers.

And just because that is so, we should make sure that, in the future debate, this redistribution of powers is sought fairly with the national parliaments, with each side accepting the other as an equal partner. If we are not successful in this, if as a result of direct elections, for example, we were to find ourselves isolated from the national parliaments, it might well happen that, despite our persistent struggle and despite all our efforts, we would not be able to obtain these powers for ourselves.

One more word with regard to what Mr Aigner said on agricultural policy. I am sorry, I did

not really want to go into this, I do not even know whether this is the right place. But after his hymn of praise for the Community's agricultural policy—I do not know why, perhaps he had a good breakfast this morning—I would like to take the opportunity to add something so that this picture can be toned down a little and not left in such brilliant colours.

Without the slightest doubt, my group is determined to uphold the basic considerations that led to the formation of the common agricultural market. The principles are certainly good and just, but the claim that this agricultural policy is a fantastic instrument that puts everything else in the shade, seems to me completely to overlook the agricultural facts of life. It would be absolutely wrong to say that if the common agricultural policy were to be abolished, the Community would have to cover 40 or 50 % of its requirements on the world market and at very unfavourable terms at that. There is not the slightest support for this statement. It would be truer to say that we have to weigh the advantages that we undoubtedly enjoy at the moment through the agricultural policy against the definite disadvantages which arise not only, for example, because of the surpluses—I shall have something more to say about them later—but above all, of course, in the relationship between the Community and other countries, and not only the industrial countries, but above all precisely those countries of the Third or Fourth World which have their own agricultural industries and in which industrialization must begin in agriculture. This means that, if we ourselves are dependent on cooperation with these countries, this being in our own interests, we must also take a look at what the external barriers set up by the common agricultural policy mean for them. This cannot be left out of the picture. You did not do this on purpose, but it has been forgotten in your description.

And secondly—this is quite definitely my opinion—we cannot, for Heaven's sake, resolve the surpluses problem by saying that after two years we must market the milk powder or give it away somewhere because otherwise it will go bad.

Here I am only thinking of a proposal that we discussed in the Committee on Budgets, in which the Committee on Agriculture asked for quite a tidy sum in order to get rid of lower quality wines by uprooting the vineyards now under cultivation. I wonder how this situation arose. The wine qualities concerned have after all been grown because we made it possible for such wine to find an outlet on the market. If it had had to win a place on a free market, things would not have gone that far.

Bangemann

I therefore think, Mr President, that this picture of the agricultural policy—and it is an important policy for the Community, since 75 % of the budget has up to now been devoted to it—should be painted in subdued colours. I would not make a case for an all-black or all-grey picture, but instead of this oil painting that you, Mr Aigner, have produced in fantastic colours, we ought perhaps to have a picture in subdued pastel tones if we are to depict the situation as it really is.

I will close, Mr President, by saying that my group will vote for the proposals of the Committee on Budgets, that it is satisfied with the outcome of the discussions with the Council and that it is assuming that, in view of the negligible difference that still exists between its views and ours, the Council will not cause any difficulties of a political or other nature, but that we will succeed in agreeing with the Council on the entry in the budget of the 102m u.a. by which we wish to increase non-compulsory expenditure. We take the view that these discussions are a good sign for future budget debates and in particular for the discussions on the revision of the budgetary regulations.

(Applause)

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

Mr Lenihan. — There is no question that the great advance made in the past year has been the development of a real budgetary dialogue between the two institutions constituting the budgetary authority. The acceptance as a result of this dialogue that Parliament has a margin for manoeuvre and that this will never again be challenged is very important. Also, the fact that the two institutions now constituting the budgetary authority will proceed each year from now on to make a joint examination of budgetary options is again a very important initiative which has been taken in connection with the present budget.

I would hope—and this must be the hope of all of us here in this Assembly—that this joint examination of budgetary options will give rise to a real examination and a real involvement on the part of Parliament in joint decision-making of a real kind in the political sense.

I think that one of the weaknesses of the present situation is that we are faced with automatic limits when we go for consultation from this Parliament to the Council of Ministers. This can lead to sterile debate when one is faced with fixed financial limits within which to

manoeuvre. If we can proceed to a real examination of budgetary options in a political sense, Parliament should be involved in the decision-making initially before financial limits are fixed. I would see this as the ultimate goal of the process on which we have started.

An important task to be carried out during the first quarter of 1976 is a joint examination of the whole area of budgetary procedures, which has given rise to immense confusion during the recent discussions between Parliament and Council. This involves, of course, redefining the whole system of classification of expenditures, in particular a redefining of the compulsory and non-compulsory areas.

I do not intend to go into the debate in regard to the Regional Fund classification, but that is the outstanding example of reclassification that must be achieved in a realistic way by incorporating that fund in the non-compulsory area of expenditure. Similarly, as has been mentioned by our colleagues, in particular Mr Aigner, the whole question of the rates of increase has now become unrealistic and, in the making of the recommendation to increase the allocation, has involved Parliament in a manoeuvre because of the artificial nature of the rate of increase. A redefinition of the rate of increase in order to give a realistic rate and a rate which can be easily defined and easily seen would seem to be essential.

The whole question of budgetary nomenclature also needs to be redefined so that we have a clear budget distinction between capital and current expenditure and a realistic margin of direct involvement and interest for Parliament.

Of course, the great task which is still ahead and will be the main task during 1976, is to see that in the 1977 budget there is a degree of real financial autonomy as far as the Community's institutions are concerned. We cannot have a say in expenditure without having a say in how the revenue base for that expenditure is gathered. That is essential for any rational form of budget preparation in which we, the European Parliament, would be involved in a consultative capacity.

As regards the actual increase of the allocation from 90.7m units of account to 102.9m units of account, in view of Parliament's reasonable and construction approach, which has meant making a compromise between what Parliament views as its minimum and maximum room for manoeuvre—I would assume that the Council of Ministers will agree.

One aspect which has not been referred to in regard to that increase, though it is referred to in the body of the rapporteur's report, is very

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important and marks, I feel, a very welcome development. It is that this new appropriation, which we hope to be 102m u.a., is included on the basis that there is no itemization of the areas to which that appropriation is to be allocated. Therefore, we have here for the first time a break with the rigid approach formerly adopted by the Council of Ministers, the rigid approach of no decision, no appropriation, a prospect that required the items of expenditure set out in the appropriation to be specified in a way that inevitably caused delay in the execution of expenditure.

It is, I think, a very important acknowledgment on the part of the Council of Ministers that we now have this extra allocation given in an open way as an appropriation without specific itemization. This, I hope, will enable the Commission to proceed to take direct action in regard to the particular areas to which the extra appropriation relates and, in particular, specific action in social affairs, to which this Parliament attaches tremendous importance in view of its very real power to affect the redeployment of our resources, especially the employment of younger people to combat the current economic problems facing the Community. It is in this area of social action that we can make a constructive effort within the Community to deal with the great problem of unemployment. This social affairs allocation of 35m u.a., which it is hoped will be increased somewhat as a result of our proposal, can now be expended immediately by the Commission on what it views as the most urgent area of social action within its administration.

I refer next to what the rapporteur said initially. The important aspect of this budget is that it must be regarded in the future as an instrument for social and economic progress. The budget of any of our Member States is regarded primarily in that way and secondarily as a financial and accountancy matter. I am not in any way detracting from the importance of having a budget of financial integrity and a budget that is fully accountable and accords with proper accountancy procedures. However, over and above that, the budget, in all of our Member States, has now become the main instrument for social progress and economic development.

Until the institutions of the Community, and in particular the budgetary authority composed of the Council of Ministers and this Parliament, are able to deal with the budget in that manner by making the important political, social and economic decisions and constructing the budget round those decisions, until that approach is fully adopted and fully accepted, then we will

not have made the real leap forward. But we have made a big start in 1975, and we hope that in 1976 we will move along in the direction mentioned by the rapporteur and the speakers for other groups.

It is essential that Parliament continue to reiterate its case and its position in this matter. Speaking for the peoples who long for the economic and social progress that we all desire, we must be involved in achieving their aspirations through appropriate consultation with the institutions that can realize these aspirations.

Our group supports the budget along with the amendments, in particular the important amendment asking for the increased allocation, on the basis that it is for the first time a budget moving in the direction hoped for by this Parliament and towards a position for which it has fought for some years.

(Applause)

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

Mr Jakobsen. — Although the number in my group has increased since yesterday by 100%, I still have to apologize for the fact that three regular members of the Committee on Budgets — Mr Shaw, Lord Bessborough and Mr Kirk — cannot be present today.

I should like to congratulate Mr Cointat, not only on his work as general rapporteur, but also on the results he has achieved from his work and long preparation. We should also congratulate you, Mr President, and Lord Bessborough on the important role which you played in the talks. In fact I think we can congratulate the whole parliamentary delegation on what it has done. I heard from my colleague, Lord Bessborough, and learned from my attendance at the Committee on Budgets last week, that the 1976 budget procedure has been marked by a spirit of cooperation between the two budgetary authorities for the Community, the Council and Parliament. We are all pleased with this. We have to admit that this cooperation has been partly forced on us by the impossibilities of the new budgetary procedures in the Treaty which came into force for the 1975 budget, particularly the dreaded Article 203.

As someone from a new Member State, I am not aware of what was in the minds of those who drew up the 1970 Treaty. Sometimes it seems to me that the best crossword puzzle experts were brought together to do the job. The trouble is that we have still not found the answers to all the clues, especially on the difference between compulsory and non-compulsory ex-

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penditure. In fact, we have given up trying to find the answer to this one, for in the 1976 budget procedure we have been rather recklessly bypassing the provisions of the Treaty. But this is the only way in which we can move forward together.

At the same time, there are other areas of importance to our budgetary procedure which are not mentioned in the Treaty, and here I refer to paragraph 2 of Mr Cointat's resolution, that is, supplementary budgets and budgetization of loans, where it is open to Parliament and the Council to cooperate together.

For the 1975 and 1976 budgets we have tried to deal with problems as they arose during the budgetary procedure, thereby setting precedents for the future. But this is not the best way to proceed as, due to the tight budgetary timetable, both the Council and Parliament's Committee on Budgets have to take important decisions, often late at night at the end of a long meeting. We hope that arrangements can be made to plan for the future on a more rational basis.

A new feature of this year's budgetary procedure was the participation of Parliament's delegation in the Council meeting on the budget. We have often criticized the fact that the Council considers the Community budget in secret. So we must welcome this small step in opening up the Council's deliberations and hope that it will become a regular feature. Moreover, we should like to see Parliament's budgetary delegation sitting in on the annual joint meeting of Ministers of Foreign Affairs and Ministers of Finance for the purpose of carrying out an overall assessment of Community budget problems as endorsed by the European Council meeting in Rome on 2 December.

I do not intend to go over the ground covered at the first reading in November. In the vote later this week, the European Conservative Group will be supporting the position of the Committee on Budgets, with perhaps one or two exceptions with little or no financial implications for the 1976 budget.

There has been mention of rejection now and then during the procedure. We reject 'rejection', as to use this 'H-bomb' would go against the spirit of cooperation and would be an irresponsible act, in our opinion, by a Parliament preparing itself to be directly elected.

We are particularly conscious that Parliament has not used any of its margin for manoeuvre to restore in part the reductions in payment appropriations for the Regional Fund in 1976. We have done this because the Summit commitment to a Regional Fund of 1 300m u.a. for the

first three years still stands, and because the Council has committed itself to a supplementary budget to increase payments in 1976, if necessary.

My group supports the restoration of some 103m u.a. rather than the 90.7m u.a. suggested by the Council. The extra 12m u.a. or so is a small amount, and it is right that Parliament should assert itself as one of the two budgetary authorities and not get into a situation where we gratefully accept a small Christmas present of a few million units of account from the Council each year.

(Applause)

IN THE CHAIR: MR BURGBACHER*Vice-President*

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

Mr Fabbrini. — *(I)* Mr President, I, too, take the view that we should reject the assertion of a leading press agency according to which Parliament is supposed to have laid some treacherous traps for the Council from which the Council itself had difficulty in extricating itself, mainly because of the highly complicated budgetary procedure. I reject this theory because in my judgement the trap was set not by Parliament for Council but by the Council for Parliament, and the latter fell into it. I would also add that it did not fall into the trap through innocence or lack of knowledge but because of the absence of those powers of which we have spoken so many times.

In what did the trap consist? Here I would like to repeat the phrase of Mr Wilson, the British Prime Minister, following the European Council in Rome, who said that in order to touch the highest peak in England—I forget its name—you had to ask to be able to touch the moon. It is the old tactic of bargaining which, in this case, has been applied by the Council—upside down of course—laying the trap I was talking about for Parliament.

In what sense was it a trap? In the sense that the Council of Ministers drastically reduced—as we all know—the appropriations proposed by the Commission in the preliminary draft budget. The most important items and appropriations proposed by the Commission were drastically cut in the certainty—confirmed by the long experience of past years—that the European Parliament, at the second reading, would reinstate in the draft budget the expenditure foreseen by the Commission by the adoption of a whole

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series of amendments. That is exactly what happened.

In fact, in November, the Assembly—with the agreement of our group—approved a number of amendments which reinstated the appropriations proposed by the Commission and chopped down by the Council; and the Council, once again, has made a drastic reduction of these appropriations and reached a concerted solution with our institution, that is to say a so-called compromise solution on the basis of which the amendments and proposals we made have been accepted only in part.

In this way the Council has succeeded in obtaining what it wanted. In fact no one can convince me that the Council could not have included these appropriations a month ago when it considered the budget and reduced it so drastically. I do not believe that in this period of time such new facts have arisen as to convince the Council that it had committed the most serious mistakes. Rather, it was a well-calculated plan: to reduce the appropriations knowing that Parliament would reinstate them and then to accept them in part in the final phase.

This is the trap set by the Council into which we fell, certainly not because we wanted to or because we lack the necessary ability to see through this state of affairs, but because the institutional basis of the Community is such, and our powers are such, as to cause us to fall inevitably into the Council's traps. What is more, this view of mine is largely confirmed by what our rapporteur said a little while ago when, giving a kind of list of the things that had been obtained by the delegation—thorough discussion of the amendments, the margin for manoeuvre no longer disputed, and the need to review the classification of expenditure into compulsory and non-compulsory because it was highly complicated and difficult to apply—he added that, as far as research was concerned, the appropriations could not be included in the margin for manoeuvre granted to Parliament, but had to be provided for by the Council. In this way, Parliament's very margin for manoeuvre is only formally higher than what was initially planned since, for the reasons given by the rapporteur, we have to take from this margin, from this 97m u.a., that part relating to research.

In the considerations rightly put forward this morning by our rapporteur—which I support—we have the evidence of the trap about which I have spoken. I have no doubts about the ability of our delegation which met the Council, as I have also no doubt about the conviction which, as usual, our representatives bring to the discussions they have with the Council. But in spite

of this conviction and this ability, we are still the victims of a trap, and we ought therefore to try our utmost to arrive at the conclusion that is often referred to in this House, namely the revision of all the institutional structures because, as long as we remain in this situation, Parliament will always find itself in a position of inferiority and extreme difficulty.

At the last part-session in November we voted in favour of a large number of amendments, making a positive contribution to the improvement of the budget even though they fell within the scope of the Commission's proposals and therefore within the scope of the preliminary draft all of which we considered to be unacceptable and which we would have voted against if, in the final phase, it had remained as had been proposed by the Commission.

You already know the reasons for our opposition because we have outlined them several times, and I myself recalled them at the November part-session. They may be summed up as the alarming imbalance between the Community's various policies and the fact that, because of this imbalance, social expenditure, expenditure on regional policy and research expenditure once again have to be sacrificed. These are old reasons confirmed by the general framework of this budget and which once again lead us to deliver a distinctly negative opinion. But to these reasons I would today add another that I described during the debate in November. We are faced with a substantially static budget, instead—as would have been necessary—of a dynamic budget aimed at assisting the general economic recovery of the countries in the Community. In this connection, I would like to point to a certain contradiction that seems to me to be apparent in the policy of the Community. I have before me the annual report on the economic situation of the Community. This among other things that the budgets of many Member States were reviewed during the course of 1974 and 1975 because these countries found it necessary to centre their activities on the objective of safeguarding employment. Employment is, in fact, seriously threatened throughout the Community. In other words, in the old dilemma that is the subject of so much discussion throughout Europe and, I would say, throughout the Western world, namely whether to make the safeguarding of employment or the defence of the value of money—the fight against inflation—the central objective, the choice in the vast majority of Member States has gone in favour of the first of the two alternatives, in other words that of sustaining demand, using the instrument of the budget, so as to prevent the process of mounting unemployment from worsening further.

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The same document states that many of the Member States will again have to resort in 1976 to the instrument of the budget to maintain demand at home so as to avoid slipping towards an accentuation of the most serious phenomenon of unemployment. We are therefore faced with conflicting positions, in the sense that the budget of the Communities, as the President-in-Office of the Council recalled this morning, is a budget of strict austerity, and yet the governments of the various countries which find themselves in a difficult economic situation are advised to use the budget as a means of achieving economic recovery, of maintaining demand and of checking unemployment. This is just one contradiction among the many, in the Community's activity, that I wished to raise in order to confirm the main reason why we shall be voting against this budget and which, though I explained it in the course of the debate held in November, I wished to recall in the present circumstances as well.

To conclude, Mr President, I would like to add a further consideration. Mr Aigner recalled, in his address, a phrase used by Mr Kirk when he first came to this House and which has since become famous in our Parliament, to the effect that the Parliament should not beg for its powers, but should go out and win them. To my mind, it was primarily a piece of rhetoric, but it also contains its share of truth. I feel, Parliament can indeed win a few more powers, in the institutional framework laid down by the Treaty, but it should first and foremost exercise the powers it already has. It is pointless, for example, that every year we should start discussing the budget in October, formulating the severest criticisms of the Commission and above all of the Council, only to withdraw these criticisms in December, at the time that the budget is adopted—and I refer, of course, to all groups except our own—declaring ourselves satisfied with the few concessions made by the Council and accepting the budget as it stands. It is possible for us to reject the budget. The representative of the European Conservative Group has already said this, but he argued that it would be an act of irresponsibility, at a time like this, to reject the budget as a whole. But this is the only possibility open to us and, in my view, the rejection of the budget would not be an act of irresponsibility, but an act of political courage.

Rejecting the budget would not in any way mean throwing the Community into a worse crisis than it is already in, nor would it mean bringing the political activity of the Commission to a halt because there are technical arrangements which would allow the Commission to continue, in one way or another, with its activities. Rejecting the

budget would above all mean opening a very serious or, in my view, important debate in this Parliament on the relations between Parliament, Commission and Council with regard to the budget. It is for this reason that I say that the phrase used by Mr Kirk is a piece of rhetoric but has a basis of truth because, before looking for other powers, it is right that Parliament should make use of those that it already has. For this, however, a certain political courage is needed which our group certainly does not lack, but which other political groups do not seem to me to have shown up to now. This is particularly true of the present moment, since they have all said they are ready to accept the budget as presented.

For these reasons, Mr President, we shall once again vote against this budget, in the hope that when we discuss the budget for 1977 it will be possible not only to have a full discussion and useful cooperation with the Council of Ministers, but also to arrive at major changes in the budget, thanks above all to the steadfast and coherent behaviour of our Parliament.

President. — I call Mr Osborn.

Mr Osborn. — I rise ahead of my colleague Mr Normanton because we, being among the few British who are here, would wish to second Mr Jakobsen's congratulations to Mr Cointat and support him in the views he has expressed on behalf of the European Conservative Group.

Apart from Sir Brandon Rhys Williams, Mr Normanton and myself, I must report that Mr Scott-Hopkins and our team are covered by the typically British headline when there is fog in London and the Channel, 'Europe cut off by fog'. That, I think, is still a headline which appears in the British papers.

As a new Member of this Parliament I have already, after listening to the difficulties of the budget for the first time, expressed my views to my colleagues. I repeat them here with some diffidence, because I well accept that those who have been here for 15 or 16 budgets, the members of the Commission and those who represent the Council of Ministers, have developed a traditional method of deciding what we are allowed to spend and how we shall spend it. The revenue, of course, comes from our agricultural policy and normal sources. The expenditure and the appropriations are determined first of all on the advice of the Commission, and then the Council of Ministers and Parliament develop a dialogue to work out what should happen.

I wonder, however, whether Ministers and Members of Parliament should continue this

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charade indefinitely. I say 'charade' because I have come to that conclusion, having listened to many great speeches from all parties regretting that our budget procedure is not sufficiently precise and relevant. From experience of British budgets—others may have had different experiences—I feel that Members of Parliament perhaps do rather clumsily what auditors, accountants and members of our civil service financial departments could do much better for us.

Perhaps the world outside, the people of our member countries, might accuse us in Strasbourg, Luxembourg or Brussels of being too inward-looking about our own budget. Perhaps we in this Parliament are not thinking of the decisions being taken in Paris, Bonn, London, Rome, Copenhagen, The Hague, Dublin and Brussels—because, after all, our budget is 0.6% of the total budgets of our Community members. We are therefore making a very great business of spending a little money compared with the total public expenditure of Europe. Should we be directing our minds, not on this one occasion but on other occasions also, to this to such a great extent?

I query this as a new Member, but I notice that those who have spoken before me, and even today, have queried this as well. Should not our budget be more related to the budgets of each Community country? Should not Community activity supersede, as it gradually will do, the national expenditure to a much greater extent? This is something that all Europeans wish to see. I hold the view that 0.6% of the budget of the Community we control is too small and that we should aim at 20 or 25%. But perhaps the Commission and others have a much broader concept of this in 15, 20 or 25 years' time. Therefore I welcome the concept of setting up an Audit Committee with an Auditor-General. I very much hope that the bartering that goes on between Council and Parliament will be replaced by the discreet processes which exist in our own countries—in our case through the Treasury, which is highly criticized in Britain.

I hope that the Committee on Budgets—I am not a member of it and our three members of it are still in London, so that they will only read what I am now saying—will become more Europe-oriented and concern itself more with the financial and monetary problems of each member country than with our 0.6% of the total budgets.

In other debates on the European scene—I have taken part in them—we have been concerned with the depression, the rising unemployment and the economic crisis that has hit the Western

world and Europe. Our budget should be concerned more with that. I have not taken part in the discussion of that subject and I am only intervening because my colleagues are not here. But each Member State and its people are very worried, this Christmas—particularly in Britain, where unemployment is rising, and in Italy.

We have analysed the causes ourselves. In some European countries the cause is over-population. It is certainly true that Britain is worried. We were the first country—even before the United States of America—to embark on an industrial revolution, so that in Britain and elsewhere many of our factories are overmanned and over-oppressed by trade unions, because we are trying to keep the old processes going instead of bringing in new ones.

We have limited food resources, limited material resources, and there is a changing world balance of power. Therefore, what we do in our budget must relate to these outside pressures on each one of our countries. We are having to cut back our budget now because the oil-producing countries have raised the price of oil and energy, so vital for our way of life, by amazing proportions. As a Community we should, therefore, concentrate our minds on this.

Mr Cointat originally and again Mr Lenihan stressed that our budget should concentrate on economic development and social progress, and I could not agree more with that. In fact, for a Conservative to agree with the last speaker, Mr Fabbrini of the Communist and Allies Group, may cause him more concern than it will cause my fellow Conservatives, but I give two examples. First, we as a Community can transfer resources from the better-off areas in Europe to the less well-off areas. This means using our regional aid programme. The mechanics of it are obviously looked at by the appropriate committee, but there is poverty in certain areas and there are dying industries, coal being one example, in some parts. The aim of the Regional Fund has been defined by the Commission as being to provide infrastructure—roads, adequate power, adequate rail communications, new factories, where appropriate, and improved communications generally.

In Chapter 9 and in the annex to Mr Cointat's report there was a Regional Fund budget originally of 450m u.a. It was then reduced to 300m and now 150m. The spokesman, Mr Delmotte, raised this in the Committee on Regional Policy and Transport, and the Committee on Budgets has looked at this to see where we can have a supplementary budget, but surely this is one vital field where help can be given to those facing hunger and unemployment. Perhaps we ought to have looked at this with

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more vision and been less concerned about the mechanics of our procedure.

Moving on to my second example I ask: how are we to get out of the energy crisis quickly and how are we to look to the future? We have our own national resources and should be encouraging our scientists and industrialists in the right direction. I speak as an industrialist and part-time scientist.

When the Americans embarked on the Apollo space programme, it was essential to gain a momentum of industrial and technological capacity and to have scientists to force through the project. The leaders—in this case leadership came from Washington, the capital—had the vision to put man on the moon.

In Britain the aerospace industry is unfortunately subject to the machinations of politicians and the change of political parties. It could have been said that the cancellation in Britain of the TSR2 was a major set-back for the aerospace industry in Britain. That was a decision taken by the incoming Labour Government of over 10 years ago. But this could apply to the MRCA, Concorde and other projects where men have shown vision and rely on us to back that vision.

Those are past examples. The only way for us to be prosperous in the future is to overcome the energy crisis and be more dependent on our own resources. As a new Member of this Parliament, I was disappointed to see the way the research and development budget was slashed by the Council of Ministers together with the research figure where it was agreed to cut back 30m u.a. How inward-looking and narrow-minded can we be? A research team must be brought in, a scientific team with back-up from industry. People must have confidence in the future. The performance of our Ministers gave those people no confidence at all at the one time that confidence should have been given.

Of course, we must go on with research on uranium. Of course, we must encourage the search for hydrocarbons and oil in difficult areas. Of course, we must go ahead with fuel conservation. There are four little projects in the last report on this question. I have raised the matter. It could be that between 8 and 15% of the calories available in the oil industry are being burnt in the Middle East and will be burnt away in spite of the new bill on North Sea oil which is at present going through the British Parliament.

Therefore, schemes to refrigerate on platforms natural gas—methane is one case and liquid petroleum is the other—are excellent ways

of improving matters in a minor way. However, they could suffer a set-back because of ignorance about the scientific and industrial impact of the money we are giving away.

I come back to the more important question: we realize that nuclear energy is an increasingly important source. We have said that our electricity generation by 1985, perhaps 1990—200 Gev—will be mainly nuclear. However, the future after that depends on the fast breeder reactor.

There is a question of cancellation of the Dragon project. I am not so concerned about the Dragon project, but my colleague from Dorset, Mr Spicer, would be if he were here. This question will be raised again. The high temperature reactor programme is one of the programmes that should be continued vigorously. If we cannot afford it in Europe alone, we should go ahead with the Americans and the Gulf scheme.

Either tomorrow or on Thursday Parliament will be discussing Mr Flämig's report on the plasma physics programme—the JET programme—which has parallels in the United States of America and the Soviet Union. The scientists to whom I have spoken have a vision for the future. As a member of the Committee on Energy, Research and Technology, I have been a little critical, but I have made my own inquiries. I have come to the conclusion that this is one programme of great importance for the future. However, Mr Flämig, in paragraph 9 of his motion for a resolution, deplors the fact that the Council has failed to include appropriations for the start-up of the programme in its draft budget. We cannot tell whether this programme will or will not have impact for the future. Unless we show vision for the future here and decide not to cut back on these items, we are not giving confidence to those outside.

My colleague, Mr Normanton is not present. However, he wishes to raise a question in which I support both him and my colleagues. If we must watch our budget in the future, there are certain activities that are much better handled by the European Investment Bank, in particular, the financing of nuclear power programmes. There are also other spheres where we must decide whether other financial agencies with financial expertise might not take the load off us, if we must cut back the budget in this way.

As a newcomer, I can give only my first impressions on this very important budget debate. However, having listened to the debates in Luxembourg before this, and to discussions in committee and in Rome, I support the excellent representations made by my colleague Mr

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Jakobsen on behalf of the European Conservative Group. I agree with those views. We shall work together as a group. I very much hope we shall devise a procedure which will inspire those who sent us here and not depress them, as I fear has been the case this year.

President. — I call Mr Dalyell.

Mr Dalyell. — I should like to begin by asking a precise question which I hope Mr Van Gronsveld will relay to Mr Cheysson when he arrives and which I should like to put to Mr Fabbri and Mr Avallone and their colleagues: What is their conception of the role of Chapter 98? In particular, what is the conception of the Commission and the Council of the role of Parliament in dealing with Chapter 98? Can the use of Chapter 98 avoid the need for recurrent supplementary budgets?

Secondly, I should like to ask whether there is any information about what the research councils have decided. That is the narrow question of the moment, but there is the wider question of how such discussions are to be synchronized in future and what we have learned from our current difficulties in 1975 about how these matters should be handled in future. We may all agree that the procedure is very unsatisfactory. What I want to know, and what my colleagues want to know, is what proposals there are for avoiding this kind of difficulty in future.

I wish to refer to a problem which greatly bothers me as a newcomer. It is the same as the worry which my chairman, Mr Erwin Lange, has had. From time to time we get from the same authority different estimates of the amount of money they need. I understand that Mr Guido Brunner believes the real expenditure needs for 1976, in view of the interruption of the programme, could be amended to 30m u.a. as opposed to the original 40m u.a., and the 30m u.a. should be included in the European Parliament's margin for manoeuvre.

I admit straight away that the cancellation of the Dragon project perhaps made some difference, but we must say to the Commissioners that they are to make their own case more powerful, they should be very careful not to give the impression that they have overestimated in the first place, because overestimation, rightly or wrongly, brings the whole of their judgment into disrepute.

I should like to take up what my friend and political opponent Mr Osborn has said. I, too, am very bothered about Dragon. This is not

the place to go into the details of it, but I should like to ask whether the decision on Dragon was basically an accounting operation or a thought-out technical decision. If anyone says that it was a thought-out technical decision, I should like him to give solemn assurances that the matter has been discussed in depth with the steel makers in our various countries.

My information, not only from British but from German sources, is that the high temperature system embodied in Dragon gives the best chance of quality nuclear steel-making in future. If I may say so to Mr Springorum with great deference, because I have not been a regular attender of committee meetings—I have been concerned with the budget—this is a subject on which his committee has been doing valuable work. I hope that it will continue to probe. It would be a great pity, in view of all the time which has been spent at Winfrith and elsewhere on high temperature systems, if purely as an accounting matter we did not go ahead with it.

I turn now to the question of the Social Fund, on which I am one of the rapporteurs for the Committee on Budgets—and I welcome the presence of Mr Hillery, who has been sitting patiently throughout our debate. It is a matter of some satisfaction that the Council has agreed to part of the increase in appropriations proposed by Parliament. The Committee on Budgets proposes that the total should be increased by a further 5m u.a. This is perhaps necessary to show our conviction that Community action in the social sphere now is vital in view of the crisis in employment. It confirms our doubts that the appropriations in the budget are sufficient for the Community to make any real impact here.

A further point to which we attach great importance is the transparency of the budget. This is why we proposed breaking down the appropriations in Chapter 50 and 51 of the budget to facilitate precise allocations as between the various aspects of the policy—aid to the handicapped, to migrant workers, to young unemployed, and so on. The Council did not accept this innovation, but the Committee on Budgets insists on it for the very good reason that it will enable us to set priorities, to chart progress in these fields and to clarify the budgetary management of the Social Fund. It is simply not satisfactory for there to be entries in the budget with massive global figures running to hundreds of millions of units of account without any breakdown into different spheres of activity in the social sector. The Council did not accept that we should include in the budget for the social sphere the distinction between payment

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and commitment appropriations. I listened very carefully to what Mr Fabbri said on this point. The Council did so, I understand, on the ground that it would involve amendments to the Financial Regulation. We accept this, but only on the basis of a guarantee from the Commission that a global review of the regulation will be proposed at the beginning of next year.

I should, however, welcome an assurance from Mr Van Gronsveld, or Mr Cheysson, or Dr Hillery, on this point, and a guarantee by Mr Fabbri or Mr Avallone that, once Parliament has given its view on the proposed review, the delay before Council adopts the proposed changes will not be unduly long. It will be appreciated that this is a matter of some consequence.

I should like to repeat what Mr Cointat said on the separate question of aid. He said—and I wrote down his words because this is an important matter—that one day we shall have to decide what is to be done with the milk powder. We have a saying, 'One of these days is none of these days.' I agree with the purport of what Mr Cointat said, that this matter will have to be dealt with shortly, and we shall have to do some explaining to our constituents, who are not uninterested in it, because they have seen on television pictures of starving youngsters in underdeveloped countries and contrast them—perhaps the media have played this up—with the existence of all this powdered milk.

I am aware that powdered milk is not suitable for use on all occasions and is unacceptable in some developing countries. Nevertheless, the crunch problem remains—and we must face the question—whether the cost of distributing it is much greater than the cost of storing it. I therefore agree with all that Mr Cointat said on this matter, and it is up to us to persuade member governments to do something about it.

I turn now to what Mr Aigner said and repeat the question which Mr Osborn put: What exactly is the role of the European Investment Bank in development aid? When we were last in Luxembourg I went, together with two colleagues, to see the European Investment Bank. It was the first time that I had been to talk to its officials about their policies. I was a little shocked when they said, 'We have never had a bad debt.' I am not suggesting that they should look for bad debts, but this tells us something about the degree of risk they are prepared to take. If they have never had a bad debt in all their existence, I suggest to Parliament that they are not undertaking the kind of risk that some of us in the Community would like to see them take. Anyone who attended, as I did, the three days of the joint conference

between ourselves and the Latin Americans in Luxembourg must know what need there is for developing countries such as Colombia, Chile, Ecuador and Uruguay to have some risk taken.

I understand very well the role of the Investment Bank and I understand very well that it is limited for the most part to the Communities and to the Associated States. Nevertheless we have to come back to the question raised by Mr Bangemann earlier, whether our national states or the Community are best fitted to help the poorest nations of the world.

I would argue at home—I recognize that this might not be a majority view among my colleagues—that there is a strong case for all aid from all our nation-states being furnished through the Community, for precisely the reason that Mr Bangemann and others have given, that Community aid is geared to helping the poorest, is not seen as being geared so much to national interest and, in the case certainly of the French and the British, does not sometimes have awkward post-imperial overtones. Again I refer to the Latin American conference. We have to be very clear about the optimum ways of giving aid. It may be through some extension of the Investment Bank, although we all know about the limitations there.

Finally, I wish to go back to a matter raised by Mr Lange, which is a matter of maximum importance. It concerns the raising of revenue. It is quite true, as Mr Lange said, that until we have some responsibility for the raising of revenue we shall not be as effective as Europeans as most of us would wish. I plead with him, however, and I plead with Parliament not to do it through that most unpopular of all taxes, the value-added tax, because if Miss Boothroyd and other colleagues and I go back to our constituents and say, 'Oh, yes, we are in favour of raising money through the European Parliament and we are going to do it by means of the value-added tax,' it will be brought into disrepute, because this is an unpopular tax, less because of the revenue raised than because of the difficulty of working it out.

Therefore, if we are to raise money of our own, it must not be shackled and it must not be harnessed to the most unpopular tax in all our countries—and unpopular in particular among a very articulate and influential section of our communities, the self-employed.

I therefore ask the Commission and the Council whether they are seeking ways in which money can be raised other than through the harmonization of VAT for European purposes. It would be exceedingly unfortunate for us as politicians—I think that many of us are in the same boat—if we had to explain that we wanted to do this

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through VAT. I therefore beg Mr Fabbri and his colleagues to think of some other, less complicated way of raising this money, otherwise we shall be in political trouble.

As regards the conciliation machinery, I should like to say just one thing. I am not implying any lack of confidence in Mr Lange, Mr Aigner, Mr Spénale and the others who did the negotiating, but some of us, particularly in the Committee on Budgets, would like to sit in during those sessions next year and, even if it takes to midnight, see for ourselves exactly what is happening. I understand perfectly well that there can only be a limited number of spokesmen. I am not asking that there should be more spokesmen. I am simply saying that, if we are to have meaningful discussions, members of the Committee on Budgets in particular would like to see how the negotiations go and see the conciliation machinery at work, and that perhaps it might be possible to allow this.

Mr Jakobsen raised the issue of parliamentary representatives sitting in during the discussions of the Finance Ministers and the Foreign Ministers. Is not this a rather important principle and an important question? As politicians in a complicated world, as the twentieth century goes on we realize that the only way to influence decisions is to be in at the embryo or formative stage, at the birth of the decision-making. I therefore hope it might be considered that what Mr Jakobsen said was a profoundly important proposition, and I would like to ask Mr Hillery of the Commission and Mr Fabbri of the Council whether there is any objection to the representatives of Parliament, even if limited in number, sitting in when their national countries are having these discussions. That is my final question. What is the objection to Parliament's being at least represented during the discussions in the embryonic stage? There may be objections, and I should like to hear what they are.

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

The House will rise.

(The sitting was suspended at 1.05 p.m. and resumed at 3.05 p.m.)

IN THE CHAIR: MR GULDBERG*Vice-President*

President. — We continue the debate on the general budget of the European Communities for 1976.

I call Mr McDonald.

Mr McDonald. — I wish very briefly to support the sentiment expressed by many speakers here this morning, that the Social Fund should be our priority in these times of recession, so evident in many parts of the Community, to ensure that unnecessary hardships are not inflicted on the many categories of people throughout the Community. These include migrant workers, unemployed and redundant persons, school-leavers, workers who find themselves in difficulties, whether temporary or otherwise, and perhaps people in the textile industries and in some of the agricultural and ancillary industries. These people need the assurance of a caring Community.

The rapporteur on 10 December last suggested a figure of 60m u.a., but eventually in compromise a figure of 40m u.a., was agreed. I believe Parliament should have the assurance from both the Commission and the Council that if during 1976 it becomes evident that the proposed budget of the Social Fund appears inadequate, a supplementary budget will be introduced to ensure that the Commissioner for Social Affairs and his services will be able to alleviate all unnecessary hardships throughout the Community.

I welcome the improvement in dialogue between the Council and Parliament that we experienced this year. I hope that next year this will grow towards full partnership in decision-making.

Mr Aigner said that the budget should be the moving force, the policy-making machinery. I believe that the primary instrument in policy-making should be attended not just by junior Finance Ministers or parliamentary secretaries, but that the Finance Ministers themselves should participate in all the consultations with Parliament's delegations. In addition, we should also have in this partnership our Foreign Ministers, who, I think it is fair to say, have a wider grasp of a greater cross-section of affairs throughout the various areas of Community activity. In my view, if we progress to this kind of dialogue, the affairs of the Community can only evolve more expeditiously.

The Committee on Budgets has now proposed that no amendment should be put forward concerning the Regional Development Fund. However, as Members will remember, when Parliament last considered this matter in plenary sitting, it was agreed that 150m u.a., removed by the Council from the preliminary draft budget, which allocated 450m u.a., to the Regional Development Fund, should be restored. Originally, when the Committee on Regional Policy and Transport began to consider the draft budget, the rapporteur was of the opinion that no amendments should be made and that the 300m u.a. proposed by the Council should be

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allowed to stand. The main reasons for this were the commitment appropriations of 500m u.a. for 1976 which were fixed by the Paris Summit, the Council and the Regional Development Fund's regulation and which cannot therefore be altered in the long run. This money will have to be spent.

Secondly, the Committee felt that the amount of 300m u.a. proposed for payment appropriations was acceptable in view of the fact that experience gained in the initial year was too limited to enable the needs to be assessed objectively.

Finally, however, the committee decided to increase the payment appropriations for 1976 by 75m u.a., but it was to be made clear that such an increase represented provisional appropriations for the Regional Fund under Article 98. This decision was taken mainly for political reasons, as at the Rome meeting the representative of the Commission had made it clear that in all probability the Commission would not be able to spend more than the 300m u.a. offered by the Council.

In the event, the Committee on Budgets decided in favour of a complete restoration of the sum originally proposed by the Commission—that is, on an increase of 150m u.a. to 450m u.a. This amendment was accepted almost unanimously by the European Parliament. If, however, the Committee on Budgets has now changed its mind and feels that the Council's figure of 300m u.a. can rest, we should be prepared to accept the opinion of the Committee on Budgets.

At the meeting of the Committee on Regional Policy and Transport on 10 December, the Commission indicated that, while the full amount of payment appropriations for this year had been taken up, this did not indicate that the 450m u.a. would be needed for next year, since it was hoped in 1976 to approve projects which were long-term and where the heaviest expenditure would become necessary towards the end of the term of such projects—that is, in the second and perhaps even the third year.

The crucial point is that there is no question of the sum of 1,300m u.a., agreed on by the Summit and Council, being reduced or—unfortunately, from our point of view—increased. The only real dispute, apart from the highly technical one about compulsory and non-compulsory expenditure, concerns the period over which the 1,300m u.a. will be spent. Obviously, if it were spent entirely within the three years, this would mean, to a certain extent, that the money was being applied in a more concentrated manner than it would be if it were spent over a period of five years. But it must be remembered that the financial regulation supplementing the

Financial Regulation of 25 April 1973 specifically provides in Article 115B, paragraph 2, that commitment appropriations which are not used by the end of the financial year for which they are shown in the budget shall remain available during the following two financial years. Therefore, it has been envisaged from the outset that payment from the 1975-77 Regional Development Fund might continue to be made in 1979.

It is my understanding that in the Council's draft budget and in the Council's deliberations on the amendments proposed by Parliament a firm commitment was made, and should there be need for further payment appropriations arising during 1976 over and above the 300m u.a., the Council would approve a supplementary budget to cover it. Perhaps the representative of the Council will be able to confirm this. I ask him whether the Council will be prepared to send Parliament written confirmation of its intention, as it did for the 1975 budget Regional Development Fund payments in the letter from the President of the Council dated 22 April this year.

President. — I call Mr Springorum.

Mr Springorum. — (D) Mr President, ladies and gentlemen, I feel sure that our Parliament will be happy if the budget is passed by Parliament on Thursday of this week because. For this Parliament with its six groups and nine national delegations, the adoption of a budget is really a test of endurance.

At this point I would like to express particular thanks to the Committee on Budgets and its chairman for the work that they have done. But I also think that a word of thanks is due to the Council and its President for it must be recognized that the Council is really a far more complicated and fragile Community instrument than our Parliament since it incorporates nine delegations, all representing only their national interests, to some extent without regard for the common interest. It is in fact often very difficult to reduce everything to a common denominator.

I feel that we must insist on one thing from the Council—it really seems so simple and self-evident a demand, and Mr Lange has already referred to it—namely that the shape of its political will should agree with the shape of the budget. Otherwise everything that we want to do for Europe will lack credibility. We all know of the many decisions the Council was taken on a common energy policy and on a common energy research policy. The Council has insistently and repeatedly asked for these policies and the Commission has put forward the relevant proposals

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for directives and regulations. Some of these have been accepted by the Council but have then been allocated too small or even no appropriations in the budget so that, in reality, it is not possible to say that there is an adequate energy policy, or even the beginning of one.

Let us take the budget appropriation for Community technological developments projects in the hydrocarbons sector as an example. Here the Commission had set a number of projects in motion. We all know about cost escalation in this field since 1973. These projects went ahead on the basis of an assurance from the Commission that certain additional sums would be paid. With the cutting back of the additional funds to 3m u.a. this will not now be possible, even though the Council and what is more the European Council, had decided on this common policy as late as 1 and 2 December. It is my opinion that, with particular regard to the United Kingdom, which would have received a large share particularly of these funds because it waived its demand for a separate voice in the North-South dialogue, some concession on the part of the Council would have been necessary.

It is no different with the joint project for hydrocarbon exploration, although, precisely in this area, the Community should have become more active long ago. At national level such projects are subsidized to the tune of hundreds of millions, but in the Community only 1m u.a. is provided in the budget, and it is purely thanks to the Committee on Budgets that this million units of account has in fact been entered at our request.

In the field of energy research it looks even more depressing. Mr Dalyell and Mr Osborn have already spoken about the Dragon project, which is one of the saddest chapters because a common research project had gone forward with such success that the Americans, Germans, Dutch and Belgians were all interested in it. But no, the Community cannot agree, and for this reason an excellent research project is recklessly brought to a standstill because everyone wants someone else to pay for it. And they call this Europe!

Or let us take another chapter, nuclear fusion, a project about whose importance we have already spoken on many occasions. Nuclear fusion is urgent. We do not know when, economically and technically, it will be ready for use. But each year it is brought forward is a gain for the people on this Earth. For this reason every day earlier that it can be tackled counts. Our committee was particularly pleased and happy that the budget now contains a commitment appropriation of some 158m u.a. and a payment appropriation of 24m u.a. for this

purpose together with funds for four other research projects.

Yesterday the Council of Research Ministers sat. The Committee on Research, Energy and Technology would have expected the Council of Research Ministers to be grateful to Parliament for making so strong a case for leaving the appropriations in the budget, and it would also have expected the Council itself to take a decision accordingly. But no question of that, nothing happens, the Council needs time for instructions on these important matters. One wonders why. I can only guess that once again that national egoism is being put before the interests of the Community. Hence my very special plea to the President of the Council that, once for all, these national interests, which so seriously damage the Community, should be set aside. I believe that it would not be going too far to say that, for this budget, certain dangers do in fact arise because of the absence of Council decisions. I would not like to go into these dangers in greater detail, but, as Parliament, we should insist that the budget that we shall be passing on Thursday is also adopted by the Council in full.

If the Council allows itself to become a football to be kicked around by national egoisms, we as Parliament should not follow in its footsteps, but insist with all possible means that the draft budget we submit to the Council is adopted in the form in which it is proposed.

President. — I call Mr Cifarelli.

Mr Cifarelli. — (1) Mr President, I shall speak on my own behalf, not because I want to underline any disagreement with the group to which I belong, but because, having unavoidably to attend the Italian Parliament on Thursday, I shall not be able to take part in the voting on the budget, which is a final and significant vote in which I want to be involved even if only in spirit.

I do not intend this as a explanation of vote because in that case I would be breaking faith with those who will be speaking on behalf of my group at the end of the debate. Instead it is a moral and therefore, I would also say, political presence to which I wish briefly to give expression.

This morning, the likeable local daily *Les Dernières Nouvelles d'Alsace*, referring to yesterday's opening of Parliament said that the European Parliament had had its Christmas present and that this seemed to have created a better climate amongst its Members. This Christmas present came from the European Council, meeting in Rome on 2 and 3 December,

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when it confirmed its undertaking that this Parliament would be elected by direct and universal suffrage by the people of Europe. Thus, not only was the date re-confirmed but also the terms of an extremely significant undertaking that will become a major step forward in our efforts to achieve the political union of Europeans and to create a federal organization of Europe.

I support this basic opinion voiced in the press, but I cannot forget the terms in which Dante—the supreme poet of Europe—summed up the advice of Conte Guido da Montefeltro to the Pope: “lunga promessa con l’attender corto” which means: give a rosy promise for a long time hence and meanwhile deal the necessary blows, “si come Prenestino in terra getti”—so that you may make yourself master of the city of Preneste.

This is what is happening with regard to the Community. Two years from now—and I welcome the news with enthusiasm—is the date fixed for the European elections, but in the meantime our steps forward are limited; sometimes it even seems as though we are in one of those processions in which you take one step forward and two back and then two steps forward and one back and spend days reaching your goal. I noted with particular interest the statements made by the President-in-Office of the Council of Ministers, who, in substance, favourably underlined the outcome of the conciliation procedure and gave us to understand—unless I have misunderstood—that the conclusions of the Committee on Budgets of this Parliament, provided they were approved by the established majority of this Assembly, would be adopted by the Council of Ministers. In this way the formulation of the budget for 1976 will be brought to a close without conflict. At least, this is what I hope and this is the direction in which I am thinking.

I would, however, like to stress, Mr President, ladies and gentlemen that my speed, like others I have heard—in particular those of Mr Lange and Mr Springorum—is intended as a means of voicing a desire for a down-to-earth attitude on this point. Because the European Parliament intends to use the occasion of the budget as it is used in all countries, that is as an occasion for deciding basic policy, the resources available for development and conversion—that is, revenue—are determined and the use to which expenditure is put is decided.

This is obvious for any budget, even for countries that are not democratic, whatever their nature be. But we are in a sort of book-keeping situation—I do not want to show any disrespect for accountants and book-keepers—in which the debate on revenue is carried out in another, non-

determinant and not strictly connected direction. We have a debate on expenditure in a very restricted oscillation between compulsory and non-compulsory expenditure, which ends up being reduced to marginal considerations or purely and simply symbolic diversifications. For example, in my view, it would have been necessary to increase the appropriations in favour of those countries in the world that are still awaiting the solidarity and aid of the Community because they are not signatories of the celebrated Lomé Convention. I consider that a symbolic increase in this direction would have been extremely important, but only symbolic because if we really had to face up to the requirements of countries with such populations—like India, Pakistan, Bangladesh and others—we would obviously have to make a far different kind of effort. We ought to be hoping—at least I am hoping—that the North-South conference, which began yesterday in Paris and, it is hoped, will be a great combined confrontation and meeting—the work of its four Committees is expected to last at least a year—will bear fruit, but from the viewpoint of real aid, not demagogic aid, exploitation or imperialistic utilization of the Third and Fourth World. The issue should be real aid from the people of Europe to other peoples, to countries which, though rich in energy sources and great human potential, are often tortured by hunger and left to their fate.

Even so, although it is true that the debate on the budget in its present phase is no longer the occasion for a thorough discussion of the levels of revenue and expenditure, it is the moment in which we can and should lay down a number of basic points of reference which go beyond what is set out in the accounts and beyond the differences emerging from the dialogue or the ‘trialogue’ between the Community institutions.

I personally believe that we should stress the need for a new balance in the common agricultural policy. A new balance needs to be struck between the Guarantee and Guidance Sections of the Agricultural Fund. A Community that destroys millions of tonnes of foodstuffs, while the rest of the world goes hungry, a Community that gives grants for trees to be torn down but or dairy cattle to be slaughtered is based on highly questionable principles. I shall not go into detail because I should use up too much time and too many words, but on the occasion of the budget, when points of a general nature need to be raised, we should take a more critical attitude, rising above that ‘optimism’ advocated this morning by Mr Aigner and instead heeding the ‘aggreat for reality’ made by Mr Bangemann.

In substance, a common agricultural policy raises a great number of questions. The Commissioner responsible has submitted to the Committee on

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Agriculture the first lines of the prices policy. This means that we are about to have a fresh discussion on prices policy without having the courage—which incidentally we ought to have—of establishing ceilings for the interventions in support of individual products so that it cannot happen that butter is produced for the Community refrigerators or that the production of other items races away on a freewheel basis and without the necessary efficiency, without any chance of arriving at a truly liberal economy, at least within the framework of the Community. In this way we would have the fear of surpluses on the one hand and the fear of shortages on the other. Thus the first objective we must drive home is the need to strike a new balance in the common agricultural policy both in the framework of the various policies followed by the Community and in the two sectors that make up that policy: guidance and guarantee, action on structures and action on prices.

My second comment concerns regional policy. With the present budget figures what is planned will in the meantime be done, but where we know that an appropriation of over 3 000m u.a. was wanted, we have only 300m or slightly more. This regional policy, on which so many hopes have been pinned and with regard to which the highly unfavourable circumstances of the economic situation in countries like Britain on the one hand and Italy on the other, result in its being regarded as a lever to put the economy back to rights or at least as a useful contribution for getting out of difficult situations, is marking time.

Often—this is perhaps a fault of mine—I have a tendency towards historical reflections. In my country, incidentally, my party is called *Partito repubblicano storico*, and I am very happy that it should have its roots in history. Historical reflections suggest that the difficult situations in a country do not easily find the necessary agreement and help in other countries whether they be neighbours, friends or allies.

You know that Italy has its Mezzogiorno. This Parliament has busied itself thousands of times with the problem. But for Milan, Turin, Florence and Venice, the Mezzogiorno is part of one and the same political unit, whereas for our friends in Hambourg, Lyons or Brussels, it is not part of one and the same political unit but of a community that is forming and developing. Now what I have said about the Mezzogiorno is also true of Scotland and of the regions left behind by development in France, Germany and other countries. This is why we have to promote regional policy in terms not only of economic and social justice, and balanced development, but of the foundation, achievement and con-

solidation of that political union that is our objective.

My third and last comment, taking a general view of the budget, concerns energy policy. Other Members have already spoken about this and I will not add much, except to say that energy policy means, in substance, the redimensioning, rethinking and restructuring of the Community's industrial policy. We cannot have balanced development if we continue to be a Community in which the greater part of our time, policy measures and money go to agricultural policy, whilst regional policy marks time and industrial policy is still in the guideline phase. For these guidelines I pay tribute to the Commission for having worked them out and presented them and defended them in the debate in this Parliament. But I hope that all the institutions and we ourselves, in rethinking the general lines of our future activity, will be prepared to give industrial policy the importance that is its due in terms of structural adaptation or economic recovery to combat the difficulties of the present economic situation.

Thank you, Mr President, for having allowed me to express a few thoughts of a general nature on our budget and, with the wish that the success achieved this time with regard to the conciliation procedure will constitute a valid precedent for subsequent developments—it is true that in national or international public law precedents and established customs have decisive importance—I hope that there will be a full vote in favour of the proposal of our Committee on Budgets from all sectors of this Assembly.

(Applause)

President. — I call Mr Normanton.

Mr Normanton. — May I be the first to extend a warm welcome to Commissioner Cheysson, whom I see in the Chamber, because I wish to address most of what I have to say to him and to quote from what he said at a previous sitting of Parliament. What I have to say, however, really concerns the relationship between the Commission and the Council and the various institutions of the Community as a whole. The peg on which I wish to hang the points I want to make is the token entry in the budget under, I think, Article 944 relating to Euratom borrowing.

The Commission will not be unaware that several of us have on a number of occasions questioned the terms of reference and the areas of responsibility as they are apparently assigned among the various institutions of the Community. I do so once again in connection with the

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responsibilities of the Commission as regards the raising and lending of money.

I intend to speak not on the technical or energy aspect of the entry in the budget but on something which I think is even more profound: how the Commission should operate its mechanisms for providing cash for many of the institutions and activities of the Community by means of borrowing and lending money.

In his speech to this House on 19 June, Commissioner Cheysson made what undoubtedly was a statement of considerable importance. He said: 'The Commission should be the only body responsible for negotiating and administering Euratom loans.' He went on to say—and I quote this as a fact; the fact I do not question, but the wisdom of it I do and will continue to question—that when the Community was first established the Commission was responsible for administering all loans floated on behalf of the Community—ECSC loans, Euratom loans and the like.

I am convinced that although the statement made on behalf of the Commission by Commissioner Cheysson may well be, and I am sure is, founded on the facts as they were in the early days of the Community, they are in principle absolutely wrong. It is to this point that I want to draw the attention of the Commission and the Council, in the hope that we, the European Parliament, can make a positive contribution towards getting the right structure and getting the right responsibilities handled by the right people in the right way.

I see the raising and lending of moneys as a purely banking operation. It is not a political role. It is not an administrative function. It is a banking function. There is nothing further removed from politics than the technique of banking.

I see the Commission's role as being administrative, as primarily formulating proposals which are then submitted to the political masters, the Council of Ministers, and to the European Parliament. The political approval having been obtained, the Commission's responsibility is to see that those proposals are implemented. In virtually every field of the Community, as I interpret it, the Commission delegates the functional role to various institutions in the Community or those which are external to it.

I am thinking in particular about research. To me, it would be totally unthinkable for the Commission or the Commissioner responsible for research to establish inside his own directorate those who are capable of or responsible for implementing research. The role of the research

directorate is to formulate policies, to make political recommendations and then, the approval having been given, to see that they are implemented. That is why we have research carried on by Community institutions such as the JRC—that is, direct research—and research carried out by indirect means—that is, by institutions which have no institutional link with the Community but are contained in the geographical area of the Community and are therefore available for the implementation of Community policies.

This is to my mind the way in which we ought to approach the process of raising and lending moneys; that is to say, the implementation of policy on banking matters should be handed over to and monitored by, some individual banking institution.

I need not remind the House that there are many banking institutions which work in the closest collaboration with the Commission. Indeed, one hears from the Commission—and Commissioner Cheysson has said this to the House—that the terms on which the Commission can raise money are as keen as, or keener than, those of any other institution in Europe.

If that is true, and I understand that it is true, it is because behind the Commission there is the full guarantee and financial backing of nine Member States. That is agreed.

However, there is also in the European Community a banking institution. I quote as an example the European Investment Bank. I do not necessarily pick it out as being the sole institution which has a right and a claim to be developed as the Community banking institution, but it is an existing institution which is raising money upon its own credit, on its own performance, though indirectly backed by the knowledge of the lenders to that institution. It has the backing of the nine Member States, not directly, but through the institutions such as the Commission.

I want to say once again to the House—and to voice what I know is a growing feeling in the House in all parties—that there must be some clarification of the role, the functions and the responsibilities of the Commission as an institution. This is logical at a time when the budget is small. More than one Member of the House has referred to the budget as a mouse of a budget, but before the mouse grows we must get the rights—I nearly said 'net'—in which to keep it under control or the right trap to keep it under our directions.

That institution to my mind may well be the European Investment Bank. It will in no way

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weaken the powers or the responsibilities of the Commission. It will purely concentrate the process of banking, of raising and lending and re-collecting the moneys and monitoring in a financial sense the moneys which are going to be voted increasingly to promoting Community projects.

The particular project included in the budget—Euratom borrowing—is at this moment purely a token entry. It is an entry of principle. However, the actual sum, which I am sure most, if not all, Members of the House feel should be the substance of the entry, is a massive sum indeed. Figures of the order of 60 On, 1,00 and, indeed, 3,00 u.a. have all been mentioned as being appropriate at this time for the purpose of entering into firm commitments for research development and for the promotion of European Community energy institutions. That is the kind of sum, that is the kind of work which it is for bankers to deal with, not politicians.

Therefore, although I say I want this to be taken away from the Commission, I do not do so out of a sense of pique or dissatisfaction or out of a feeling that the Commission has in any way been irresponsible in this connection—it has not. The way the Commission has handled this so far is undoubtedly to be highly commended; but in principle it is not, in my opinion, its role in a rapidly growing budget, and that is what this European Community budget will be.

Lastly—because Mr Cheysson may well be constrained to repeat some of the points he made in his speech of 19 June—may I remind him of the words he spoke then? He said then that he considered the European Parliament was and should be ‘the highest ultimate authority’.

If this Parliament is not, or does not become, the ultimate authority, it is nothing. With that argument, and taking into account Mr Cheysson’s statement of his view on that point, I think it is hardly necessary to remind the House that the responsibility has not been imposed upon the Commission to deal with the raising and lending of moneys as if that decision were a once-and-for-all decision to last in perpetuity.

If this Parliament deems it appropriate that there should be one institution with exclusive responsibility for handling banking matters, I am sure, on the basis of Mr Cheysson’s statement, that he will be the first to agree with Parliament. That is what he said on that occasion, and I earnestly hope that in due course Parliament will reach that decision.

I wish to make one other reference to the extremely valuable contribution made by Mr Cheysson on 19 June. He said:

The Commission will submit in the autumn of this year a report on all the borrowing and lending operations of the Communities, and when I speak of the Communities I mean the entire range of financing resources.

This House knows full well that Commissioner Cheysson strives as hard as, or probably harder than, anyone to meet the exacting demands of this House. We are always grateful to him and appreciative of the concern and interest which he shows in his field.

I earnestly hope that we can look forward to receiving the report at a very early date. If and when it is presented, I think we shall see still further evidence in support of the concept which I am spelling out to, and in the presence of, the Council of Ministers and the Commission: banking, a highly specialized function, must be in the hands of a specialized institution.

(Applause)

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, on behalf of some of my colleagues I wish to draw Parliament’s attention once again to the problem of the non-associated developing countries. This Parliament has frequently advocated that, in addition to the development and food aid it gives to associated countries, the European Community should also give generous help to the non-associated developing countries. In those countries, including, for example, India and Pakistan—but there are many more—large parts of the population have in many cases again been stricken by famine. There are far more of these people than in the associated developing countries. At the Seventh Special Session of the General Assembly of the United Nations in September last—and on other occasions the representatives of the European Community have—made it clear that they also intend to help these countries, which have a right to our support and technical assistance.

The Council has increased the relevant budget item for 1976 by 20m u.a. Parliament’s Committee on Budgets has supported this. It is my opinion that within the margin for manoeuvre, on which we have to decide this week, something more can be done for these countries while still maintaining the principal priorities that have been given by the Committee on Budgets, namely 30m u.a. for the research programme, 40m for the Social Fund and 20m for aid to the non-associated developing countries.

All I am asking for is a slight modification of the principal priorities set by the Committee on Budgets, in other words an increase of the 20m to 25.5m u.a.

Laban

I take it that this Parliament would like to be sure that the limited amount that is available for allocation can also effectively be spent in 1976. I must tell you that I have cause to doubt whether this will happen with the additional 1m u.a. that the Committee on Budgets has earmarked for exploration for hydrocarbons. I refer to Amendment No 8.

The same applies to the 1m u.a. for prospecting for uranium deposits, Amendment No 9, and also to the 2.5m u.a. for support for beekeepers, Amendment No 15.

I do not dispute the need for these items but I must point out that the required programmes are lacking for the first two. Even if these were formulated, we would find that amounts of 1m u.a. are of themselves far too low and that they can, in fact, have only a symbolic meaning. In my view, whilst carefully dividing up the cake, we ought to be particularly careful in making appropriations intended to have a symbolic character. For the assistance to beekeepers, which I feel to be necessary if the bee population is to be maintained, no regulation is to be expected in the short term. Moreover, the supplementary amount approved by this Parliament in the 1975 budget will not have been used this year and there are technical difficulties in the way of carrying it over to 1976.

With regard to the 1m u.a. for building loans, Amendment No 5, it cannot be said, in terms of relative priorities and in view of the legal position of European officials, that in these circumstances this is the most urgent item of expenditure. The legal position of European personnel is indeed—to put it plainly—far more favourable than that of national civil servants.

In this way, therefore, the 5.5m u.a. can be found whilst budgetary neutrality is fully maintained. I realize that 5.5m, considering the enormous needs of the countries concerned, is not much, but I believe that a signal would then go out from this Parliament to the other countries and at the same time to those countries that still have to fight against famine and where many thousands of people are still dying of starvation, a signal from this Parliament that we have understood their SOS.

Mr President, together with some other Members of Parliament, I have tabled an amendment along the lines that I have just described. I hope that we shall receive the necessary support in this Parliament. I would be glad to hear from the Commission and the Council what their opinion is on the operation that I have outlined, and I hope in particular that it will be made clear whether the Commission and possibly the Council are ready, if Parliament should so

decide, to give their agreement to this increase in the item for non-associated countries.

(Applause)

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — I must apologize to you, Mr President, and to my colleagues in the House for not being able to listen to what I have no doubt were very important contributions to the budget debate this morning. Unfortunately, in company with the rest of my British colleagues, I was stuck in the fog on the other side of the Channel and we have only recently arrived.

About one thing, however, I am not befogged at all, and that is the true nature of the budget which Parliament has been considering since the beginning of September. When Mr Cheysson introduced the budget—he introduced it at the conclusion of a debate, but evidently that is the way in which Parliament works—he drew attention to the gross imbalance in the budget proposals as a whole. He pointed out that no less than 75% of the Community budget was devoted to support in one way or the other of the common agricultural policy—and well he might because 10% of the population of the Europe covered by the Nine is employed in agriculture, 43% in industry and the remaining 47% in other services.

Therefore, to begin with, the budget is grossly in imbalance. Seventy-five per cent of the Community budget is expended in the interests of at most 10% of the Community population. That is not to say by any means that the benefits derived from the common agricultural policy are evenly spread over the entire farming community.

There is no means of determining how far the individual agricultural worker in Europe benefits by this. What we know is that the standards set for remunerating the farming community generally are set at the moment with a fine degree of impartiality between the small and possibly inefficient farmer and the very highly mechanized farm. I can imagine that after this budget there will be many toasts drunk in the very big chateaux throughout France and Italy occupied by the wealthier farming community.

That imbalance once established, to which I have referred, let us now turn to the remainder. The Council, when it received the first draft, thought it best, in the interests of economy — and it has rammed the economy down Parliament's throat at every stage in the so-called negotiations that have taken place since the commencement of

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what is referred to euphemistically as the budgetary process—to cut the initial budget produced by the Commission by over 60m u.a.

It did this in the interests of economy. It shed crocodile tears over the cuts that it thought to be absolutely necessary for the preservation of the economies of the individual Member States in Europe. Cuts of 600m u.a. were imposed, but one thing was not touched. It did not touch the proposed increase of 991m u.a. in the common agricultural fund proposed by the Commission.

Therefore it becomes clear, if we are to examine this budget quite impartially, that it is merely a fig-leaf to cover the Council's nakedness. The whole budget process is a charade. The vast bulk of the expenditure under the budget is already determined. It cannot be touched. The reason it cannot be touched is that one of the most powerful lobbies in the whole of Europe confronting the Community is the lobby of the agricultural organization, COPA, which in my own country is represented by the National Farmers' Union, whose President is also the President of COPA.

The Council may contort itself, Parliament may talk, Parliament may assemble, Parliament may reason, and Parliament may bring forward alternative proposals, but the Council will not permit COPA to be touched, it will not permit COPA to be offended, and it will not allow the agricultural lobby to be put out, because the Council is not strong enough for that.

I should like to refer to an extract from the *London Times* of 13 December 1975, which gives some account of the EEC's recent negotiations with the European agricultural organization COPA. Sir Henry Plumb, the President, said that the Commission's proposals left EEC farmers

'in considerable doubt as to whether the common agricultural policy can provide the necessary security of income.'

Here is one section of the community—and it is only a small section which is demanding and expecting security. This is 10% of the employed population throughout Europe.

Sir Henry Plumb continued with what I thought was sublime arrogance when he said, according to that report in *The Times*, that if the Commission's proposals

'remained unaltered they would be likely to damage confidence throughout the EEC.'

Let us observe what has happened throughout this budgetary process. The Council, as I have said, reduced the total expenditure envisaged—

mainly covered by the Social Fund, the Regional Fund, the Research and Development Fund and aid to overseas countries—by some 600m u.a. since, and at the last reading of the budget Parliament itself restored 441m u.a. to the budget, once again mainly in the Social Fund, the Regional Fund, the Research and Development Fund and aid to overseas countries.

These proposals were duly forwarded to the Council. The Council thereupon met and sat—as far as I can see, all the Council ever does is meet and sit—and considered these proposals. Eventually it was good enough to receive a delegation from this Parliament. The delegation spent some nine hours at the Council offices, of which six were spent waiting in the ante-room. At the end of that time the Council was good enough to concede that, of the 441m u.a. requested by Parliament for restoration, Parliament could have back 90m u.a. In any event, Parliament was entitled under the Treaty to have 78m u.a. to do what it wanted with, but the Council was very generous and said that it would let Parliament have 90m u.a.—in other words, the Council gave away 12m u.a.

This is the Council that will presently reply, and I have no doubt that the speaker who replies on behalf of the Council will compliment those who have taken part in this debate on the constructive nature of their thoughts. He will undoubtedly thank Parliament's Committee on Budgets for the very careful endeavours indeed for future relations between Parliament and the Council but he will not go an inch further than that. He will hope that Members of Parliament will retire from this debate with such a glow of self-satisfaction that they will be willing to allow the whole matter to remain for another year, by which time, we shall be assured, Parliament will no doubt be given greater powers.

It has even been hinted by nods and winks—that only the Council, through its representatives, is able to give—that things will be different once there is an elected European Parliament, and that when that comes about, Parliament can expect to have much more control over expenditure and all that kind of thing.

I maintain that if there is ever a directly elected Parliament in Europe and if it has no more powers than this one over the Council and over the Commission in regard to expenditure, it will be one of the biggest farces in history. Imagine directly elected Members of Parliament from all over Europe solemnly coming together to consider a budget—the normal instrument of policy in Member States—and being confronted with a situation in which it is told first of all that 75% of the expenditure is not

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under parliamentary control at all and cannot be questioned and that only a minor part of a fraction of the remainder can be under Parliament's control. I can consider nothing more likely to bring Parliament into disrepute in the Community of Europe and to spread cynicism among all Europe's citizens than continuing to enact a farce of this kind. I sincerely hope that Parliament will endorse this view.

It is quite clear, surely, to all of us now that in all the work that we have been doing all these tons of paper that we have been examining, we have had no impact as a Parliament, whatever the Council may say, and whatever flattery it may accord to individuals. We have had no impact upon this budget at all. We have been so terrified of the inhabitants of the big chateaux, so apprehensive of the largescale farming communities and the political lobby that they are able to deploy, that we have approved—or will approve—an unbalanced budget which means nothing to the poor in Marseilles, the poor in Naples, the poor in Glasgow, in London, and in Rotterdam, who have no security, because in Europe there are 50 million people at the present time living at below or slightly above subsistence level.

Together with the rest of my colleagues, I hope the time will come when a budget is produced before this Parliament that is meaningful as regards the real social needs of the 90% of the people of Europe who are outside the agricultural sector. When that time arrives, we shall be able to claim in this Parliament that we have contributed some constructive effort towards European unity, and also to the welfare of people, because it is not institutions with which we are concerned, it is not lobbies with which we are concerned, and it is not private corporate power with which we are concerned; it is with people.

Therefore, I invite my colleagues to express their dismay at this miserable little budget which has been inflicted on Parliament during these last four months, and to express the hope that in 1977—as undoubtedly we shall be promised—we shall have something that more nearly matches the hopes and aspirations of the European people.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — (F) Mr President, like the British delegation to the Parliament, I had the sad privilege, this morning, of having to move through the fog in Brussels, and that is the reason for my being late at this debate. I ask the Assembly to accept my apologies.

I am happy to be able to speak on behalf of the Commission and to indicate our feeling, at the close of this budgetary debate, on the discussions that have taken place this year between the institutions during the preparation of the 1976 budget.

No one present at the budgetary debates in previous years can deny that this year there has been a major innovation, confirming the innovations of the previous year. The general rapporteur's report brings out the various aspects of this innovation so clearly that there is little left to the Commission to add.

Even so I would like to recall that during the discussions—which were difficult—it was possible, thanks to the work done by this Parliament, in the specialized committees and in particular in the Committee on Budgets, during the first reading of the budget, to initiate between the Council and Parliament, with the collaboration of the Commission, a real discussion on the budget. This was not restricted to the legal framework. In fact the legal framework—that of Article 203—has become largely outdated; all that is left is the remains of a 'monster', to borrow the word used by Mr Aigner today.

It is on a political basis that Parliament and Council have discussed the budget. Of course, it could be said that not enough progress has been made. The fact remains that this year is the first time that, in addition to the application, as last year, of the new arrangements increasing Parliament's powers, a real policy discussion has been held. This seems to me to be a big step forward. That it was, admittedly, difficult to achieve and that it took the Council hours, because of the instructions given to each Minister—particularly strict in this period of recession—before it was found possible to meet the Parliament half way, is normal. But we did reach the point of having a real dialogue, even outside the legal framework, on the basis—as I have already said—of political inspiration. This budget, an instrument of our policies, has in the end been discussed at a policy level between the two main budgetary institutions. It was in this way, as Mr Cointat has recalled, that a margin for manoeuvre was accepted for this Parliament beyond any strict application of Article 203. Incidentally, we do not yet know the exact figures involved because they will largely depend on the way you vote on Thursday. And it was in this way that, the second time round, the Council acknowledged that, on many points, you—Parliament—were right, and that is a matter of particular pleasure to us—the Commission—because in questions where you took an attitude that was different from the Council's it so happens that we were on your side. The Council

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has thus admitted that you were right on several important subjects or in other words—if I may put it this clearly—that it was wrong not to have taken a different attitude when it considered the budget the first time.

As regards the Social Fund, the Council—not wanting to go beyond a certain limit—has pushed back that limit to 35m u.a. after considering your amendments in this field.

Where research is concerned, and this is a far more important point, the Council has abandoned its position based on the principle that it could not enter appropriations before a decision was taken on the detailed regulations enabling this or that research programme to be initiated. It is prepared to accept that it was not normal to pay scientists for doing nothing and that it would be regrettable for Europe if research fields in which Europeans are currently the world leaders, should not be explored and developed for lack of an appropriation in the budget. The Council has, moreover, recommended a certain figure for the appropriations.

With regard to aid to developing countries, the Council has gone back on its original position—that no appropriations could be entered if a regulation had not been adopted—and has proposed the entry of 20m u.a. for non-associated developing countries although specific regulations have not yet been adopted.

True, the amendments accepted by the Council do not represent everything that the Parliament had recommended.

As for the Regional Development Fund, the Council felt that the payment appropriations that it had initially foreseen were sufficient. The Commission is not particularly happy with this. Nevertheless, it thinks that, with the commitment appropriations maintained at the level at which they were originally fixed, a shortfall in payment appropriations at the end of 1976 would not constitute a major problem.

As far as the Social Fund is concerned, I have pointed out that the Council agreed to an increase. The Commission considers it too small and would be glad if Parliament would kindly approve the amendments proposed by the Committee on Budgets which would thus enable the Social Fund appropriations to be increased slightly.

As regards research, the Commission would be sorry—and it said so during the first reading in the Parliament—if the effort planned for energy could not be made, which would be the case were the first amount proposed by the Council, although modified at the second stage, not to be exceeded. Here again, therefore, it would like to

see the proposals of the Committee on Budgets adopted since this would enable activities to be started in the field of deep-sea prospecting for hydrocarbons, the figure involved being 1m u.a.

As far as the developing countries are concerned, the Commission regrets that the Council has refused to adopt an original suggestion made initially by the Parliament and taken over by the Commission in its own section, to the effect that non-governmental institutions should be involved in a grassroots project in rural areas. It would be happy to see the proposed from the Committee on Budgets adopted.

In the area of proposed modifications, which concern compulsory expenditure, the Commission can but report its dismay at the Council's outright rejection of the proposals made by Parliament in the field of food aid. Given our responsibilities as regards food production at world level, our stocks, and the poverty in the world that is acknowledge—and with what eloquence—by the Ministers of our various governments in international bodies, it seems to us incredible that we should not increase our food aid efforts for several years in succession and, in particular, in the sector of dairy products, that is, milk powder, of which we currently have a stock of 1 million tonnes which we are trying by hook or by crook to convert into animal feedstuff, that we should not satisfy the requests from UNICEF and so many other bodies on behalf of the women and children of the most unfortunate regions of the world.

(Applause)

Unfortunately, it is no longer legally possible to go back on what I will go so far as to call a mistake. This is why the Commission wishes you to know now that, as soon as this budget is adopted, it intends to table a transfer proposal asking that same way or other be found of providing Chapter 92 with a few million units of account so as to remove this stigma for the Community of not increasing our aid in powdered milk while our stocks are what you know them to be may.

(Applause)

As regards questions of principle, the Council's conclusions do not fully satisfy the Commission either, which here again finds itself on the side of Parliament.

Budgetary transparency is essential. This has been mentioned by several speakers, including Mr Bangemann and Mr Dalyell, during this second reading. This transparency will not exist as long as recourse to supplementary budgets continues to constitute a standard procedure. Today, the Council itself admits that the theory it has done so much to promote, the theory that

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no appropriation may be entered until a regulation has been adopted, is untenable. It has demonstrated this during its second consideration of the budget. During the next few months there must be a real discussion between Parliament, the Council and Commission so that this supplementary budget procedure may be finally discarded, except for cases that are by their very nature unforeseeable. Similarly, it must be possible for commitment appropriations to be entered for all long-term activities so that we are no longer forced knowingly to enter excess payment appropriations.

In any case, both formulae can be reconciled with strict budgetary legality by means of Article 98. In this connection I would reply to Mr Dalyell, who put a question on this subject, that the appropriations entered in Chapter 98 are frozen until a decision to unfreeze them is taken and that at that time they can be transferred to the operational chapter only on the conditions laid down by the Financial Regulation, in other words after consulting Parliament. This is a safeguard against misuse of these appropriations. With the existence of this safeguard, there is no longer any reason why use should be made of supplementary budgets in the future.

In another field, the Commission, confirming its earlier arguments, would be grateful if Parliament could approve the proposals made by the Committee on Budgets and at this second reading re-enter—as revenue and expenditure—the Community borrowing and lending operations foreseen by the Commission.

To us, it does not seem normal that such large budget revenues should elude the supreme authority of Parliament. As Mr Normanton so rightly said a little while ago, if a large part of revenue were outside Parliament's control what would then be its budgetary rights?

It is therefore important that the borrowing and lending operations that the Commission has to carry out, as one of the functions assigned to it by the Treaty, should appear in the budget, as a tower entry since their amount is not known in advance, but so that the Parliament may exercise control.

On this point, I would like to reply to Mr Normanton that our ambition is not that all Community lending and borrowing should be performed by the Commission. The European Investment Bank is a Community institution; it deals on the financial markets with the ability that is typical of its managers and with the skill of qualified bankers and there has never been any question of reducing its scope or field of responsibility. On the other hand, it is also

important that the Commission should, in certain cases, be able to go to the financial market, in cooperation with the European Investment Bank so that there is no competition, but using the credit it commands thanks to the backing of the nine governments—Mr Normanton referred to this a little while ago—and thanks also to something else—its budget.

The fact that we have a budget of several thousand million units of account constitutes a credit factor, a capacity for indebtedness making us a very safe client—we realize this whenever we go to the financial market—both in the industrialized countries and in the newly-rich oil-producing countries. This is an incontrovertible fact, and it would be a sad thing for us to operate our accounts on a cash register basis—like a greengrocer or as it used to be done in the 19th century—and not use more modern methods of recourse to the financial market for operations that justified it.

The budget that you are about to finalize will thus amount to about 7 500m u.a., but of course the exact figure cannot be decided until after Parliament has voted this Thursday. The proposals made by the Committee on Budgets call for a few comments on my part.

The first is that some new activities will appear in the budget. Admittedly, they account for only a very small sum, less than 1% of the budget total—it could hardly be said that we are innovating at a rapid rate. Nevertheless, I note that, in research, progress could be made with this budget, particularly as regards thermonuclear fusion.

You probably know that during yesterday's Council debate, thanks to the very wise recommendations made by the Committee on Budgets which the Council hopes the Assembly will adopt, those that wanted to shelve and postpone final decisions of principle on fusion were unable to do so. Since, in all probability, the sum of 24m u.a. in payment appropriations—the minimum necessary for thermonuclear fusion—will have to be part of the 30m u.a. recommended by the Committee on Budgets, the Council has agreed in principle on this thermonuclear fusion research. Unfortunately, it was not possible to decide finally on the programme because a discussion arose regarding the centre where the research would be carried out.

The research programme, strengthened thanks to your amendment—if it is adopted—will also be filled out by 4.3m u.a. for biology, 0.3m u.a. for the Community Bureau of References (BCR) and 3.8m u.a. for environmental research, to make the total up to 30m u.a.

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There is also another new policy in the field of development. This Assembly has stressed on many occasions, and in particular during the extremely interesting debate that took place regarding the Lomé Convention, that European development policy constituted a whole, and that it should not be confined to the contracts, however important they might be, that we had concluded with the African or Caribbean countries and which we shall be concluding tomorrow with the Southern Mediterranean countries. This statement, incidentally, matched the intentions expressed by the Council. It would therefore be a pity for the 1976 budget not to reflect this orientation. The decision that I hope you will take to enter 20m u.a. in the budget will enable a first step to be taken in favour of the non-associated developing countries. The decision that I hope you will take to enter 2.5m u.a. will enable the non-governmental organizations to be involved by a completely new method. The decision taken by the Council, and already approved by you, to enter 3.5m u.a. for the commercial promotion of products of non-associated developing countries will enable us—this is now a certainty—to facilitate their access to the markets in this field.

Under the heading of new activities appearing in the budget for the first time, I would also draw your attention to the guarantee for the loan that the Community intends to make to Portugal through the European Investment Bank and, in a more concrete and precise manner, the 12m u.a. in subsidies provided for during the first year to enable this loan to be granted at favourable terms.

This budget is not yet, therefore, what you or we were hoping for from the political viewpoint. The imbalance between the various policies is still as great as it was in 1975. But at least there is no deterioration. There are weaknesses, that is certain. Nevertheless thanks to the action of this Assembly and thanks to the dialogue with the Council this budget is better than we had at one time feared.

The political dimension of the discussion warrants our dwelling upon it one moment longer. This political dimension should be considered in the context of the future increase in Parliament's powers and above all, as Lord Bruce has very rightly stressed, the election of this Parliament by universal suffrage. It is with this prospect in mind that the debate this year has—I repeat—left Article 203 and its overly narrow legal framework far behind. And it is with this prospect in mind that this budget is, I hope, going to be adopted and the last outstanding difficulties as regards the exact definition of the margin for manoeuvre and its legal consequences

settled between the two institutions that are mainly concerned. The Commission therefore hopes that the proposals by the Committee on Budgets will be approved.

If you were to decide upon an outright rejection, the Commission—whilst agreeing that this is legally possible—would find it difficult to understand why, at a time when we are so close to a first target, this progress should be upset by an outright rejection when, the new political dimension deserves to be stressed.

(Applause)

President. — I call Mr Dalyell.

Mr Dalyell. — I should like to ask three questions of Mr Cheysson following his reply. I quite understand that he could not be here this morning. First, he referred to the good work of the European Investment Bank. This morning, I said at some length that some of us on our first visit to discuss its policies with the Investment Bank were told by the financial men there, 'Oh, we have never had a bad debt yet.' That tells some of us something about the risk policies of the Investment Bank.

This is my question. When it comes to providing risk capital in Europe, is the Investment Bank, as at present constituted and operating under existing rules, a suitable instrument? It seems to many of us that it provides finance for cast-iron certainties when in our countries the need is to take a certain amount of risk on a number of highly desirable projects. Therefore, as regards the provision of risk capital, I would ask Mr Cheysson whether his favourable remarks on the Investment Bank still apply.

Secondly, there is the highly political question of revenue-raising for this Parliament and perhaps after direct elections. I repeat that some of us would be very uncomfortable about doing this through VAT, because in all our countries VAT is the most unpopular tax one can imagine. If I went to my constituents and said, 'Yes, we are providing money for Europe, but you will do it through VAT,' this would have very severe political consequences.

As a rider to that, if it is a question of providing more than 1%, can this be done through VAT? If it became a situation in which up to 2% or more was necessary, could this still be done through VAT? In particular, I repeat the previous question: what is the Commission doing with the resources available to it to provide revenue for Europe through other means?

I repeat the question which Mr Lange put earlier: what alternatives are being considered

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in terms perhaps of an enterprise tax—that has difficulties—or some other form of direct taxation for Europe? That is my second question.

Thirdly, I welcome the statement, made by Mr Cheysson regarding Chapter 98, that we would be consulted regarding the transfer to other chapters and that parliamentary control would thus be assured. The Financial Regulation will, of course, have to be revised following ratification of the July 1975 Treaty. That Treaty has the effect of changing the situation regarding certain articles of the Financial Regulation. Also, the use of Chapter 98 to avoid supplementary budgets alters the very nature of the transfers from Chapter 98. This will become budgetary procedure, and co-decision with the Council will become necessary.

The question is: has there been a far-reaching decision to revise the Financial Regulation, and is this not urgent for the reasons I have given and, indeed, other reasons? Is there to be a revision of the financial regulation?

President. — I call Mr Normanton.

Mr Normanton. — I know that we have listened with great interest and attention to what Commissioner Cheysson has said on the subject of the budget, but I hope he will forgive me if I question or challenge him on two points. First, possibly because for a few moments I was out of the Chamber, I did not note any reference by him to the promise he made to the House in June that a report would be forthcoming on the borrowing and lending operations of the Community. I should be grateful if he could indicate when it will be forthcoming.

Secondly, I may have given a wrong impression, because it appears that Mr Cheysson understood from what I said that I expected the Commission to raise its money through the European Investment Bank—and I think the words used by Mr Cheysson were 'for small shopkeeping operations'. I do not refer to that. I refer to the Bank's undertaking the functions of raising and lending where the decision to make money available on a lending basis—not as a grant or gift—is taken at the political level. For this kind of function, I believe that the evidence is crystal-clear that the Bank has played and is playing a valuable part, and could play a more effective one if its facilities and expertise were used to a greater extent.

I hope that we shall not go as far as Mr Dalyell leads me to believe he would be willing to go. He implied some criticism of the inadequacies of the European Investment Bank on the ground that it provides only for cast-iron investments

—certainties—and that there should be an institution or a source for providing high-risk capital. I should have thought that the Commission might come in here. Where high-risk capital is needed, the political will to take the risk is required. I am differentiating between politicians taking calculated risks and banking, which is not an operation where risk-taking is appropriate.

President. — I call Mr Osborn.

Mr Osborn. — Mr President, I wish merely to clear up one point. This morning I referred to the research programme, and Mr Cheysson mentioned that the 30m u.a. would come back. I referred to the need to maintain continuity in research and development, because once teams have been brought together, they must have the finance to continue with their work.

Mr Cheysson referred to the JET programme to which I alluded. May I take it that when we debate Mr Flämig's report, Document No 402/75, in connection with Council Document No 222/75 on a pluriannual programme of the Community for the years 1976-80 in the field of controlled thermonuclear fusion and plasma physics, we shall be assured that he is concerned that there is no appropriation in the draft budget for the start of the programme? May we assume that the JET programme will start, because this is an important development for the future? It may be difficult for Mr Cheysson to be precise about this matter today, but we should like clarification of it on Thursday.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, I gather from the views expressed by Mr Cheysson that he feels that aside from what we already do for the countries covered by the Lomé Convention, there is a clear need for an extension of aid to the non-associated countries.

I have already put forward a number of suggestions in this connection. It is absolutely clear that I do not want to know from Mr Cheysson whether he is in agreement with me on them for that is a matter for this Parliament itself. I would, however, have liked to know from Mr Cheysson in particular whether the funds for the items for which the Committee on Budgets wishes to make provision, technically speaking, can really be spent, and especially whether the required programmes will be available in time, or whether there will be difficulties in the way of spending these appropriations.

The amounts total 5.5m u.a. I think that it is important for Mr Cheysson to tell us whether,

Laban

in his view, there is a technical possibility of spending the 5.5m u.a. In addition, I would be happy to hear his opinion on the question of whether the grant of building loans to staff amounting to 1m u.a. is, at the moment, a top priority. Perhaps Mr Cheysson could throw a little more light on this question.

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — (F) Mr President, as Mr Osborn had kindly agreed, I will reply to the questions on research when Mr Brunner has emerged from the fog. He should have been here this afternoon but was unable to come because of the fog in Brussels.

Mr Laban has raised several specific points. The Commission has long associated itself with the staff representatives of all the institutions—and this is normal, it upholds the rights of its staff—in considering that building loans policy had a place in our staff regulations as it does, I think I am right in saying, in those of all our governments.

Mr Laban has asked me various questions regarding the possibility of actually committing the appropriations entered in the 1976 budget if the proposals of the Committee on Budgets are approved in fields where the payments that we have requested have not yet been accepted. My reply to him is that if we have entered these sums in our preliminary draft budget, it means that we are certain of being able to commit them, provided, of course, that there is no delay in considering and approving the corresponding payments.

Whilst we can go forward in the field of uranium prospecting, because we are not asking for any new payment, there are several other activities—deep-sea exploration for hydrocarbons and also, if I may go on to this area, the use of the sums available for the non-associated developing countries—where, on the contrary, we need a formal agreement from the Council to the proposals put to it. But if this agreement should be forthcoming in the next few months the Commission undertakes, of course, to implement the normal use of these appropriations, underconsumption being one proof of budgetary incapacity that we would prefer not to offer.

I will now return to the first questions put by Mr Dalyell and Mr Normanton. Both referred to the European Investment Bank and both noted that I had failed to reply to two questions that they had put to me earlier. If I did not reply, it was perhaps because I was somewhat embarrassed.

(Laughter)

In the case of Mr Normanton's request for a full report on all the borrowing and lending operations of the Community via the Commission and also the European Investment Bank, it was also because I thought it would be a good thing for Parliament to confirm its interest in such a report. This gives more importance to the presentation of the report and to the undertaking which I now give you, on behalf of the Commission and which I hope I can give on behalf of the European Investment Bank, to produce a report during the coming months.

The role of the European Investment Bank in fields which present risks from the banking viewpoint is a tricky business, as it is for banks at national level. A banker, even a public banker, thinks first of his position and reputation as a banker and rarely wants to chance his money where private bankers would not do so. Even so, Mr Dalyell is right. If the European Investment Bank has a part to play in the underdeveloped regions in Europe and elsewhere it is indeed because conventional, private banking facilities are insufficient. Otherwise why go to the European Investment Bank? There is therefore a compromise that has to be found between our plan to have a development policy admitting the use of banking procedures, with interest subsidies and the equally honourable desire of the European Investment Bank managers to have a good reputation on the banking market and to avoid taking excessive risks.

This shows, once again, that an action in the developing countries or at regional level in Europe is meaningless unless it is part of a policy and wholly managed by experts belonging to the Commission or the Bank. I am very pleased to see the interest shown by this Assembly on many occasions today in this aspect of the matter.

Mr Dalyell has referred to the possibility of covering part of the Community's own resources from VAT. I would firstly point out that we are still far from the maximum percentage of VAT at present provided for by the Treaty. The budget that you are about to adopt would, if VAT were now being levied on a standard basis and could therefore be used for calculating our own resources, correspond to about 0.5% or half a point of VAT, in other words half of what the Treaty entitles us to. 3 000 to 3 500m u.a. would still be available, under the heading of VAT, for possible increases in the budget.

The ceiling set by the Treaty is not yet, therefore, an embarrassing limitation at the present time. On the other hand, as a member of the Commission, I appreciate Mr Dalyell's argument and, for my part, I greatly regret that the Community's own resources should all be indirect

Cheysson

taxes, which do not have the same degree of fairness as direct taxation.

Politically, the Commission has long been thinking about this matter. Legal possibilities of changing the situation are limited because this would require a unanimous decision by the Council, subject to ratification by the nine parliaments in accordance with Article 201 of the Treaty. I nevertheless hope that this highly political problem will one day be tackled squarely and that the growth of the Community will be based on a fairer tax system rather than on taxation involving major factors of injustice in its distribution between rich and poor.

Finally, I shall reply in a few words to Mr Dalyell's last question concerning Article 98. The honourable Member is right in stressing that the Financial Regulation is, in many aspects, outdated particularly as regards transfers of appropriation. There is no doubt that the will of the Council, of governments and of national parliaments—since they have to ratify the proposals—to increase the powers of this Assembly have not been given expression in the Financial Regulation, which allows the Assembly limited rights as regards transfers of appropriation. This is one of the subjects that will need to be considered when the Financial Regulation comes up for review. There are others as you know. The Commission and the Committee on Budgets—Mr Lange has been kind enough to give us this assurance—will begin their study of this question at the beginning of next year.

President. — I call Mr Cointat.

Mr Cointat, rapporteur. — (F) Mr President, ladies and gentlemen, firstly I am happy to be able to stress the friendly relations and mutual confidence that prevailed between Parliament and the Commission in the preparation of the 1976 budget. This is, incidentally, not the first time in relation to budgetary matters and I would thank Mr Cheysson for confirming this agreeable atmosphere.

But I am also grateful to Mr Fabbri for having, in his case, recalled the will of the Council that there should be fruitful conciliation with Parliament even if not everything has been perfectly solved and Parliament has not had complete satisfaction with regard not to its claims, but to its suggestions. This is normal; everything cannot be done in a day and I believe that gradual methods are the best.

I have listened, Mr President, with pleasure and great interest to the various speakers who have taken the floor today. I say with pleasure, firstly because Mr Lange, Mr Aigner, Mr Bangemann,

Mr Lenihan and Mr Jakobsen, on behalf of their respective groups, have unanimously stated in each case that their groups will vote in favour of the budget. Mr Fabbri is the only exception to the rule, but it is normal that there should be an exception to every rule. This is why I am very satisfied at the stand that has been taken and I hope that, with this reminder to my colleagues, there will on Thursday be at least a hundred Members of Parliament to vote, since everybody is in agreement, so that we may have the votes of at least one half of the Members of this Parliament.

I also listened with great interest to the various speakers because of the very many questions they raised. I shall not go back over what I said this morning in my general Statement, nor shall I reply to all the questions; I shall confine myself to outlining the solution to a number of particular problems which seem to me to be more basic or more difficult than the others.

Firstly, I would point out that the only appropriations referred to were those of the Commission. That should satisfy you, Mr Cheysson, but allow me to add that there are also the Council's appropriations, the Court's appropriations and Parliament's appropriations. And in this connection, I would like to say, in the absence of Miss Colette Flesch who is the rapporteur on the other institutions, that the Committee on Budgets has adopted an amendment, which it will put before you on Thursday, proposing that five posts in the Economic and Social Committee, whose appropriations are linked with those of the Council, should be converted. This will have no budgetary implications for 1976. On the other hand, it will probably have such implications for later years but we of the Committee on Budgets hope that you will accept the small modification requested by the Economic and Social Committee.

The 1976 budget is not perfect, but personally I have never seen a perfect budget. And I will merely note, like Mr Cheysson, that discussion has taken place at policy level and that, as regards budgetary policy proper, some extremely important and, I believe, extremely encouraging progress has been made.

In this connection I would say to Lord Bruce of Donington that I do not think that a budget should automatically reflect the percentage of the population in the various sectors and that the distribution of public appropriations should aim at doing more for the poorest in comparison to those who are better off, and that it is not abnormal, in principle, for the majority of the appropriations to go to a minority of people who are less fortunately placed than others.

Cointat

But I also note that some speakers have stressed that a policy of austerity was not wholly compatible with the growth of the Community. I certainly agree with them but I would point out that this was dealt with during the first reading and they were given satisfaction, which they will be able to confirm if they refer to paragraph 37 of my initial report.

Various problems regarding budget sectors have been raised by different speakers. Firstly, I would say to Mr Springorum that it is he who should derive the greatest satisfaction from this budget. With passion he defends energy policy and research programmes, but I believe that it is precisely the efforts made by the various committees and by the Committee on Budgets that have helped to bring these research programmes into being and to initiate new activities in the uranium and hydrocarbons sectors.

I shall now turn in spirit towards Mr Laban—because I do not see him in the House—to tell him that it does not seem to me to be possible to accept his proposal that the appropriations for uranium or hydrocarbons research should be reduced or deleted because these are practically the only original and really new actions in the budget. To do justice to Mr Laban, who stresses the effort that we ought to be making on behalf of the poorer nations, I think it would be better to go to the Council and to exert—as Mr Cheysson has said—the most vigorous pressure possible for the release of additional resources, at least in the field of food aid, which will give satisfaction to the developing countries on the one hand and enable us to use up certain food surpluses on the other.

With regard to the Regional Fund, I would warn my colleagues against any increase, as things stand at the moment, in the payment appropriations. The Council has given an undertaking to release additional appropriations if those in the 1976 budget prove to be inadequate. I would add that the commitment appropriations correspond exactly to the decisions of the European Council and that at the moment, between 1975 and 1976, some 850m u.a. is available for immediate commitment. At the present moment, however, commitments have reached only 100m u.a. There is therefore still a large, if not adequate, margin. It should also be said that some countries preoccupied more especially with these Regional Fund problems and in the greatest need of money, such as Italy or Ireland, have practically used up their quotas already and that they are unlikely to gain any greater satisfaction through an increase in payment appropriations. And I would not like to see this increase in appropriations used for the installation of swimming pools or golf courses in certain countries.

As regards the Social Fund, we have done as much as we possibly could. Personally, more for practical than political reasons, I wanted to make allocated larger appropriations to the Social Fund. In its wisdom, the Committee on Budgets adopted a solution some way between the Council's proposals and my initial proposals because it realized that it was a matter not only of allocating appropriations but also of being able to spend them properly and, as things stand at the moment, we are not certain that additional appropriations could be spent in full knowledge of where they were going.

To wind up I would like to draw Parliament's attention to a number of basic points, which we principally directed at the President-in-Office of the Council.

The first concerns Community VAT. This morning Mr Fabbri told us that on 24 November last the Council had had an exchange of views following the resolutions tabled by the European Parliament. We are pleased at this first discussion, and we hope, as he has said, that a final discussion will very quickly take place in the Council because, Mr Fabbri, this matter is very serious. The European Parliament attaches particular importance to it, and as you know, the President of Parliament has quoted Article 175 to the Council and invited you to act, to use the word in the Treaty. This is of particular importance in this area because Parliament has given to understand that Community VAT will probably—I cannot say what will happen in the future—be a prior condition for the 1977 budget.

I therefore take the liberty of urging you, Mr Fabbri, to ensure that the Council gives serious thought to this question because it will not be possible to draw up a real budget as long as own resources are not truly own resources.

Some Members have referred to the possibility of an outright rejection of the 1976 budget. This has been avoided but, if the Community VAT problem is not to be settled soon, I am not certain that this could be avoided next year. I am therefore obliged to draw your attention to this point.

The second problem relates to Article 203, to which I shall make the briefest reference. The Council—and we thank it for doing so—has left all the doors open on this subject. In particular it has not fixed a maximum rate. In its resolution, the Committee on Budgets has done the same. It indicates its agreement for fixing a maximum rate based on the increase in expenditure, whatever this happens to be. I think that we are just passing the buck back and forth, Mr Fabbri, but I think that this is being done in a spirit of effectiveness and pragmatism.

Cointat

I do hope, however, that all the problems connected with Article 203 will be settled before 1978 and that this will be done coolly and calmly before we enter into the pre-election period.

The third point relates to loans, and Mr Cheysson spoken about this a little while ago when replying to various speakers. We of the Committee on Budgets propose that Euratom loans and the Community loan should be given a line in the 1976 budget followed by 'p.m.' in order to indicate the intention to budgetize loans, partly or wholly and, I hope, to open discussions with the Council during the first quarter of 1976 in order to define the conditions of this budgetization.

I would add, Mr Fabbri, that in our view the EDF, for example, should also come under Parliament's control since it is not altogether logical that over half of the budget, 55%, should at the moment be represented by loans and not be controlled by anyone.

The Committee on Budgets has not, however, reinstated its amendments regarding the notion of commitment and payment appropriations because the Council has indicated that it intends to study this matter, and certain others, in collaboration with Parliament during the first quarter of next year. We felt that this point could wait a day or two and warranted some time being devoted to its consideration. We have not therefore tabled the amendments again.

Finally, I would like to take up one last question which seems important to me the research problem. It was our last point of dispute, Mr Fabbri, at the conciliation meeting.

The Council has said that there could be no budget entry in the absence of a formal decision. In reality, it is slightly less straightforward, because the Council often acts to suit itself. For the beef and veal restocking premiums there was no formal decision, but the Council nevertheless entered appropriations. In the case of research it suited the Council to do otherwise, so it brought out its old formula again. Let us leave it at that, Mr President. Nevertheless the Committee on Budgets wanted to find an elegant way round this problem. Firstly, it applied the Council's formula: if there is no formal decision, there can be no entry in the budget or the margin for manoeuvre, only outside it. But since it did not want to embarrass the Council too much, it did not put it all outside its margin, only partly: 18m inside the margin and 12m outside. Then it entered it as a frozen account so as to be sure that Parliament could not be accused of having transgressed the spirit of the conciliation procedure since, with frozen accounts, the last word lies with the Council.

On the other hand, since the Committee on Budgets does not like supplementary budgets, it had to make provision for these appropriations, and this it has done in agreement with Mr Brunner: 30m instead of 34m because it was felt that this would be enough.

I hope, Mr Fabbri, that this arrangement will be accepted by the Council with good grace, even if the figure is 0.15% higher than the 90.7m total.

These are the comments that I wished to make at the close of this debate on the budget. It remains for me to hope, ladies and gentlemen, that you will accept the amendments proposed to you by the Committee on Budgets.

(Applause)

IN THE CHAIR: SIR GEOFFREY DE FREITAS

Vice-President

President. — I call Mr Fabbri.

Mr Fabbri, President-in-Office of the Council. — (I) Mr President, ladies and gentlemen, I would like to express the Council's sincere thanks to all those who have contributed to the success of the presentation and discussion of the budget.

I would like to thank in particular the President of this Assembly, Mr Spénale, who, together with Mr Kaspereit, led the delegation from Parliament which met the Council. I would also like to thank Mr Cointat for the hard, detailed and enthusiastic work he has put into the preparation of his excellent report and for the balanced speech with which he opened and concluded the Assembly's work this morning. Heartfelt thanks, too, to Mr Aigner for his help in the work of approving the third supplementary budget and from me personally for his very kind remarks to me this morning. I would like to thank also the chairman of the Committee on Budgets, Mr Lange, who has played the important role of spurring on the Council throughout this complex matter. Thanks, too, to the 14 speakers—a large number—who took part in today's debate and to the Commissioner, Mr Cheysson, for the valuable contribution which he has given at all stages of the discussion, both in the Council of Ministers and, during the conciliation meeting, to the work of the Parliament.

I mentioned this morning in my introductory remarks that the Council is aware that it has not met all the Assembly's requirements. Parliament should understand, however, that we have found ourselves in a special situation this year,

Fabbri

characterized by an exceptional economic situation; it should also bear in mind the instructions which individual governments consequently gave their representatives in the Council of Ministers.

When criticism is directed at the Council, it is important to remember the special nature of our institutions. I say this because it has seemed to me—perhaps I am mistaken, and indeed I hope I am—that in some speeches this morning relations between the European Parliament and the Council of Ministers have been compared to those between a national government and Parliament. However, the special nature of our institutions should be borne in mind. The relationship existing in the Community between Parliament and the Council is fundamentally different from that between a national parliament and government. On the budget, too, the powers of the European Parliament are much more limited than the powers of national parliaments. It is to be hoped, in this respect, that the new forms which will be given to our institutions with the achievement—to which we all look forward—of political unity, will change the nature of the relationship between Parliament and the Council.

To Mr Aigner and Mr Fabbrini, who echoed Mr Kirk's remark that Parliament should not expect to get anything for nothing from the Council, but must fight for additional powers, I must say that the Council has no objections to this, provided it is done within existing legislation and regulations, or through the amendment of laws and regulations which have become outdated.

I also mentioned this morning that the Council has always respected and still fully respects Parliament's prerogatives. As regards the budget, it acts within the limits of the relevant articles of the Treaty and the Financial Regulation, in particular Article 203 which, as I mentioned this morning, causes a certain number of difficulties in relations between Parliament and the Council. Moreover, the relationship which has characterized this year's conciliation meeting between Parliament and the Council demonstrates a clear, common desire in our institutions to establish ever closer cooperation and to do away with outdated and inadequate rules.

But even the best proposals on this subject have limits. Mr Dalyell, Mr Osborn and Lord Bruce of Donington were extremely critical of the conciliation procedure. Mr Fabbrini even called it a trap. However, President Spénale, and this morning the rapporteur, Mr Cointat, and those who took part in the conciliation expressed their satisfaction. I have already mentioned my views

on this this morning when I said that the Council considered conciliation an essential step, a real necessity, and that those who criticized the way conciliation has worked this year must bear in mind that the difficulties encountered are due to the fact that we are still in the running-in period. There were heated moments in the discussions between the Council and the parliamentary delegation—as Lord Bruce said in a somewhat critical way—but this was not due to the desire to set up barriers between our two institutions or through a deliberate lack of understanding. I was due to inevitable difficulties, which I have mentioned and which we hope will soon be overcome, and also to the need respect the responsibilities which have been assigned to each of us by the rules of the Treaty and the regulations.

Mr Dalyell asked whether other members of the Committee on Budgets apart from those in the delegation could attend the conciliation meetings. I believe that a reply to this question would be better provided by the President of the Assembly than by the Council. I believe that the Council cannot and must not make any exclusions in this respect. It should, however, remain a fixed rule—and I say this because in a speech this morning by Mr Osborn I thought I understood a suggestion to this effect—that the Council's decisions cannot be adopted by members outside the Council itself, not even Members of Parliament, for we must respect the fundamental principle of the division of powers which forms the basis of the constitution of all modern states and which must also form the basis of the Community, which is a reflection of modern states.

To conclude my remarks on this subject, I believe that no one can put the matter better than Mr Aigner did this morning, when he said that we have noted from last year to this year a significant improvement, an improvement in the spirit of understanding, an improvement in the climate between Council and Parliament. We can only hope that this improvement will continue in the years to come.

I would like to reply, not in chronological order, but by grouping together various comments and questions put during today's debates. First of all, on the question of supplementary budgets, I can only repeat what I said this morning; I must also repeat what I said on Chapter 98, adding, however, for Mr Dalyell's sake, that all transfers of funds from Chapter 98 during the financial year have always been carried out after the Commission and the Assembly have been consulted. The Council, therefore, is well aware of its own limits and responsibilities in this matter.

Fabrizi

Some have said that the European Parliament will not have a valid voice on the budget until it can decide not only on expenditure but also on revenue, that is, until it has its own income. I mentioned—and I repeat this to Mr Cointat—that the Council repeats its own conviction that it must speed up progress towards the implementation of this important objective. Mr Aigner seems to have read into my speech mention of a date. I did not mention any dates. I simply said that the Council is convinced that we must speed up progress to give Parliament a certain independence of action, for without this, powers limited to expenditure and not covering revenue are somewhat truncated, and remove part of the responsibility.

Mr Dalyell and others asked whether it would be possible for the Council to envisage parliamentary income from sources other than VAT, as this kind of tax is unpopular everywhere. We all agree that VAT is unpopular; but I would like to ask, what tax is not unpopular? The only distinction we can make is in varying degrees of unpopularity. There is a basic objection here: there are limits laid down by the Treaty. It states that Community revenue derives from a certain source and no other; consequently the Council cannot envisage other revenue, unless there is a joint desire by the institutions to amend the Treaties.

As regards expenditure, stress has been laid on the amendments partially accepted and on those partially rejected by the Council: mention has been made of amendments on research, and in reply to those who have spoken on this I can only associate myself with the remarks made by Commissioner Cheysson.

Special, impassioned pleas have been made about expenditure on developing countries, about the Social Fund and in part also about the Regional Fund, on the energy policy and on agriculture. I do not believe this is the time for a debate on this matter. You, Lord Bruce, made a very colourful speech, perhaps because coming from the fogs of London you wanted to create a contrast with that climate. I do not believe that we can accept your views on certain expenditure on agriculture in Italy and France. You mentioned, Lord Bruce, the chateaux, meaning that the agricultural policy is aimed at benefiting those who make a hobby of agriculture and not those for whom it is the sole means of subsistence.

I am convinced that of the whole EAGGF system needs changing. I think that it is necessary to remedy as quickly as possible the shortcomings to which this institution has drawn attention—both in the Guarantee and Guidance Sections—

but there is a big difference between that and the views that you have been putting forward.

As regards the Regional Fund, I can reassure Mr McDonald that the Council gave an undertaking, as I have already mentioned, at the meeting with the delegation from Parliament that, if at the end of 1976 payment appropriations were insufficient to meet requirements, a supplementary draft budget would be drawn up to ensure that payments were met. This commitment by the Council has also been included in the explanatory memorandum attached to the draft budget.

As regards loans, here, too, the debate was impassioned and thorough. The Council has not yet taken a decision whether to entrust this task to the Commission or the European Investment Bank—I think this is the question raised by Mr Normanton. However, I believe that a decision will be taken in the coming months.

As regards Euratom loans, it should be said that the basic regulation has not yet been adopted by the Council and consequently it is impossible to include in the budget even a token entry, as Mr Cointat the rapporteur repeatedly requested in his last speech. I would like to grant his request, but it is impossible, because of the responsibilities which I have as representative of the Council of Ministers.

With regard to Community loans, the basic regulation does not provide for their inclusion in the budget, and therefore I can only confirm the position of the Council on all the amendments regarding this subject. I believe that at the conclusion of this debate we can, within the limitations of all human endeavours, feel reasonably satisfied at the work completed, both as regards the new type of relations which we have tried to establish between Parliament and the Council and as regards the joint will expressed and repeated here to improve the rules and regulations where they appear inadequate with the passage of time. I think that the patient and dedicated work of all those who have taken part have constituted another step towards the unification of Europe to which we all look forward.

(Applause)

President. — Does anyone else wish to speak?
(Mr Dalyell asks for the floor)

The record of speakers shows that you, Mr Dalyell, have already intervened twice in this debate. Therefore, you have no right to intervene again; I am sorry.

Mr Dalyell. — On a point of order, Mr President, under what rule do you deny me the right to

Dalyell

ask the Council questions? Is not this Parliament able to question the representatives of the Council?

President. — Under Rule 31, I shall not allow you, Mr Dalyell, to make another speech. It has been pointed out to me that you have already spoken twice. Therefore, you are not entitled to make another speech. We have had a very good debate; do not let us spoil it now.

Mr Dalyell. — We may have had a very good debate, but many questions have not been answered. A fine debate is one thing, but is this Parliament to be meaningful or not? If we cannot question the Council, what is the point of being here?

President. — Mr Dalyell, you may wish to change the Parliament's Rules of Procedure. If so, there is a perfectly good procedure for doing it. But as long as the rules are as they are, I shall enforce them, and I should hope that you, as a Member of the same Parliament as I am and accustomed to obeying the rules, would obey them.

Mr Dalyell. — May I raise the matter with the Committee on the Rules of Procedure?

President. — You may raise it with any committee you wish, but you cannot intervene again.

The budgetary debate is now closed.

I remind the House that all amendments are deemed to have been moved and discussed, and we shall vote on them on Thursday morning.

6. Regulation setting up a financial mechanism

President. — The next item on the agenda is a debate on the report drawn up by Mr Notenboom on behalf of the Committee on Budgets on the proposal from the Commission of the European Communities to the Council for a regulation setting up a financial mechanism (Doc. 427/75).

I call Mr Notenboom.

Mr Notenboom, rapporteur. — (NL) Mr President, I shall briefly introduce the report of the Committee on Budgets. The financial correcting mechanism is a very special thing, which fortunately is not discussed in our Parliament every day, and I shall only deal with a few of its numerous aspects this afternoon.

The political circumstances after the accession of the United Kingdom to the Community might,

as you very well know, have brought the Community into serious difficulties if no solution had been proposed. That was why the Commission was asked after the Paris Summit Conference of 9 and 10 December 1974 to work out a correcting mechanism to prevent, during the period of convergence of the economies of the Member States, the possible development of situations unacceptable for a Member State and incompatible with the smooth functioning of the Community.

On 30 January 1975 the Commission submitted a communication, on which the Council of Ministers had an exchange of views. The European Parliament was not consulted at that time. The Committee on Budgets very much regrets this.

On 11 and 12 March 1975, the European Council discussed the question in Dublin, and the Heads of Government then reached agreement on a text differing only slightly from the Commission communication. The agreement in Dublin was reached during what is sometimes called the renegotiations.

The Dublin agreement acted as an undertaking to the outside, an undertaking above all to the British people, which gave its verdict, after considering the detailed points on which agreement had been reached, in a referendum. The favourable outcome of the British referendum, so important to the Community, therefore partly depended on the promise to set up a financial correcting mechanism.

Promises ought to be kept. The Committee on Budgets therefore found itself in a very difficult situation when the European Parliament was finally consulted after the meeting of the European Council in Dublin and after the British referendum.

The committee had, of course, studied this very complicated mechanism; our report gives a summary of it, which is probably clear enough to be understood by a broad public. The committee, of course, bore in mind the relationship between this repayment mechanism and the principle of own resources, about which we have just heard so much. It goes without saying that some people in our committee thought they saw in this mechanism a certain similarity to the principle of the fair return—an idea that has so often been rejected in this House. Similarly, the idea was raised in the Committee on Budgets that solidarity could also be expressed—what is more, with the same aim and the same financial effect—through the Regional Fund or the Social Fund. But any alternative that differs in important aspects from the detailed promises made at Dublin can very easily be regarded as

Notenboom

a breach of faith by the European Community. And a breach of faith is something we do not want.

On the other hand, the Committee on Budgets can hardly be expected to fall in with this proposal without further ado. The Committee on Budgets therefore unanimously suggests—I repeat, unanimously—that we should merely take note of the proposal and not deliver an opinion on it: not a favourable opinion nor an unfavourable opinion, and no amendments, even regarding the period of application.

The committee does, however, once more stress in paragraph 4 of the motion for a resolution that even decisions of the European Council are subject to the provisions of the Treaties, and even the European Council, meeting as such, has to observe the procedures, including timely consultation of Parliament, laid down in the Treaty.

The Political Affairs Committee will return to this point, perhaps today, but certainly at some later date, for it is extremely important for the introduction of the European Council to benefit the Community, and that it should not mean very important parts of the Treaties are deprived of significance.

That the feelings of the members of the Committee on Budgets are mixed will now be obvious enough. We will control those feelings today, for the sake of the continued progress of the European Community, which as we know cannot be achieved without sacrifices. But these sacrifices are grave and affect important points, on which there has in the past been broad agreement in this House with the European Commission and the Council of Ministers.

The Committee on Budgets unanimously proposes the adoption of the motion for a resolution it has tasted. I would express the hope that our nine Member States will develop economically in such a way that this mechanism never need be applied.

(Applause)

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted ¹.

7. Change in the agenda

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — *(F)* Mr President, the Commission would respectfully ask if it would be possible to take Mr Lücker's report immediately after the joint debate on the motion for a resolution on the Rome Summit rather than at the end of the agenda.

President. — Are there any objections to the suggested change in the agenda?

That is agreed.

8. Agenda for the next sitting

President. — The next sitting will be held tomorrow, Wednesday, 17 December 1975, at 10 a.m. and at 3 p.m., with the following agenda:

- Question Time;
- Joint debate on
 - Statements on the outcome of the Rome Summit;
 - Oral question, with debate, on Community personal documents;
 - Motion for a resolution on the Rome Summit;
- Lücker report on the retention of Santiago de Chile as a seat of the Commission's delegation.
- Joint debate on
 - Oral question, with debate, to the Council on difficulties in the textile industry;
 - Oral question, with debate, to the Commission on the same subject;
- Oral question, without debate, on the Dragon reactor;
- Statement on the activities of oil companies in the Community;

The sitting is closed.

(The sitting was closed at 5.50 p.m.)

¹ OJ C 7 of 12. 1. 1976.

SITTING OF WEDNESDAY, 17 DECEMBER 1975

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IN THE CHAIR: MR SPÉNALE

President

(The sitting was opened at 10.05 a.m.)

President. — The sitting is open.

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Election of a Vice-Président*

President. — Mr Burgbacher has informed me of his intention to resign as Vice-President of the European Parliament.

While noting this decision, amply justified as it is by Mr Burgbacher's many other duties, I cannot but regret that the Bureau of this Parliament will no longer include among its members one whose wisdom, good sense and humour we have all appreciated.

Mr Burgbacher, we thank you for the work you have done in the Bureau.

(Applause)

I have received from the Christian-Democratic Group the nomination of Mr Lücker as Vice-

President of the European Parliament to replace Mr Burgbacher.

Since this is the only nomination, I think that Parliament will want to vote by acclamation.

(Applause)

I accordingly declare Mr Lücker Vice-President of the European Parliament and congratulate him on his election.

(Applause)

In the order of precedence of Vice-Presidents, Mr Lücker will occupy the same place as his predecessor.

3. *Question Time*

President. — The next item on the agenda is Question Time, involving questions to the Council and Commission of the European Communities respectively (Doc. 425/75), in accordance with the provisions of Rule 47 A, paragraph 1, of the Rules of Procedure.

I would ask Members to put their questions in strict accordance with the procedure for the conduct of questions. My request to be brief is even more relevant today, since there are thirty or more questions to be called and we can thus, in theory, devote only 3 minutes to each!

We shall deal first with questions addressed to the Council of the European Communities. I call upon the President-in-Office of the Council to answer these and any supplementary questions.

President

Question No 1, by Mr Terrenoire, has been withdrawn.

I call Question No 2 by Lord St Oswald:

'What steps are being taken to improve the trading and political ties between EEC and ASEAN countries?'

Mr Battaglia, President-in-Office of the Council — (I) In collaboration with the governments of the ASEAN countries, the Council intends to speed up the working of the Joint Study Group provided for in the exchange of letters last May between the Commission and ASEAN under Article 239 of the Treaty. The Council hopes that this Group's work will make it possible to determine the sectors in which trade can be increased. In addition, exports from the ASEAN countries already benefit under the system of generalized preferences, and the Community takes as much account as possible of the wishes of the ASEAN countries during the annual reviews of this system.

Lord St. Oswald. — Has the Council any measure of the extent to which world recession will affect this particular trade? Has there been any report on progress from the Joint Study Group set up between the Community and these countries, which was referred to by Mr Gundelach in his reply of last month?

Mr Battaglia. — (I) The world recession clearly also affects trade with the ASEAN countries. The Council does not have any exact figures, but I think the Commission could give further details. All I can say is that the study group's work must be speeded up.

Mr Scott-Hopkins. — Is it not important that the political ties between the Community and the ASEAN countries should be as close as possible? What steps is the Council taking to encourage closer ties and perhaps even institutionalize these relationships?

Mr Battaglia. — (I) The ASEAN countries are planning meetings of their Heads of State and Government early in 1976. Depending on the results of these meetings, the Council will investigate how the ASEAN countries can establish a closer relationship.

President. — I call Question No 3 by Mr Cousté:

'In view of the uncertain economic outlook and the need to formulate coherent economic policies, does the Council intend to ask the Commission to draw up a fourth medium-term economic policy programme for the period 1976-80?'

Mr Battaglia, President-in-Office of the Council. — (I) Last November the Commission told the Commission told the Council that it intended to draft a medium-term economic policy programme for the period 1976-1980. In reply to a question put in this House, the Commission also informed Parliament—I think it was on 24 September last—about progress in drafting this programme.

Mr Cousté. — (F) When shall we be receiving this document for the period 1976-1980, in view of the fact that Parliament must be consulted?

Mr Battaglia. — (I) I think you should ask the Commission this, rather than the Council.

Mr Cousté. — (F) Not at all!

Mr Normanton. — May I ask the Council to ensure that, if and when this report is presented, it will contain much more evidence of a realization by the Council of the growing concern of Community manufacturing industry at the developments in trade and imports from the State-trading nations? Will the Council make sure that the report takes into account this concern, and recognizes the fact that there are tremendous differences in principle and in practice between the way in which we cost our products in the Community and the way in which products are costed on the other side of the Iron Curtain?

Mr Battaglia. — (I) Mr Normanton, I see Mr Haferkamp sitting opposite me and I turn your question over to him.

Mr Cointat. — (F) Mr President of the Council, is it true that the United Kingdom has imposed import restrictions on certain industrial products?

Mr Battaglia. — (I) As far as the Council is aware, it is not true that the United Kingdom has taken such a step. You know as well as I do, Mr Cointat, that there has been a lot of talk in the press about the possibility of such restrictions to trade, but we hope that they will not be imposed.

President. — Question No 4 by Mr Dondelinger has been withdrawn.

I call Question No 5 by Sir Brandon Rhys Williams:

'When does the Council expect to approve the draft directive on credit institutions?'

Mr Battaglia, President-in-Office of the Council. — (I) Immediately the opinion of the European Parliament had been received the Council departments started a study of the draft directive on credit institutions. This is of course a subject which raises extremely complicated problems, since the relevant national legislation is itself extremely complex.

I can assure the questioner that these problems are being actively studied, and I hope the Council will be able to adopt the proposals by the middle of 1976.

Sir Brandon Rhys Williams. — Does Mr Battaglia recognize that there has been a great deal of disappointment in financial circles at the slow progress made by the Council on the initiative of the Commission, which has been fully discussed and accepted by the Parliament? Does he recognize that the ground work for creating a Community capital market cannot begin until we have some harmonization of the regulations governing the operation of these financial institutions?

Mr Battaglia. — (I) I agree that progress has been slow, but it could not be otherwise in view of the extreme complexity of the situation. The Community capital market is an objective, but this in turn depends on a number of problems connected with the economic and monetary situation of the nine Member States—and we all know how that looks at present.

President. — I call Question No 6 by Mr Osborn:

'Is the Council satisfied that Community regulations on drivers' hours and working conditions are uniformly enforced throughout the Member States?'

Mr Battaglia, President-in-Office of the Council. — (I) The answer is probably no. The Council is aware of the Commission's criticism of working conditions in the road haulage sector and of the varying strictness of the relevant checks and sanctions in the different Member States.

I would point out, however, that the Commission's remarks relate to the period from October 1971 to December 1972. Before drawing final conclusions on this matter, I therefore think it would be better to await a new and more up-to-date report—which I hope the Commission will soon submit.

Mr Osborn. — Is the Minister aware that the freight transport and road haulage associations, particularly in the new Member States, are looking at the operation of regulations in their own countries and the way in which they can fit in

with the new ones? The problem with the existing regulations is one of enforcement, and in some countries their observance seems to be as watertight as a leaking sieve. Therefore, is it not reasonable to assume that the new regulation on tachographs, Doc. 386/75, is but one example of regulations that are not enforceable by the operators or those who work in road transport?

Mr Battaglia. — (I) I have already admitted that there are flaws. I am particularly concerned about the question of tachographs, to which you referred, and I shall look into this.

Mr Seefeld. — (D) Is the Council aware that, because the present regulations are being applied consistently in some countries and less consistently in others, there is now a distortion of competition which is virtually intolerable for the firms concerned and which results in workers in some countries being subjected to pressures which could in fact be avoided?

Mr Battaglia. — (I) This is true, and I take note of your remarks.

President. — Since Question No 7 by Mr Mursch, whose place is taken by Mr Artzinger, and Question No 8 by Mr Seefeld deal with the same subject I call them together.

Question No 7 is worded as follows:

'What decisions has the Council taken regarding the establishment of a uniform EEC transport policy?'

and Question No 8 as follows:

'Has the Council finally decided on the basic principles for a common transport policy, as called for by the Commission of the European Communities and the European Parliament; if not, why has it not done so, and when will it do so?'

Mr Battaglia, President-in-Office of the Council. — (I) After studying the Commission's communication on developments in transport policy, the Council first of all stated that, at present, this policy should be implemented by means of a series of concrete actions, rather than on the basis of a general, overall plan. At its recent meeting devoted to the problem of transport, the Council thus examined three specific questions: the weight and size of industrial vehicles, the reorganization of the national systems of taxing industrial vehicles, and social legislation in the road haulage sector.

The Council has made some progress in these areas and hopes to be able to discuss them at one of its next meetings.

Battaglia

I would point out that only a few days ago—on 10 and 11 December—the Council extended to 31 December 1976 the regulations on the bracket tariff system and the Community quota for road haulage between Member States. The Council also agreed on a directive concerning the mutual recognition of the safety certificates of vessels on inland waterways and has had an initial exchange of views on Community action in the marine transport sector, on the basis of a memorandum submitted by the French delegation.

Mr Artzinger. — (D) Where exactly was the progress made in the common transport policy, of which the President-in-Office has spoken? All I can see from the communiqué on the meeting of the Council of Ministers is that the Council studied the question. I can find no progress towards a common transport policy on the essential points, at least not in the communiqué.

Mr Battaglia. — (I) The progress was made 'in discussions', but the discussions have not yet been converted into decisions. The Council will probably be able to discuss the matter at its next meeting, but the subject is so complex that even a step forward in discussions is something.

Mr Seefeld. — (D) Mr President of the Council, you spoke of specific sectors. The progress made in Rome is by no means as great as you maintain, and the public takes a different view of it.

Can you therefore state precisely when, quite apart from sub-sectors of the transport policy, a start will be made on the overall plan, which already exists in 'package' form? I agree that the Italian President-in-Office has tried to make progress in specific areas but no start has yet been made on the overall plan. All that has been done up till now is, and remains, patchwork.

Mr Battaglia. — (I) I myself am an advocate of overall planning, which must govern sectoral policies. In this particular case, however, I must point out that it was the opinion of the Ministers of Transport that to achieve any progress at all it would be better, instead of following an overall plan which would have required lengthy discussion, to draw up concrete proposals for a few specific fields.

Mr Dalyell. — Given that, by a factor of between five and seven, trains are more efficient energy users than road vehicles, is not the Council dismayed at leaks of proposals to slash the railway system in the United Kingdom? Does

not this affect the Council in that it has consequences for any kind of a rational common energy policy?

Mr Battaglia. — (I) No, Mr Dalyell.
(Laughter)

Mr Barnett. — Has the Council anything to say about the need to develop a system of public transport? What initiatives has the Council taken, particularly in view of the previous question from Mr Dalyell, about the need to develop a comprehensive system of public transport throughout Europe for the benefit of all European citizens and to try to integrate the systems of rail and air transport in order to achieve cheapness? Is it not true that in the public transport sector there is enormous scope for cooperation between the Nine?

Mr Battaglia. — (I) Harmonization of the public transport systems on a European scale presupposes that all the Member States have a comprehensive and efficient public transport system. I doubt whether this is the case, and the initial problem is thus that each State must implement a public transport policy commensurate with the complexity of the problem. As for the other points you raised, I must admit that not much progress has been made. The problems involved are complex, but I think the Council of Ministers of Transport will be resuming its work shortly and will be able to study these problems in future in accordance with Parliament's wishes.

Mr Noè. — (I) In view of the continuing serious difficulties in civil aviation, does not the Council feel—taking account of what this Parliament proposed in January 1973—that it is time to tackle the problems of this sector, bearing in mind also the points raised by the preceding questioner, who spoke of integrating the air transport systems of the various Member States?

Mr Battaglia. — (I) We dealt with the problems of air transport during Question Time in the last part-session of Parliament. I already said then all I had to say and I regret that I am unable to return to the point.

Mr Osborn. — Will the Minister bear in mind that, whatever the demand for public transport, road transport—whether for passengers or for freight—is proving more flexible for industry and all users? Is it not therefore a matter of urgency that the questions of dimensions, weights, axle weights and horse-power of freight transport should be settled as soon as possible?

Mr Battaglia. — (I) The flexibility of road transport compared with rail transport has, as you know, already been widely discussed, and the Council will study this in great detail.

President. — I call Question No 9 by Mr Espersen:

'How much of the financial aid totalling 150 million u.a. earmarked by the European Community for Portugal has so far reached that country?'

Mr Battaglia, President-in-Office of the Council. — (I) As you know, the emergency aid to Portugal depends on the submission of specific investment projects by the Portuguese authorities. The Portuguese Government asked for a joint committee to be set up to coordinate, prepare and study the specific projects to be submitted to the European Investment Bank.

This committee has been set up, and initial contacts between the Portuguese and Community authorities were established in November. This joint committee, set up at Portugal's request, will hold its first meeting at the beginning of January 1976 and will study the projects submitted by the Portuguese authorities.

Mr Espersen. — (DK) I should like to thank the President-in-Office for this reply. In other words, about two years will have passed since the revolution in Portugal before there are any concrete projects. This is indeed a long time.

At a meeting with Foreign Minister Rumor, we were told that the Investment Bank did not think it could finance housing, since the primary aim was to support the balance of payments. We know that there are serious problems with housing for refugees from Angola, and this may well become a major political factor.

May I ask the President-in-Office whether the Statute of the Investment Bank precludes aid to, for instance, housing, and if this is so, whether thought has been given to making these statutes more flexible. I understand that the statutes are to be revised in any case, and they might justifiably be changed in this respect as well.

I feel that the aid has been a long time in coming. I do appreciate the difficulties, but apart from the specific question as to whether housing could not be financed, I should also like to ask the Council whether it considers that the Communities have proved effective in helping Portugal in this difficult transitional situation.

Mr Battaglia. — (I) I feel that changing the machinery we have set up would cause further delay. Portugal agreed to Community help in

the form of aid for specific projects. It is clear that these projects must be conceived, formulated, drawn up, submitted and studied, and all this takes time. However, there is agreement between the Community and the Portuguese authorities that this emergency aid should be granted to individual projects. It was thus necessary to establish rapidly the machinery required for faster approval of the projects. This has been done, and there has certainly been no time lost.

There must be definite projects, and it naturally takes time to implement these. However, there has been no delay or opposition by the Community.

As for emergency aid to the refugees from Angola, the Community has already considered aid in the form of foodstuffs—butter oil and milk powder—and blankets, and help of other kinds.

Mr Fellermaier. — (D) Does the Council think that the Investment Bank could modify its Statute so that the Community institutions could supply not only foodstuffs and blankets for the refugees from Angola, but also aid in the form of immediate housing projects financed by the EIB. This is essential in view of the desperate conditions in which hundreds of thousands of people are living, and the fact that the Portuguese Government would be quite unable to achieve this within the space of a few months without rapid and unbureaucratic aid from the European Community.

Mr Battaglia. — (I) Essentially, there has been no prior decision by the Community institutions on capital projects in Portugal. If the projects concern low-cost housing, this will represent social investment and will be studied by the Investment Bank. We must know what specific projects will be submitted for receipt of aid from the Investment Bank.

Mr Corona. — (I) Does the Council realize that the problem of aid to Portugal is not simply a technical but also a political one? Some time ago, when we were discussing this question in this House, we agreed with the Council representative that we would have to move as fast as possible. At that time it was a matter of supporting a solution which was in danger from the Left; now, I think, there is the same danger from the Right. I therefore feel that, in view of the need to strengthen democracy in Portugal, the Community institutions should do something to speed things up and to find a solution soon—as far as is possible—to the Portuguese problem.

Mr Battaglia. — (I) Not only does the Council realize this, it also agrees wholeheartedly that the problem of aid to Portugal is a political problem and not simply a technical one. For this reason, the Council has done everything possible to speed up the granting of aid and has taken political decisions. It is now awaiting the submission of specific projects for which this very aid can be granted. There is nothing else we can do at present.

I think it would be going too far if the Community institutions were to take the place of the Portuguese authorities with regard to these projects. This would be interfering in the domestic affairs of a sovereign State, and this is surely out of the question.

Mr Normanton. — May I ask the representative of the Council whether the Council of Ministers is satisfied with the progress of the Government of Portugal? Has it reached a stage where it is in a position to enter into effective negotiations with the Community for the promotion of trade with the Member States, because it is only by the development of trade that we shall be able to help effectively the development and economic growth of the whole of the Portuguese people?

Mr Battaglia. — (I) Since 1972, the Community has had an obligation to develop trade with Portugal. I would point out that the Commission's mandate to negotiate trade agreements was studied at the last meeting of the Council of Foreign Ministers. Of five points still outstanding, three were settled at the Council's last meeting, and I think the remaining two will be settled by the end of January, so that a start can then be made on the negotiations proper with Portugal.

Mr Lange. — (D) Mr President of the Council, you said that this joint committee had been set up at the request of the Portuguese to study the projects submitted by Portugal. I do not think one should interfere in the domestic affairs of a sovereign State. In another context, however, you mentioned that the Investment Bank will also be studying these projects. If I understand you correctly, there are thus two review procedures. Do you not agree therefore that, once the joint committee has reached its decision, the Investment Bank's review procedure in fact represents nothing more than a further delay?

This brings me to the further question as to whether the activities of the Investment Bank are actually likely to make the aid to Portugal as effective as possible, or whether it would not

have been better to make an executive organ of the Community directly responsible?

Mr Battaglia. — (I) I do not agree. The joint committee was set up at Portugal's request to study the projects in greater detail and more consistently and to submit them—in a better and more convenient form—for approval to the Bank, which has to decide whether to grant aid. It is impossible to dispense with the decision of the European Investment Bank, but it is obvious that the joint committee's work will make it much easier for the Bank to approve the investment projects drawn up and studied by this committee.

Mr Broeksz. — (NL) We have heard from the Political Affairs Committee that Mr Rumor said in Rome that the Statute of the European Investment Bank would not allow aid to housing. Now, however, I have the impression from the answer to Mr Fellermaier's question that the Statute would allow this after all if Portugal asked for it. Can you tell us who was right, the President-in-Office of the Council or Mr Rumor?

Mr Battaglia. — (I) As often happens, we are both right. The fact is that, whatever the Statute of the Bank says, since Portugal is a delicate political matter and requires an essentially political assessment, it may well be that some investment projects concerning, for instance, low-cost housing, will be considered by the European Investment Bank. It is the Bank which must take the final decision, since it is independent and responsible only to its Board of Directors.

I repeat that investment projects submitted by the Portuguese authorities will be studied with the greatest possible care, since this is essentially a political problem.

President. — This brings us to the end of questions to the Council. I call Lord Bessborough on a point of order.

Lord Bessborough. — In regard to Question Time, fully appreciating the tremendous effort and very useful replies which the Acting President of the Council has given us today, could I ask whether it might not be possible on future occasions, in order to ease his position, for more than one Minister to be answering Questions?

At the last plenary sitting, when we were discussing the Budget, members of the House were very gratified to find that at one moment there were two Ministers answering, Mr Fabbri and

Lord Bessborough

Mr Poncelet. This was greatly welcomed. It was also welcomed by my acting leader, Mr Scott-Hopkins, who suggested that perhaps in the future we might even have three Ministers answering.

I recognize very well that there are two Councils meeting today, and it might not have been practical to do so on this occasion. However, would the Council bear this suggestion in mind for future Question Times? It seems to me rather grotesque that one Minister should have to answer Questions over such a very wide range of problems which may not have been his particular concern at Council meetings.

Mr Battaglia. — (I) Lord Bessborough, I very much appreciate your suggestion and the way you expressed it. As far as I myself am concerned, I have in fact always tried to deal with all the questions put to me by Members and to give answers which, as far as possible, were not formulated by officials but genuinely expressed my own and the Council's views.

Very often, however, I have found myself in difficulty because of the technical complexity of the problems. In this sense, your suggestion, which concerns particularly some technical questions requiring specialized answers, is useful. It would undoubtedly be a good idea to have more than one Minister here, each competent in his own field, so that the discussion with Parliament could be pursued still further. Unfortunately, it is impossible for this move to be made under the Italian Presidency, since our term of office expires on 31 December, but we shall put this useful suggestion to the Luxembourg representative, who will be taking over as President-in-Office for the next six months.

President. — We turn now to questions to the Commission of the European Communities. The Commissioner responsible is asked to answer these and any supplementary questions.

I call Question No 10 by Mr Fellermaier:

'Does the Commission intend to propose additional aid to Portugal for the 1976 financial year?'

Mr Gundelach, Member of the Commission. — There can be no doubt that at this stage the immediate problem is not so much to find resources additional to those already granted by the Council in October this year—the so-called emergency aid, to which was added some food aid and medical aid, to refugees—but to put to effective use the funds already available. This is naturally important not only from the point of view of the social and economic development of Portugal—we are dealing with

an area which is in the process of developing—but from a political point of view, so that confidence can be built in Portugal through continued and meaningful assistance on terms acceptable to Portugal and in accordance with its wishes, thereby leading to political stability.

We therefore attach great importance to the fact that we have reached the point where we can have concrete discussions with the Portuguese in the so-called *Commission Paritaire*, and I can assure the House that the Commission and the European Investment Bank are working and will continue to work urgently, together with the Portuguese, in order to find the best and quickest use for these funds. I use the words 'confidence, security and continuity'. That means that there must be safety for the Portuguese and a follow-up to the emergency fund.

In reply to the direct question, yes, the Commission has been and is of the opinion that there must be a financial protocol of a more normal character as a follow-up to the emergency aid. Indeed, the Council has committed itself in principle to the Portuguese Government to establish such a financial protocol and, alongside the Commission's proposal for a mandate for the broader conversations which will take place with the Portuguese, hopefully, at the beginning of the new year covering trade issues and certain social issues, we have put forward a proposal for a financial protocol, the details of which naturally will be worked out with the Portuguese. Unfortunately, this proposal for a mandate was not adopted because the Council was only able to move to a position which constituted the lowest common denominator. The Commission asked therefore—and I am sure that the House would agree with this—that a further effort be made to arrive at an offer politically more acceptable to Portugal before resuming the discussion of this matter in January. However, it was clear in the Council that there was no dispute about the necessity for the Commission's proposal to find a follow-up to the emergency aid and a new, more normal and more permanent financial protocol.

Mr Fellermaier. — (D) In view of your announcement that, in addition to the emergency aid to Portugal—which we hope will now start flowing—you are also preparing a financial protocol, may I ask how much and for how long this longer-term aid to Portugal to help its economy and combat its social problems will be?

Mr Gundelach. — At this stage we have not got beyond getting them to accept that there should

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be a financial protocol. It would be too early for me to pronounce in regard to length and amount, but obviously the length would have to be several years, and not just a short-term measure, and the amount would have to be decided on after a suitable examination, together with the Portuguese, of their short-term and longer-term needs. Therefore it would have to be something of a fairly substantial nature.

President. — I call Question No 11 by Mr Hamilton:

'What progress has been made towards the implementation of the principle of equal pay for men and women within the Community, and how soon can full implementation be expected?'

Mr Hillery, Vice-President of the Commission.

— It is difficult in the context of Question Time to give a full answer to the honourable Member. The complete picture of the position in the original six Member States of the Community up to the end of 1972, and of the new Member States up to the end of 1973, is available in the reports published by the Commission. Appropriate references in the Commission's annual reports on the social situation in the Community have brought the picture in all Member States up to date for 1973 and 1974.

More recently there have been a number of important developments. First, the Irish equal pay legislation, enacted on 25 June 1974, is scheduled for full implementation at the end of this month, 31 December 1975. Luxembourg, on 10 July 1975, and the Netherlands, on 20 March 1975, had enacted the necessary legislative measures to complete the application of Article 119 of the Community Treaty. In Belgium this was achieved by the collective agreement of 15 October 1975. In Denmark, draft legislation is being prepared which will extend the principle of equal pay to the people not covered by the national agreement of April 1973.

The equal pay directive adopted by the Council on 10 February 1975 is scheduled for full implementation by 12 February next year.

Article 9 of the directive allows the Member States a subsequent two-year period in which to give the Commission all the information necessary for the presentation to the Council of a definitive report on the implementation of the directive. This report will also be placed before the European Parliament.

Mr Hamilton. — Is the Commissioner satisfied with this progress? He mentioned five of the nine Member States. He omitted the United Kingdom. Can he tell us what progress has been

made by the other three concerning legislation in this matter? Can he say whether there is any evidence of attempts by employers and some trade unions to evade responsibilities in these matters?

Does he not agree that women are on the march throughout the world on this matter, and that they will not accept this kind of evasive action of which we have evidence in the United Kingdom?

Will he say whether progress is being delayed—if it is being delayed—by problems created by current inflation? Even if inflation is still with us in 1977, will the Commission give an assurance that retrospective payments by recalcitrant employers will be insisted upon by the national governments and by the Commission?

Mr Hillery. — The honourable Member will note that the directive to which I was referring—which was adopted by the Council and which will have to be applied in Member States' legislation by February next—gives the right to women to go to court if they feel that they have been discriminated against under this legislation.

Tomorrow in the Council of Ministers of Social Affairs there will be on the agenda a further draft directive to give equality of opportunity as well as access to employment, training, promotion and so on, within a firm. When this directive is adopted and applied, most of the discriminations will disappear.

As to the legislative position, all direct discriminations in the legal instruments of the original six Member States have now disappeared, and the legislation which I have mentioned, which will be implemented in the United Kingdom, Ireland and Denmark, will complete the picture, so that, in regard to legislation, direct discriminations will disappear.

As to the attitudes of employers, Members are aware that such attitudes can make it difficult for people, but we are making provision whereby women can take such employers to court. I also hope that Member States will adopt an idea of the Commission of setting up in each Member State some type of machinery to avoid the necessity of women being exposed to the cost and delays of the ordinary legal processes. This is one of the proposals before the Council for tomorrow.

Mr Dykes. — Will not the Commissioner agree further that most wise people would wish to see very rapid progress made on this front—even if only for a quiet life—that there are real problems facing people in the Community

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in trying to make the necessary progress and that there is a lot to be done, both by statute and by administrative decision; that, none the less, the trends in the real recessionary forces in the Community economy are moving the other way, but that it will be realistically necessary for us to be a little patient to see the completion of this process by the end of this decade?

Mr Hillery. — I would not wish to give any date which would seem to delay the application within 18 months of the directive adopted by the Council. While statistics are not complete, there are signs of real progress in effectively narrowing the differential gaps between the pay of men and women. Such statistics as we have are very encouraging.

Sir Brandon Rhys Williams. — Does the Commissioner accept that, as we implement the wholly proper principle of equal pay for equal work, we also create problems for breadwinners of families which then have to be redressed by social systems which give generous benefits to families? Will the Commission bring pressure to bear to equalize family benefits throughout the Community, bearing in mind that some countries, particularly Great Britain, have very low compensation in the form of family allowances?

Mr Hillery. — I have read with interest what the Member has already published on this and have taken it up so that a study can be made of the possibilities. There are considerable difficulties in the harmonization of social legislation, but the Member can be assured that we are studying the possibilities and will do everything we can.

Mrs Kellett-Bowman. — The Commissioner referred to the draft regulation concerning the possibility of women taking firms to court if they do not get proper opportunities. Is he quite satisfied that the job and promotion opportunities of women employed in the Commission and the Community institutions and the method of promotion therein enable them to earn equal pay and have an equal career structure with men?

Mr Hillery. — I do not think that anybody could be satisfied with the arrangements for women in the employment picture. I would, however, say that the position in the Commission is better than in the Member States.

Mr Cointat. — (F) One Member State has reduced—even abolished—social security contributions for jobs in which women are employed.

Does the Commission intend to propose measures to remove this distortion of competition within the Community?

Mr Hillery. — In the directive which will be before the Council tomorrow, the conditions of work were determined to include social security benefits and allowances, and equalization of the conditions of work would envisage the equalization of and removal of differences in social security benefits as between men and women.

The last Council, which carried out a preliminary examination of this provision, felt that it was too complex and perhaps, for some States, too expensive a provision. It was therefore proposed that the Commission should make a further study of the complex problem and submit proposals so that any discriminations which exist in this field can be dealt with by separate legislation from the Commission's proposal before the Council for tomorrow.

Therefore, the answer to the Member's question is that instruments will be proposed to the Council to remove any discriminations in social welfare benefits as applied to men and women.

Mrs Edele Kruchow. — (DK) There is one social benefit on which I should be very interested to hear whether the Commission has reached any conclusions—I refer to social benefits for maternity leave and pregnancy. There are great differences in who has to pay for these benefits—whether it is the employee herself or society as a whole, regardless of where the pregnant woman works. I should like to know whether this particular matter has been considered, since in some countries pregnancy is regarded as an illness, and this is something I cannot accept.

Mr Hillery. — The Commission has produced a communication to the Council but has not yet produced any project for legislation. The attitude of the Commission, however, would be that pregnancy was not an illness but a social function and that the cost of it should be borne by society.

(Laughter)

Mr Yeats. — In view of the fact that equal pay has still not been introduced even 17 years after the principle was first set down in the Treaty of Rome, may we be assured that the Commission will strongly resist any efforts that may be made at Government level to use present economic difficulties as an excuse for still further delay in bringing into force legislation designed to bring about the introduction of equal pay?

Mr Hillery. — It is clear that present economic difficulties have always been used as a reason not to have equal pay, so the actual situation is not a good excuse to discriminate against one particular group of workers.

I do not think the Commission will have any option but to resist any movement away from legislation already adopted unanimously by the Council.

Mr Laban. — (NL) May I remind Mr Hillery that in reply to written questions which I submitted he had to admit that very few women were employed in the middle and upper echelons of the Commission, and he gave an assurance that he would improve the recruitment and promotion procedures. Since he has now told Mrs Kellet-Bowman so categorically that the position in this respect within the Commission is much better than in the Member States, may I ask him whether this statement is based on statistical data and, if so, whether he is prepared to make these data available to Parliament?

Mr Hillery. — The overall position in the Commission is better in terms of equality of pay. There is not the same discrimination as exists in Member States.

The general structure of employment in the Commission is much the same as in any enterprise. At the top there are very few women. All the women find themselves in the lower echelons. However, in terms of equality of salary for equal work, in terms of head of family allowance and in many such ways as that, the Commission is ahead of the Member States. Appointments to the senior posts in the Commission, since the enlargement anyway, so far as I am aware, are largely a function of nominations.

In future I think you will see promotion of women within the services to the higher level. The access to training and education will be a very important part of making it possible to have women promoted within the Commission. However, I would not attempt to hide—and I think there was an objection when I said this—the fact that the structure of employment of women in the Commission is the same as one finds anywhere. They do not get to the top in any large numbers.

President. — I call Question No 12 by Lord Gladwyn:

'What practical steps is the Commission taking to promote the aid for Namibia requested by the UN Council for that country?

Mr Cheysson, Member of the Commission. — (F) The Commission is keeping in close with the UN Council for Namibia, which a delegation visited last July, as well as with the United Nations Commissions for Namibia, who visited us a few days ago.

Together, we are studying suitable measures to promote the aid to Namibia requested by the UN Council for that country.

I would also point out that, once it has become independent, Namibia would normally—provided the other signatories agree—be able to accede to the Lomé Convention, and thus benefit from all the various kinds of aid provided for under this Convention.

Lord Gladwyn. — Might I express the hope that the Commission will nevertheless consider taking some positive and immediate step to demonstrate that it is prepared to help the United Nations Council for Namibia in some way? Could it not, for instance, take some action to encourage compliance on the part of members of the Community with the United Nations General Assembly's resolution establishing a fund for Namibia?

Does it not recognize in a general way that building up support for that Council, which is, after all, well disposed towards the democracies, might be the best way in the long term to avoid some totalitarian take-over of Namibia on the lines of that which is now so unhappily proceeding in the neighbouring territory of Angola?

Mr Cheysson. — (F) The Commission agrees entirely with the honourable gentleman's remarks. It will not be possible for us to contribute to a fund for Namibia under the terms of the Lomé Convention, but we are currently cooperating with the appropriate United Nations bodies to see how we might possibly help in the fields of training and education. We shall, for instance, probably be working through the United Nations Institute in Lusaka to help the Namibian refugees in Zaïre, Kenya and Tanzania by awarding scholarships to some of them.

Sir Geoffrey de Freitas. — Can the Commissioner say a little more about the continuing link established between the Commission and the United Nations Council for Namibia? Is he personally involved, or are other Commissioners personally involved, in this in a continuing link? That is the key to the matter.

Mr Cheysson. — (F) The answer is yes. We had an official visit on 3 July 1975 from a delegation of the United Nations Council of Namibia head-

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ed by ambassador Fall and including Mr Sean McBride and a Swapo representative. Mr McBride visited the Commission again last week. I myself met the delegation from the United Nations Council for Namibia and my colleagues are in constant touch with them.

President. — I call Question No 13 by Mr Lagorce:

'Would it be advantageous to use as fuel the alcohol produced by distilling wine, as an additional source of energy? If so, is there a political will to encourage such a practice?'

Mr Brunner, Member of the Commission. — (D) To do this would make little sense either financially or economically. The production costs for one litre of distilled alcohol are about 1.5 u.a. Processing this alcohol to fuel would cost a further 0.3 u.a. The price of this fuel would be about 15 times higher than the price of fuel obtained from crude oil, and it would thus not be competitive. Apart from that, there would be the capital investment in the processing plants.

For this reason, such a step cannot be recommended.

Mr Lagorce. — (F) If this is so, why is the alcohol being distilled and what is it being used for? How is this alcohol distilled from wine used in industry? And, if it is not being used, what point is there in converting surpluses of distilled wine into surpluses of unusable alcohol?

Mr Brunner. — (D) This question could give rise to a lengthy debate on the agricultural policy.

The distillation is not done purely for reasons of agricultural policy. This alcohol is in fact used in the chemical industry and for medicinal purposes, but this alone would not fully justify the distillation either. The justification is to be found in the reasons of agricultural policy on the one hand and the utilization in the chemical and medical sectors on the other. At any rate, it is not true to say that the distilled alcohol is not used at all.

Mr Della Briotta. — (I) Does the Commissioner not think that, linked to this problem of the large quantities of alcohol which we do not know what to do with in Europe, there is also the problem of the use of sugar to enrich low-grade wines, since this sugar might usefully be replaced by musts with a high alcohol content? In the general absence of this practice—which is common in other countries—these musts are distilled to alcohol which we then do not know how to dispose of.

Mr Brunner. — (D) The Commission is in favour of wine being made from grapes.

(Laughter)

The question also concerns the directives on the sugaring of wine. There are no doubt other ways of sweetening wine, but new regulations could be passed only after extremely difficult negotiations with the Member States. It would be impossible to resolve the difficulties which have arisen at one fell swoop, and they would certainly not be resolved by the measure you have proposed.

Mr Scott-Hopkins. — Does not the Commission realize that this vast quantity of agricultural alcohol floating round the Community is endangering the establishment of a very efficient alcohol industry?

Would not the Commission rethink whether a subsidy to use this agricultural alcohol, or a part of it, might not be worth while in order to save the extremely efficient industry of industrial alcohol producers?

Mr Brunner. — (D) To use a typical English expression, this question places the Commission in a 'you can't win' situation. The fact is that, in certain surplus situations, we can only solve the problem of wine surpluses through distillation. We try to keep this distillation to a minimum, and the volume is not enough to endanger any industries. The purpose of the distillation, moreover, is not to store the distilled products pointlessly or to throw them away, but rather to use them in the chemical industry and in medicine.

We realize that, to some extent, it would be possible to supplement this form of support for agriculture with a system of subsidies, but no such system of subsidies, which would have relieved us of the dilemma of having to distil surpluses, has yet been worked out.

Mr Laban. — (NL) Is it true that a lot of low-grade wine is being produced in some countries and that this wine is withdrawn from the market and distilled at the expense of the Community? Is it also true that the alcohol obtained in this way is then sold and that the proceeds go to the Member States and not back into the EAGGF?

Mr Brunner. — (D) Yes, low-grade wine is being produced in the Community and the Community is trying to do something about it. The Community pays grubbing-up premiums. The Community is trying to reduce this production of low-grade wine, and it has in fact

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already had some partial successes in this respect.

It is not true that the distilled alcohol goes to the Member States and that nothing is paid into the Community coffers when it is sold. On the contrary, the financial aspect of this distillation and of the sale of the distilled products is being handled very carefully.

Mr Frehsee. — (D) Is it true that there are already more than 5 million hectolitres of this distilled alcohol and that, over and above the amounts required to cover the normal demand for agricultural alcohol, we now have a quantity equal to twice the annual requirement?

Mr Brunner. — (D) We did have a problem last year in that there was a surplus of wine. This year the situation is better, with the wine harvest about 15% down on last year. It is, however, also true that coping with this production is a social and agricultural problem and that we cannot suddenly apply drastic measures at the expense of the producers, who are often in a difficult social situation.

Mr Broeksz. — (NL) Mr President, I am not completely satisfied with Mr Brunner's initial reply to Mr Lagorce. He stated that the distillation cost half a unit of account, plus 0.3 u.a. to convert it into fuel. However, the answer to Mr Lagorce's question should have been 0.3 u.a. only, since the half a unit of account has already been spent in producing the distillate now present in the Community. Since this has already been spent, conversion into fuel would thus cost only 0.3 u.a. I believe this is already being done in certain sections of the Community and that the product can in fact be used as fuel there, although not in all nine Member States.

Mr Brunner. — (D) I stated initially that the costs amounted to 1.5 u.a.—not 0.5 u.a. This in itself is much higher than the costs for fuel obtained from crude oil. To this we would have to add not only the 0.3 u.a. for the processing, but also the very large capital investment in plants to do the conversion. Such a process would thus be totally unprofitable and would not be competitive. There is no point in artificially introducing such a form of production into the economy of the European Community.

President. — I call Question No 14 by Mr Gibbons, whose place is taken by Mr Lenihan:

'Having regard to the high numbers of cows which are being slaughtered in the Community, what advice has the Commission to offer to beef and dairy farmers in planning their production over the next three years?'

Mr Thomson, Member of the Commission. — The Commission does not consider the number of cows being slaughtered in the Community unusually high. For the Community as a whole, this number was, in the period January to July of this year, only 7% higher than in the same period last year. It is not for the Commission to offer advice to beef and dairy farmers in planning their production. The support systems for agricultural products in the Community leave it to individual farmers to decide how to plan their production.

Mr Lenihan. — In view of the Commission's admitted percentage downward trend in cow population and in view of the importance of Community beef production as the cornerstone of the Common Agricultural Policy, does not the Commission agree that the situation, if it continues in the serious way that it appears to be going, demands from the Commission action to advise and encourage producers, directly and through the governments of Member States, to adopt policies and practices designed to stop the disastrous decline in Community cow herds?

I refer in particular to the two governments of Ireland and the United Kingdom, where the highest rates of cow slaughtering in the Community are now occurring and where apparently there is a high degree of government inaction. In view of the serious trend, will not the Commission agree that now is the time to take the appropriate action rather than allow the slide to continue?

Mr Thomson. — The Community has just made its proposals for agricultural prices for the coming year, and we certainly hope that the proposals now before the Council will help to restore the equilibrium in the beef and milk markets. The honourable Member is right in saying that the situation in Ireland is serious, more serious than the average which I quoted for the Community as a whole. Nevertheless, the reduction of the cow herd in Ireland is expected to come to an end in 1976, and at that time the herd will be larger than it was in 1971 when there were no shortages either of milk or beef.

Mr Howell. — May I support Mr Lenihan in his remarks? Once again I ask the Commission to give immediate thought to planning and regulating the size of the European beef herd and the European dairy herd. It is not enough just to regulate the price and leave it to the individual farmer to take the decisions. We should be considering what is the ideal size of European herd in order to get a regular supply of milk products and beef.

Mr Thomson. — I do not disagree with the honourable Member that it would be better to achieve the ideal size of milk and beef herds, but the only way in which the Commission can help to bring that about is by its proposals for the prices of agricultural products. They influence the volume and composition of agricultural production, but I am bound to add that at the moment the general public concern throughout the Community is much more with the very considerable surpluses of milk powder and beef than with the danger of a shortage arising from the present rate of slaughtering, which we do not believe will emerge from the present trends.

President. — Since we have already used up four-fifths of our time and have dealt with hardly half the questions, I am afraid I cannot accept any new requests to speak on this question.

Mr McDonald. — Does the Commission propose any variation in the support systems in order to ensure stability in the production of milk and beef? This is a particularly difficult matter in the case of Ireland, because there is a new export of calves within the Community, from Ireland to Italy, which will add yet another dimension to this problem.

Mr Thomson. — My colleague who has special responsibility for agricultural matters, Mr Lardinois, will be here tomorrow and will be making a statement on the Commission's price proposals. He can be closely questioned then. On the question of beef which the honourable Member raises, the Commission proposes for next year an average increase of 8% for the Community as a whole, but, because of the special position of Ireland as a new acceding member of the Community, it will mean an increase of 12.6% for Irish beef producers.

Mr Cointat. — (F) It takes two or three years to raise a cow, and it should thus be possible to draw up forecasts in view of this length of time. Is it true that there actually will be a shortfall in beef production in 1977 in relation to consumption in the Community?

Mr Thomson. — That is a very wise remark.

Mr Scott-Hopkins. — Does the Commissioner agree that, at this moment of anxiety in the beef industry, it is the height of folly to propose, as the Commission does, to remove the variable beef premium? Would not its retention help confidence not only in one country but in the entire Community?

Mr Thomson. — I suggest to my honourable friend that he put that question to Mr Lardinois tomorrow. The Commission's proposals, however, are based on certain convictions about the trend in the beef market which I am sure Mr Lardinois is prepared to defend vigorously.

President. — I call Question No 15 by Mr Dykes:

'Will the Commission provide at regular intervals during 1976 reports on the state of unemployment in the EEC and on the measures it has proposed to alleviate it?'

Mr Hillery, Vice-President of the Commission. — The answer is 'Yes'. Following a meeting with national experts in October last which discussed ways of making comparable data available as early as possible, a new schedule of statistical information on the state of unemployment in the Community has been prepared for 1976 by the Community's Statistical Office.

Parliament has already discussed all the measures currently suggested by the Commission to alleviate unemployment. New measures are being considered by the Commission in the context of its undertaking to follow up the conclusions of the recent meetings of the Tripartite Conference and the Standing Committee on Employment. When any such measures are finalized in the form of Commission initiatives, they will immediately be brought to the attention of Parliament, as has been the case in the past year.

Mr Dykes. — Does the Commissioner share my anxiety that it now looks as if unemployment will continue to rise well into 1977? In view of the continuing wide variations, can he say what progress, if any, can be made in the most difficult question of harmonizing the statistical basis for calculating unemployment figures in the different Member States?

Mr Hillery. — I agree with the honourable Member that unemployment will extend for a longer period than has been optimistically forecast. The detailed analysis which the Statistical Office intends to publish every few months will include analysis by nationality, age group, occupation, employment sector and length of time unemployed. This will give us a change from the situation in which we did not have comparable figures. I hope that it will be a definite improvement.

Sir Brandon Rhys Williams. — Is the Commission going any further with the idea specifically recommended in the Marjolin report, and which I think we have also heard aired by Commissioner Haferkamp, of setting up a central Community fund for unemployment benefits?

Mr Hillery. — To date the Commission has concerned itself with the possibilities of countering the causes of unemployment as well as the possibilities of creating employment and providing for training and other measures to assist the areas of growth which appear. The concept of a Community fund for unemployment benefit would not be of assistance in these areas. While there is not a Community position on it, I think my attitude at this time would be that, while it would be desirable if such money were available, it would be better used in the creation of employment, training and retraining through the Social Fund and otherwise. That is a personal view and not the position of the Commission.

Mr Howell. — Can thought be given to defining unemployment, and to breaking it down into voluntary and involuntary unemployment? Is the Commissioner aware that in Britain, although we have very high unemployment figures, many industries and services are unable to find labour?

Mr Hillery. — One of the Commission's findings was that there are perhaps half a million jobs in the Community which are not filled, largely due to absence of training, perhaps inadequacies in placement services and so on. But it is certain that quite a large number of jobs are available for which people cannot be found to work. There is also a certain rigidity in the labour market.

President. — I call Question No 16 by Sir Geoffrey de Freitas:

'Why does the Federal Republic of Germany impose a kilometre tax on passengers in British coaches which enter Germany?'

Mr Haferkamp, Vice-President of the Commission. — (D) The tax referred to by the honourable Member is the 11% value added tax. This tax is levied on transport within the Federal Republic on both German and foreign firms. No distinction is made, and it is levied in accordance with the provisions of the second directive on value added tax.

To simplify the value added tax, a new procedure has been introduced by which foreign transport firms whose coaches enter the Federal Republic at irregular intervals are not taxed at the real rate, but at an average flat rate of 3.34 pfennigs per person per kilometre. It must be noted, however, that in accordance with the German legislation on value added tax the foreign firm can apply to be taxed according to the normal procedure.

There is thus no discrimination according to, for instance, the origin of the firm.

Sir Geoffrey de Freitas. — What does the Commission then propose to do to prevent delay to passengers caused by officials' stopping of unscheduled holiday buses, counting the number of passengers, looking at their proposed route and then calculating a cash hand-over in respect of each passenger? How can I justify it to people who write to me complaining of this hindrance to travel and claiming that it is contrary to the whole spirit of the Community?

Mr Haferkamp. — (D) Not only does this worry us as regards the transport tax—it applies to all goods traffic procedures at our frontiers. Checks and formalities are unfortunately necessary because we still have different tax systems, different assessment procedures and different rates of value added tax in the Community.

The Commission regrets that there has not been enough progress in past years towards the harmonization which could have done away with these checks at the frontiers. This particular case is all the more regrettable, as it also holds up people. All I can do is to point out that there is another way the transport firm can pay this tax to the German authorities. The tax would then not have to be paid at the frontier and there would be no hold-up.

Mr Scholten. — (NL) How have other countries tackled this problem? Have they raised obstacles to international traffic in the same way as the Federal Republic?

Mr Haferkamp. — (D) This procedure does not exist in other countries—they levy a flat-rate tax. These flat-rate payments are levied, for instance, on entry into Belgium.

President. — Since the author is absent, Question No 17 by Mr Glinne will be answered in writing.

I call Question No 18 by Mr Dalyell:

'What results has the Commission received from its system of spot checks in national administrations and controls designed to bring to light fraud or maladministration in the CAP, undertaken by specialist 'flying squads' acting in the individual Member States in liaison with national administration?'

Mr Cheysson, Member of the Commission. — (F) For years now, the Commission's departments have been investigating the use of Community funds by means of regular checks carried out by the administering bodies.

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Since the end of 1973 there have also been special teams which intervene when there is a suspicion of fraud or which make selective checks in sectors of particular interest. Because of budgetary restrictions, these teams had to be formed step by step in the course of 1974 and 1975. The Commission departments involved carried out a total of 850 man/days checking in 1974 and 1190 man/days checking in 1975, priority being given to milk powder storage and to payments for beef, veal and pork.

The results of the checks must be viewed in conjunction with the activities of the special control committee set up at the end of 1973 and with which the House is familiar. The results were as follows: rectification of income and expenditure after incorrect application of Community regulations—Parliament will remember that we refused to consider 61 million u.a. when the accounts for 1971 and 1972 were being audited; the discovery of some rather dubious intra-Community trading; the improvement of checks in several Member States; modification of Community legislation whenever on-the-spot checks revealed gaps in the regulations. Finally, I would draw attention to the deterrent and informative aspects of the checks deriving from the direct and rapid contact with the national administrations involved and from the comparison of the methods used in the various countries.

Mr Dalyell. — Can Mr Cheysson give any breakdown of the 61 million u.a. to which he referred? Secondly, how are we to prevent the kind of scandal—which is very damaging to the Community—whereby a ship was unloaded in Bristol and reloaded two days later, simply to make financial gain through sums paid out under the terms of the CAP? This kind of thing brings the Community into disrepute.

Mr Cheysson. — (F) The 61 million u.a. were deleted from the accounts of transactions between the Community and France and Germany. I shall send the honourable Member the exact statements of account for these two countries.

On the other hand, I am not yet in a position to comment on the affair of the ship at Bristol, which the honourable Member has raised. I shall look into the matter immediately and inform him of my findings.

Mr Scott-Hopkins. — Is the Commissioner satisfied that when frauds are discovered of such a kind that they have gone across national boundaries, existing legislation in Member States is adequate to bring to court those who have

been discovered carrying out these practices and have them punished according to the laws of the particular countries? Is he satisfied that these laws exist?

Mr Cheysson. — (F) We are not yet satisfied with the systems of regulations and legislation in the different countries. In general, fraud against the Community, in violation of the Community regulations, is in most countries not treated in the same way as fraud against the national administrations or in violation of national regulations, and this situation is unacceptable. The Council has been informed of the position and we hope there will shortly be some progress in this field.

President. — I call Question No 19 by Mr Cointat:

'Since the Committee of Permanent Representatives has taken the view that there are no grounds for submitting to the Council the Commission's Communication on the paper industry, does the Commission intend to pursue its efforts in this sector?'

Mr Borschette, Member of the Commission. — (F) The European Parliament and the Economic and Social Committee agreed entirely with the analysis of the situation and with the measures proposed in the Communication submitted by the Commission to the Council on 1 April 1974.

A Council working party which studied this document also accepted the analysis submitted by the Commission but did not reach any definite results or conclusions.

The Commission regrets the absence of any formal opinion from the Council on this Communication, particularly in view of the fact that the document was produced in response to a request from the Council. The concrete and timely measures already proposed and still to be proposed by the Commission will thus not form part of an overall approach to this sector, as the Commission had hoped.

At present, the Council is studying two directives, one of them since February 1974 on the implementation of forestry measures, the other since January 1975 on the fight against water pollution.

On the basis of the measures proposed in its Communication, the Commission is now drawing up proposals for action, with particular reference to research and technology and the recycling of waste paper.

Mr Cointat. — (F) As I understand it — and I hope Mr Borschette will be so kind as to con-

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firm this — the Commission intends shortly to submit proposals to the Council instead of communications which are sometimes considered to be of little use.

Mr Borschette. — (F) I gladly confirm that Mr Cointat has fully understood what I wished to say.

President. — I call Question No 20 by Mr Spicer:

'What is the present position in relation to the Europe + 30 Project with particular reference to the financial implications of a further extension?'

Mr Brunner, Member of the Commission. — (D) The 'Europe + 30' study was decided upon by the Council on 14 January 1974, and 500 000 u.a. were approved for it. The group which has carried out the study has spent 360 000 u.a., i.e. much less than the amount granted by the Council.

This project investigates the need to give the Community an instrument for long-term forecasting.

What is involved? The aim is to investigate whether the Community should, in future, draw up such forecasts for its various sectors. This applies particularly to energy policy, protection of the environment, agricultural policy and employment. The study deals with this problem and also with the scientific methods currently being used in this field. In addition it examines the need for a social assessment of technology and makes certain recommendations as to whether the Community should set up such a planning group as a suitable instrument.

The decision is now up to the Community. The Commission is at present examining the study and, if it so decides, will forward it to Parliament, so that you can get an idea of it. We shall also be transmitting it to the Council.

Mr Spicer. — When does the Commission expect that report to come before this Assembly? I am sure we are all most anxious to see how that money has been disposed of over the last two years.

My second question is whether, having seen the report, the Commission envisages that there will be an overlap between the proposals contained in that report and the Commission proposals for the establishment of a European Community Institute for Economic Analysis and Research.

Mr Brunner. — (D) The Institute for Economic Analysis and Research has different objectives, since it involves medium-term forecasts—i.e.

forecasts over a period of three to five years. The body proposed in the study, however, would be engaged in longer-term forecasting.

Nor is the field involved identical. The Institute for Economic Analysis and Research concentrates on analysing economic trends and the associated social trends, while the scope of 'Europe + 30' is wider.

The Commission will be reaching a decision on the publication within the next few weeks, and the assessment of the study will be completed within the next few months. We shall then be submitting a proposal to the Council. The study will be made available to you we have reached a decision on the publication, i.e. in the course of the next few weeks.

Sir Brandon Rhys Williams. — The Commissioner will be aware that Parliament now has before it the Commission's recommendations for the setting up of an Economic Analysis and Research Institute. He must also be aware that there is an apparent confusion between these two proposals, which superficially at least seem to have some similarity.

To assist Parliament's debates on this suggestion for an Economic Analysis and Research Institute, can the Commissioner state categorically that the Commission has no intention of withdrawing its recommendations in regard to that, revising them and producing a hotch-potch, whereas the Europe + 30 proposals might perhaps be brought together with the Economic Institute? If that is what is in view, Parliament should know about it now.

Mr Brunner. — (D) I can assure Parliament that this is not the Commission's intention. The proposal on this Institute for Economic Analysis and Research is an independent proposal, differing in scope from the 'Europe + 30' study, and one which is extremely urgent. The fact is that we are increasingly aware that the Commission lacks such a medium-term economic forecasting instrument and that, although we can obtain data from the national authorities, it would be better if we could study certain common aspects of economic trends in an institute of our own. As I said, 'Europe + 30' involves something else, and the forecasting periods are different. This will have to be studied by Parliament and the Council in due course.

President. — Question Time is closed.

I thank the representatives of the Council and the Commission for their statements.

President

Questions Nos 21, 22, 23, 24, 26, 29, 30 and 33 will be answered in writing.¹ Question No 28 has been withdrawn. Questions Nos 25, 27, 31 and 32 will be carried forward to the next part-session.

I call Lord Gladwyn on a question of procedure.

Lord Gladwyn. — Mr President, we have now had nearly two hours of questions. There were 33 questions, and in spite of the fact that quite a lot of questions were not put, we have done only 19. Would it not be possible for you in future to limit the supplementary questions put on any one question to, say, five minutes, otherwise, surely, we tend to have a series of mini-debates, which in my view at any rate, is not exactly the precise object of Question Time?

President. — Lord Gladwyn, I thank you for your well-founded comment. However, we spent ninety minutes dealing with twenty questions, that is some four and a half minutes for each question. The only question which I really allowed to go on longer was that concerning equal pay for men and women: in this International Women's Year it was very difficult to limit the number of speakers on this questions!

I feel, therefore, that the number of main questions should also be limited: it is not possible to deal adequately with thirty three main questions, together with the attendant supplementary questions, in one and a half hours. Consequently the alternatives are either to limit the number of questions, even main ones, or to increase the length of Question Time even further.

4. Documents received

President. — I have received

— from the Commission of the European Communities its report, pursuant to Article 35 of the Financial Regulation of 25 April 1973, entitled General Statement of Revenue and Expenditure as at 30 September 1975 (Doc. 452/75).

This report has been referred to the Committee on Budgets;

— from the Associations Committee a report drawn up by Mr Schuijt on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation amending Annex IV to Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine and with respect to the subheadings of the Common Customs Tariff
- II. a regulation extending until 30 June 1976 the period of validity of Regulation (EEC) No 3576/73 on imports of the wine product exported under the label of 'Cyprus Sherry', originating in and coming from Cyprus, and the introduction of subsidies for similar wine products in the Community as originally constituted and exported to Ireland and the United Kingdom

(Doc. 455/75).

5. Outcome of the Rome Summit and assessment of the work of the Council during the Italian presidency — Oral question with debate: Community personal documents

President. — The next item is the joint debate on

— the statement by Mr Battaglia, President-in-Office of the Council, on the outcome of the Rome Summit and on the assessment of the work of the Council during the Italian Presidency

and

— the oral question with debate put by Mr Cointat and Mr de la Malène, on behalf of the Group of European Progressive Democrats, to the Council of the European Communities on Community personal documents (Doc. 403/75).

Contrary to a previous announcement, the Political Affairs Committee has not tabled a motion for a resolution on the outcome of the Rome Summit.

I call Mr Battaglia.

Mr Battaglia, President-in-Office of the Council. — (I) Mr President, ladies and gentlemen, the Rome Summit held on 1 and 2 December was, in many ways, the culmination and the most productive phase of the Community's work during the past few years. It therefore gives me great pleasure to take this opportunity of reporting on the outcome of the Summit and, at the same time, of giving an assessment of the Council's work during the Italian Presidency.

There are clearly objective limits to the scope and effectiveness of a Presidency lasting only six months, which, as Mr Rumor pointed out here in July, is too short a period when measured against the demands made by such an exacting and complex undertaking as the construction of Europe.

¹ See Annex.

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In view of this, the Presidency's first task was to decide on a line of action and establish in which sectors limited but real progress along the road to political and economic integration of the Community was feasible. We formulated our strategy in full awareness of the restraining influence which our country's serious economic crisis would have on our attempts to achieve unity. Economic and social difficulties, by their very nature, heighten the tendency to defend national interests; inflation and recession encourage nationalism and undermine efforts to achieve a European approach.

The Italian Presidency found itself in office at the height of the most serious economic crisis of the past thirty years, and thus faced objective difficulties, which, in addition, followed years during which progress towards unity had been very slow and often simply marked time. Against this background, the most urgent political goal which the Presidency set itself was that of strengthening, intensifying and re-invigorating a Community whose image and structures had clearly deteriorated.

The Presidency thus concentrated its initial efforts on the institutional problems and is proud to be able to say—Mr Rumor would have liked to say this personally, but is at the moment representing the Community at the North-South Conference in Paris—that the principal objective has been attained: following a decision taken at the European Summit in Rome, the first European elections will be held on the same day in late spring 1978.

(Applause)

I shall not go into the details of the past six months' painstaking and sometimes secret work which led to this decision, described by a fervent supporter of European unity and member of the Commission as 'a turning-point in the history of the Community', but I am quite sure that the effects of the decision on the entire life of the Community will be important and perhaps decisive. We are therefore particularly gratified that this decision was taken during the Italian Presidency. I should like to add that, on the institutional front, other minor but equally noteworthy decisions were taken at the same time as the fundamental one on the Parliament. Let me mention in particular the introduction of a uniform passport, an element of considerable psychological impact, also decided upon in Rome on 1 December, and the conclusion in July of the work which led to the signing of the treaty setting up another Community institutional instrument, i.e. the European Court of Auditors and of the treaties which strengthen, albeit to a limited extent, the European Parliament's budgetary powers.

All this will, I hope, enable you to arrive at a favourable assessment of the work of the Italian Presidency in the institutional sphere, especially when considered together with its efforts to promote a useful exchange of ideas among all the Community institutions. Contact with the Parliamentary delegations has been intensive and extensive in various fields ranging from the budgetary to the institutional. I think I can say that the exchanges of views with the Parliamentary delegation led by President Spénale did a great deal to facilitate the decision on European elections. These exchanges demonstrated clearly not only his belief in the cause of Europe, but also the tactical skill and political acumen of your President.

Our overall aim was to stimulate and give Community activity a greater political content, while maintaining a clear-sighted approach to the problems involved in strengthening the institutions. The Presidency also tackled another important problem, viz. the Community structures. In our view, something new and useful has also been achieved in this field. In July, it was agreed that a tripartite conference of Finance and Labour Ministers, trade unions and employers would be held. The Conference took place in November; the following month, the European Council in Rome decided that this Conference would be reconvened in the spring and examined the idea of organizing it at regular intervals.

This is a new element in the life of the Community and one that is all the more important at a time when the adverse economic situation underlines the need to harmonize the economic policies of the nine Member States. In a modern economy, this harmonization must engage the judgment and the responsibility of both employers and trade unions within the framework of an economic policy planned on a medium and long-term basis. In this connection, the Presidency feels that considerable progress has been made in the budgetary field. The idea of a joint meeting of the Foreign and Finance Ministers, examined first in Lucca in October and then in Rome in December, does not constitute procedural legerdemain. A preliminary debate—I emphasize the word 'preliminary'—on general Community policy is essential; it would serve to harmonize the individual decisions involving a financial outlay which are being taken—or will be taken—by the Councils of Ministers responsible for the various sectors and to incorporate them into a concerted approach. With the joint meeting of the Foreign and Finance Ministers to be held for the first time, as you know, next spring, the uncoordinated sectoral approach to expenditure will at last be replaced by an overall approach which will certainly enable

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Community resources to be distributed and used more effectively.

I imagine, Mr President, that this will mean new problems for Parliament because, with a view to increasing its effectiveness in the new situation thus created, it will probably have to reconsider the methods and timing of its action in the budgetary field; this, of course, does not imply any change in the budgetary procedure laid down by the Treaties or in the powers acquired by Parliament in this field. If necessary, collaboration between the institutions will be stepped up and Parliament's role strengthened. But I am confident that Parliament will appreciate the Council's effort to plan Community expenditure according to a politically justifiable list of priorities, and also to achieve gradually the long-term planning of expenditure which is indispensable if the Community structures are to be strengthened.

A third category of innovations has been introduced on the structural front. I have already referred to the setting-up of the European Court of Auditors and to Parliament's budgetary powers. The European Council, meeting in Rome, took account of these new facts and instructed the Council and the Commission to collaborate with Parliament in order to improve the role which Parliament—while, of course, retaining its autonomy—can play, via an appropriate committee, in overseeing Community expenditure. In keeping with this trend, which is essential in controlling expenditure, the European Council suggested that a Commissioner for budgetary affairs should be nominated who would carry out his work without infringing the Commission's principle of collective responsibility.

Finally, with reference to the Community's structural problems, I would like to point out that a new development has been set in motion which should lead to the complete implementation of the fundamental 'own resources' principle. At its meeting of 24 November, which was devoted to tax problems, the Council had a useful discussion on the basis for assessment of the value added tax; as the outcome of this debate was a considerable *rapprochement* of positions, our legacy to the new Presidency is not an unsolved and insoluble problem, but the beginning of the solution to a really important question.

Moreover, the review now under way of the agricultural policy—a policy whose chequered history, as you know and as we have said so many times, displays successes, but also a number of severe short-comings—also falls within the budgetary context. On 10 and 11 November,

the Council formulated a number of ideas which provide a useful starting-point for streamlining Community policy. There is no doubt that the budgetary structure, and consequently the specific measures taken by the Community, are determined to a considerable extent by the agricultural policy, which absorbs around 75% of Community expenditure. A review of this policy is therefore a prerequisite for increasing the scope of all the other structural policies of the Community. The Italian Presidency is gratified that this indispensable review was begun during its term of office.

Ladies and gentlemen, the Presidency feels that the Community has made great progress over the past few months with regard to a third category of problems. Its image abroad, its united front in the context of international relations and its foreign policy have, so to speak, been defined more clearly and enhanced after the recent upheavals which were very nearly their undoing.

I shall not dwell on the solidarity shown by the Nine during the crucial final phase of the European Conference on Security and Cooperation, but I would like to stress that this solidarity was solemnly confirmed when the President-in-Office of the Council, in his dual national and European capacity, placed his signature on the Final Act of the Helsinki Conference.

But it was especially in New York, during the 7th special session of the United Nations, that the Community acted most effectively as a single body, and succeeded in playing a pivotal and often a mediating role in that difficult debate which marked a turning-point in relations between industrialized countries and developing countries. The unity shown in New York has once more triumphed—after the problems of which you are all aware and on which I shall not dwell—at the North-South Conference now taking place in Paris. This unit is based primarily on a common, flexible mandate agreed on by the Council of Foreign Ministers at its latest meeting a week ago, as was that shown at the 7th special session in New York. All in all, the Community has made a great stride forward at international level, and this will have a positive and lasting effect both in Europe itself and in the vital relations which the Community must maintain with the developing world, a world of enormous potential beset by glaring economic, social and human contradictions which we must make an all-out effort to resolve.

Furthermore, I would add that there has been a more active European presence on many vital political issues. One example is the emergency financial aid to Portugal which we discussed

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recently, and the start of work to extend the free trade agreement with Portugal which you discussed in committee. Further examples are the concertation between the Nine on the delicate problem of the Middle East, the beginning of negotiations with Greece on Community membership, the attitude taken vis-à-vis Spain, the consultations and the action taken on the Cyprus problem, the cooperation agreements with Mexico and the closer relations with Turkey. I should also like to recall the Commission's mandate to negotiate an outline agreement on trade and economic cooperation with Canada, the first example of negotiations in this field with another industrialized country. In addition, there were difficult negotiations with the Maghreb countries and the work on the terms of reference for the agreement with the Mashrek countries.

These last two points bring us back to the intensifying of cooperation between the Community and the Arab countries during the Euro-Arab dialogue. Two useful meetings were held on 20-24 July in Rome and on 22-27 November in Abu Dhabi. While it is true that the Euro-Arab dialogue has not as yet led to any conclusive agreements, it is equally true that the way has been paved for future agreements.

Mr President, ladies and gentlemen, you will forgive me for not having given a detailed official account and for not dwelling on the details of matters with which you are already acquainted. I considered it more useful to give you a picture of how we assess the political situation and the work done during the six months of our Presidency. I confess that, when measured against the innumerable problems facing the Community, it is obviously not everything and perhaps not even very much: but the Community is not a federation and the Member States have nearly always the right of veto on the more important issues. The general policies of the individual member countries tend, inevitably, to differ, particularly when inflation, recession and unemployment threaten national enterprises and strengthen nationalism and isolationism. Those who cherish European unity can only strive to coordinate and harmonize national policies—as far as possible—by facing up to these problems realistically, after so many years of deadlock and endeavouring to reach agreements which, without involving great sacrifices for the Community countries, can give concrete expression to that European spirit which is still alive and which the Member States, in spite of everything, are aware they cannot abandon politically.

Our experience leaves us on the whole optimistic about the future, but it is essential to

realize that the Community must find new structures able to guarantee it the continuity, the judgment and the capacity for political decision which its growing role in world affairs makes indispensable. We thus await with confidence the recommendations in the report which Prime Minister Tindemans will submit before the end of this year and which the recent decisions of the European Council have given even greater significance. Our experience has in fact shown us that the European Council, which has begun its work well, is already having a noticeable effect on the operation of the Community institutions. Election of this Parliament by direct suffrage in 1978 will raise the hopes of the people of Europe and this election will, in turn, have important effects on the Community as a whole. Consequently, it is imperative that all Community initiatives should in future have a solid, well-thought-out and coordinated frame of reference and clear strategic objectives. In this context, the Tindemans report is of major importance.

A change is under way in Europe, ladies and gentlemen, and something new and, in part, unexpected may be taking shape. The contours of today's Europe are still somewhat vague, but perhaps clearer and slightly better defined than those of the past. At least, this is our hope and—if I may be allowed to use a time-honoured phrase—our common European faith.

(Applause)

President. — I thank you for your very full and encouraging introductory statement, Mr Battaglia.

I also thank you for the acknowledged efforts made by the Italian Presidency to find solutions to current problems, and for the results which have been achieved during this Presidency.

I must also thank you for your kind words concerning the Parliamentary delegations which met you in the Council. I am grateful to you for the extremely direct, constructive and understanding reception they were given in the Council under the Italian Presidency.

All this does indeed leave a very positive impression of the work done during this period and gives us a great deal of encouragement for the future.

I call Mr Cointat to speak to the oral question on Community personal documents (Doc. 403/75):

In order to create a climate favourable to the furtherance of the European idea among all the citizens of all the Member States, could the Council not take simple, practical measures such as the introduction of a European driving licence,

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a European family record book, a European identity card or a European postage stamp with a letter code, all these documents to be in the Community languages?

The introduction of these everyday documents valid throughout the Community would have no political or financial consequences, but would help to make Europe more attractive to our peoples.

Mr Cointat. — (*F*) Mr President, the European Council meeting in Rome at the beginning of this month decided, as we were reminded a few minutes ago, that the members of this Parliament would be elected by universal suffrage. Pursuant to this decision voting will take place, if things go according to plan, in just over two years; I therefore feel that it is time this general consultation was prepared.

Everyone claims to be 'European', but who is really familiar with the European institutions? Who is really familiar with the European Parliament? An élite is, of course, but I do not think that the people—the worker, the craftsman, the small shopkeeper or the clerk—really know very much about the European institutions. Thus our task henceforth must be to inform.

But informing is not enough. The European idea must be driven home in people's minds, it must be made to percolate through all the social strata of the population; for as I see it, Europe cannot succeed without the support of the people. Instead of striving, therefore, for spectacular measures which will at times prove very costly or difficult to implement and leave many unaffected, we may wonder whether it would not be as well to bring our imagination to bear on achievements more modest—some will say 'mediocre'—in nature, but of consequence to everyone, encompassing engineer, caretaker and road-sweeper alike.

This issue may apparently raise a few smiles; it has nothing grandiose about it and yet its purpose is to bring Europe into the daily lives of our fellow citizens. Its aim is to propagate this idea by placing a constant reminder of the European idea in the handbag, wallet and house of every European. It is by multiplying and repeating modest actions of this kind that habits may be modified without drama or pain, and that finally the foundations of a new society may be more securely laid.

Moreover, the European Council entered into this spirit and introduced the European passport. Let me remind you that this idea came from Parliament, and I think that my friend, President Berkhouwer, will bear me out since he had long before broached this subject to certain heads of state. This decision is there-

fore gratifying, even if the idea of a wine-coloured passport leaves me cold; for poetical reasons I would have preferred opera mauve, which is practically the same.

(*Laughter*)

Nevertheless, I am surprised by the timidity of the European Council. My first reaction was that the use of a passport could have been abolished altogether in intra-Community relations. The psychological impact of such a measure would, to my mind, have been greater. Besides, as I said a few moments ago, the European passport affects only part of the population, i.e. those who have the means or the need to travel. It would also be desirable to devise a European identity card, drawn up in six languages, beginning at least with the countries who already have one.

Similarly, why not introduce a European family record book? I am aware that this does not have the same basic legal significance in all countries, but its extension and standardization at Community level, as well as having a certain symbolic value, would certainly simplify a large number of procedures for our fellow citizens when moving within Europe.

Similarly, the introduction of a European driving licence could play an extremely useful role, especially if it were to lead to the harmonization of road signs, which everyone wants to see achieved.

Another shortcoming of the present order of things concerns the means used to motivate young people. Not enough is done to convince them that they are directly concerned by the activities of the Community.

This prompts us to investigate other possibilities of getting young people of all ages to become aware of European solidarity. By way of example, we would propose quite simply a European university passport which would enable the problem of academic recognition of diplomas to be rapidly overcome. This passport would serve as a record in cases where the student enrolled at different universities.

Any colleagues who consider that we are going a little too far in this field need have no misgivings: there are other less ambitious ways of convincing the people of Europe that they belong to the same community of ideals.

What we have in mind more specifically is the introduction of a European sports certificate for all young people. The simple fact that the young people of the nine countries would, under the same conditions, be able to obtain a sport certificate recognized throughout the Community would give youth a feeling of great solidarity.

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Naturally, the aim of all this is not to perform miracles, but merely to drive home the idea of a united Europe.

In a completely different field, we are thinking in terms of a European postage stamp which should simplify the postal operations of users in every Community country. This stamp would have no figures, which means it could be sold in all currencies pending harmonization in this sector. Its exact use could be indicated by colour.

In conclusion, the cost of all such reforms can be considered as relatively modest. Evidently, we must not expect too much, but we are entitled to ask ourselves whether such measures have not up to now been neglected in the Community, for their implementation involves no serious obstacle and yet would have beneficial and very important effects.

Following up our initiative, we ask simply through a motion for a resolution that all the problems raised—and there are undoubtedly others—be referred for study to the competent Parliamentary committee. This committee should draw up, as soon as possible, a report which would serve as a platform for concrete proposals.

This, Mr President, is what our oral question is all about.

(Applause)

President. — I call Mr Battaglia.

Mr Battaglia *President-in-Office of the Council.* — (I) Mr Cointat, I am pleased to be able to tell you that, as a direct result of your question, the Commission has been asked by the Council to examine the possibility of submitting specific proposals on the standardization of the personal documents referred to in your question, and in particular the identity card, the driving licence, and so on.

The Council is, in fact, well aware of the considerable psychological value of initiatives of this kind, even if their political value is somewhat limited.

I doubt whether an irremediable difference of opinion is likely to arise between Parliament and Council over the colour of the passport. Speaking on behalf of the Council, I would prefer a mauvish purple, which is very modern, whereas Mr Cointat has stated a marked preference for mauve: obviously, a difference of opinion of this sort will not prevent fruitful collaboration when we come to examine the Commission's proposals.

The abolition of the passport is perhaps a more complex problem. The European Council has decided to speed up the studies in order to find a solution. Even so, we have all heard of criminal incidents, which have also been reported in the press, which argue against hasty moves at the present time. Generally speaking, however, the Council fully appreciates and approves whatever can be done in this field from the psychological point of view.

Mr Cointat's question remains a useful starting-point and is an example of the valuable collaboration which can be established between Parliament and the Council.

(Applause)

President. — I call Mr Haferkamp.

Mr Haferkamp, *Vice-President of the Commission.* — (D) On this topic, I should like, on behalf of the Commission, to make a few comments in support of what the President of the Council has said about the achievements of recent months, and in particular about the encouraging results of the European Council meeting in Rome. I will not repeat what has already been said and has for some time been public knowledge.

I should like to emphasize two results of the Rome meeting which I feel to be especially important. The first is the statement of the European Council on the economic and social situation. I think it important to point out that all sides stressed the urgent need to foster the economic improvement now becoming evident and to avoid anything which might jeopardize it. The participants declared their determination to do all they could to facilitate coordination of the policies of the Member States of the Community, and they stressed that particular attention must be paid to international cooperation in order to help promote the upward trend which was becoming apparent.

In this connection, the Member States again declared their readiness to do everything possible at international level, acting as a Community, to make a constructive contribution towards improving the economic situation, particularly with reference to the negotiations to be conducted by the Community within international organizations, including the Conference on International Economic Cooperation which is at present taking place in Rome. One particularly important outcome of the European Council meeting was the confirmation that in these negotiations the Community would have a single representative and speak with one voice. As you know, this very point was discussed in the

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European Council. The outcome of this discussion is significant, not only for the Conference now taking place, but also for the unity of the Community and its further economic and social development.

It is clear that at the third meeting of the European Council in Rome, following those in Dublin and Brussels, decisions were reached on matters of substance which have given the Community a new impetus. Of particular importance is the fact that, during the brief period of the Italian Presidency, it was possible in two European Council meetings to approve the tripartite conference which had been under discussion for a long time and to which the President of the Council has also referred. The decision on this matter was taken in July and the European Council called for the Member States' continued cooperation in this field.

The most important feature of the three meetings was the spirit of cooperation. It is clear that, in spite of the differences of opinion on political, economic and social questions, there is a willingness to cooperate in solving difficult problems, and that there is no desire for confrontation.

There was one conference at which Community trade unions, confederations of employers and the governments, represented by their Ministers for Social and Economic Affairs, were present and drew up a programme of action. The discussion of weighty social and economic questions within our Community and the constant search for mutually acceptable solutions constitute a task of considerable importance. It is not something which can be achieved within weeks or months; it is not something which is concerned only with short-term economic problems; it is of fundamental importance in view of the structural changes which confront us in our economies and our societies.

In this area political and social cooperation and solidarity are imperative, and in recent months we have witnessed some encouraging developments.

You can be certain that the Commission, whose duty it is to ensure that this cooperation continues, will do everything possible to bring these endeavours to a successful conclusion. I can therefore associate myself on behalf of the Commission with the remarks acknowledging what has been achieved under this Presidency, whose efforts during a period of six extremely difficult months have, on balance, been rewarded with success.

(Applause)

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

Mr Espersen. — *(DK)* On behalf of the Socialist Group I should like to thank Mr Battaglia for the excellent report we have received today. I would also ask him to convey our thanks to Mr Rumor, the Italian Minister for Foreign Affairs, for the most satisfactory meeting which we in the Political Affairs Committee had in Rome, where we discussed the outcome of the Rome Summit on 1 and 2 December. We are grateful to the Italian representatives for the considerable effort made during the Italian Presidency to cooperate with Parliament, and I agree with Mr Battaglia that it is important that Parliament through its delegations can have regular meetings with representatives of the Council.

This was, as we have been told, a very difficult period of office, when the Nine were faced with a severe economic crisis. It was one of the most difficult, if not the most difficult period which the Community has experienced.

Against that background, as Mr Battaglia has pointed out, the Presidency decided to give priority to those sectors which were thought to be in most urgent need of attention. We are perhaps not entirely convinced when we are told that the achievements of the Presidency in this difficult period included resolutions on direct elections and on a European passport. I do not believe that very many of the 2 million unemployed in Europe, large numbers of whom have been out of work for very many months, will think that these two achievements are of much importance. However, we must acknowledge that the Community under the Italian Presidency made strenuous efforts to solve the crisis. Without success. The level of unemployment is still high—and in some countries is rising. We can hope for better times around the corner but we must admit that the difficulties involved in solving such crises are very great indeed. The Presidency can certainly not be criticized for inactivity. Even in our own countries we have no procedures effective enough to cure the unemployment problem.

The incoming Presidency, the Luxembourg Presidency, will have the onerous task of continuing to work for what is, after all, much the most important goal, namely the combatting of unemployment, and on behalf of our Group, I can promise that the incoming Presidency will have Parliament's full support in this matter.

I am glad that Mr Battaglia referred to the Helsinki agreements. I think it was important that the Nine presented a common front at that conference. These agreements have now been finalized and our next step must be to ensure that they are put into effect. In this connec-

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tion, we have heard it objected that certain parties to the agreements apparently do not intend to implement them in good faith. We have also heard it said that the agreements have already been broken.

I believe that such reports are premature. I think that, before attempting to evaluate anything as important as these agreements, one should be sure that one has the best possible basis for such an evaluation. We have therefore been very pleased to note that the Council has appointed a special committee to monitor the implementation of these Helsinki agreements. In our view this is politically a very responsible attitude and we hope that it will be a really effective way of ensuring that all the parties will implement these agreements and also that it will provide a sound basis for any possible complaint about inadequate performance.

We had no reason today to consider the Cyprus situation. However the matter did arise in Mr Rumor's report on the Summit meeting from which it appears—and we feel this is a valuable initiative—that the Nine are discreetly taking appropriate steps to try to bring the parties in this unfortunate conflict together with a view to negotiating a settlement. There are urgent problems there which raise important humanitarian considerations.

Mr Rumor has told us that the Nine, for humanitarian reasons, considered providing assistance for the refugees in the refugee camps in Cyprus, who are now faced with their second winter in extremely difficult conditions. We were told that assistance was being considered and I should like to put a direct question to the President-in-Office of the Council: have any further steps been taken? Will it be possible for the Nine to provide some form of humanitarian assistance for the many thousands of unfortunate refugees in Cyprus?

The Spanish question was not discussed at the Summit. Our Group is of the opinion that this was right and proper. We feel that developments are on the way which could be promising. We feel, as has been said, that the best thing we in the Communities can do is to watch the situation very carefully, without making any change in our political attitude just yet. We think it important that there should be a new government, but personalities in our view are not an essential consideration. What is essential is not that new politicians, new people, should come to power. The essential thing in our opinion is a new policy and we cannot at present say with certainty whether it will be implemented or not. We can hope that it will,

but we must preserve our freedom of action in case our hopes are not fulfilled.

We in the Socialist Group attach great importance to the decisions taken either at the summit meeting or earlier concerning increased control of the budget. We welcome the suggestion that one member of the Commission should be given sole responsibility for dealing with the budget. We think that the idea of a special Financial Affairs Committee, composed of members of this Parliament, is valuable and worth considering, although we must be careful not to establish too many committees. We like the idea of a budget meeting attended by both Finance Ministers and Ministers for Foreign Affairs; it would make for cohesion between the policy to be pursued and the budget. We think therefore that the idea is a valuable one.

With reference to the passport problem, which I have already mentioned briefly, our Group regrets that in such a complicated matter the European Community's usual ground rules have apparently been disregarded. There is no proposal from Parliament concerning the passport problem and there has therefore been no opportunity to hear this Parliament's views on it. Many Members of Parliament feel that the problem has not been examined thoroughly enough. In some countries the problems are not so great. My own country is a case in point. But in the United Kingdom, for example, the problems are considerable because in that country there are sections of the population living outside Britain which have British passports. There are problems in other countries too.

It seems to us regrettable—I should like to hear Mr Battaglia's views on this point—that our Community rules have thus virtually been suspended, rules which were intended to ensure that matters were treated thoroughly, and that this Parliament could exert its influence. This has not proved possible, and the Socialist Group must therefore express the hope that there will be no repetition of this very peculiar type of procedure.

We must also ask whether we will now have an opportunity to make our position clear and give our opinions on the decisions concerning the common passport.

Mr Battaglia referred to the question of reviewing the agricultural policy. During the meetings which we have had in this Parliament in recent months, we in our Group have criticized the agricultural policy. We did so principally because we think that it helps to create large surplus stocks. We are glad that this question is being examined and that a start has been

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made on something to which the incoming Presidency can give further attention. I do not think that great of fundamental changes are required, but rather the development of a mechanism which does not encourage over-production.

Finally a comment on the Arab-European negotiations. Mr Rumor confirmed that we will abide by the 'Dublin formula', and we find that satisfactory.

It has been suggested that we should consider allowing the PLO some form of representation other than that which they have previously had. We do not feel that any such change would be justified. We think that the correct procedure must be to have two delegations, as has been the case until now, which each party can constitute as it wishes. We therefore share the Council's view in this matter and the view which the Presidency has expressed.

Those were a few comments on the President's report on the Summit meeting and on Mr Battaglia's statement today.

I should like to say once again that my Group is grateful for the way in which the Presidency has cooperated with us and we hope that this cooperation can be extended and strengthened under the incoming Presidency next year.

(Applause)

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

Mr Alfred Bertrand. — (NL) Mr President, I listened with particular attention to the modest account Mr Battaglia has given us of the activities of the Council during the Italian Presidency. It is very much to his credit that he has been so modest. This does not, however, alter the fact that the Christian-Democratic Group rates very highly the results which have been achieved during the Italian Presidency. We thank Mr Battaglia and join the speaker for the Socialist Group in asking him to convey our thanks to Mr Rumor and to the Italian Government as a whole for having, in a brief time, achieved a result which, as Mr Battaglia mentioned, has started something moving in the European Community and will undoubtedly be vital for the further development of our cooperation.

Mr Battaglia touched on a problem about which I too wish to say something, i.e. the brevity of the Presidency. I should like to take this opportunity to point out to the Council that it is up to it to solve this problem some time by making the term of the Presidency longer

than six months and thus confer upon it a more efficient and meaningful role.

Parliament has on various occasions pointed out that in view of the many contacts between the Council and Parliament and of the increased scope and significance of political cooperation, albeit in many cases at intergovernmental level, the Presidency of the Council has assumed a much greater significance than in the past.

It would therefore be a good thing if the term were made a year instead of the present six months. This is what I wanted to stress on behalf of the Christian-Democratic Group.

Secondly, I should like to draw attention to the fact that under the Italian Presidency the *raison d'être* of the European Council also became clearer since it demonstrated its worth in the decisions it reached in Rome. It showed clearly that the regular meetings of Heads of State and Government can lead to the solution of certain political problems on which no progress is being made in the various 'sectoral councils'. In that respect the decisions taken on 1 and 2 December in Rome are of particular importance for the European Council as an institution.

At the same time, however, a legal problem arises: what form should this European Council take and what should its activities and powers be? As you know, it was decided in 1974 to set up a European Council which was to meet three times a year in two capacities, namely as Council of the Communities and as a body for political cooperation. Up to now, however, the legal form of the European Council when it meets as a Council has not been considered. It is still not clear to us whether the decisions of the Council are binding as such, or whether they must be confirmed by the Council of Ministers of Foreign Affairs before they can be applied within the Treaty of Rome. I should be grateful for an answer to this question so as to be somewhat surer of how things stand in future. It is, after all, clear that the Heads of State and Government are in fact taking decisions in the European Council. I might mention the most characteristic example, the decision on direct elections to the European Parliament, which is of enormous political significance. This is certain proof that the Heads of State and Government have the necessary political resolve to make the institutions more democratic in the future and to create an instrument capable of furthering progress in the direction of European Union, since a directly elected parliament will have much greater impact on public opinion than Parliament has had hitherto.

However, when the European Council decides that at all events direct elections will be held

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in seven Member States in May or June 1978, and two Member States accept the principle of direct elections, although with reservations regarding participation in 1978—incidentally, we are pleased to note that the Danish Parliament last week accepted the decision in principle regarding the elections by a large majority—the this is a step forward.

The Ministers of Foreign Affairs, however, met again last week and began pulling at the fabric of the decisions taken by the European Council. They pointed out difficulties which could mean that all the decisions might need revising. Problems were brought up regarding representation and so on, or regarding the Patijn plan, which suggests that the Rome decision could be put back on the stocks, that it could be subject to further discussion in the Council of Ministers of Foreign Affairs. This creates a certain amount of unease and uncertainty. It gives people the impression that no one quite knows where decisions are actually made now. The Christian-Democrats wish to stress that we expect the Patijn plan to be adopted, come what may, at the meeting of the new European Council of 8 and 9 March in Luxembourg, regardless of the discussions which are still being conducted by the Ministers of Foreign Affairs at this moment. After March next year ratification would have to begin in the national parliaments since otherwise the whole thing would again become doubtful.

The second major decision is of tremendous significance for public opinion, i.e. the decision to introduce a European passport in 1978. I agree with Mr Cointat that this is a small step, but for the man in the street this step is of great psychological significance if, as from 1978, he can obtain a European passport to replace his national one.

The fact that this would have a number of consequences from the point of view of safety, health and so on is a technical problem which can be dealt with in greater detail at a later date. I believe, however, that it is appropriate just to mention this here today.

The third important political decision, which in my view is of enormous importance for the Community as regards its ideas of unity and its image in the world at large—I shall return to this shortly—is the decision to speak with one voice in the North-South dialogue. The Council of Ministers of Foreign Affairs has been picking at this decision too, however, and again backpedalling is in evidence. One wants this, the other wants that. There are various interpretations, so that we wonder whether the Rome decision is still valid.

We see quite clearly that the British representative in the Council of Ministers of Foreign Affairs interprets the Rome decision differently, and moreover in a way that the French Foreign Minister will not accept. This has led to a debate in which, fortunately, it has been possible to reach a compromise, since the Council had decided to meet again in January or February in order to gain two months and to arrive at a unanimous solution to the problem underlying the United Kingdom's anxiety, i.e. minimum oil prices.

However, in this case too, the suitable legal form for the European Council when it meets as a Council must be established so as to be sure whether or not this decision is legally binding under the Treaty and that there is no risk of it suffering at the hands of a sectoral council.

The President-in-Office of the Council, Mr Battaglia, has pointed out that there were three main chapters in the Italian Presidency. First, there was the question of Community structures. The first problem is that of direct elections. I will not go back to that now. He stressed the significance of the tripartite conference.

It was undoubtedly a good idea, but I am nevertheless a little sceptical as regards the results. I join the Commission in hoping that the next such conference will be a dialogue. The previous conference was not a dialogue. All it was was a statement of the various points of view held by the nine governments and by the employers' and workers' organizations.

These points of view are widely divergent, especially those of the employers and workers, yet no dialogue took place. The only positive aspect of this confrontation is that the various groups actually met, and that the Commission was instructed to draw up new proposals on the basis of what was said with a view to convening another tripartite conference in the spring which, I trust, will lead to real dialogue and definite guidelines permitting fuller treatment of the areas left in doubt during the Italian Presidency. I am thinking here of economic *rapprochement* and the development of a common policy on matters of real relevance today, such as inflation, unemployment, relief works and migrant workers. So far, no results have been achieved on these matters. I fully agree that they are difficult problems and that it is easier to talk about them than to solve them.

The weaknesses during this last six-month Presidency were in the economic field, where it did not prove possible to achieve the Community solidarity necessary to get to grips with the problem. I am sorry to say that this shortcoming of the Italian Presidency has again made

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itself felt today. I read in my paper that the United Kingdom has decided to introduce import controls and thus impede the free movement of goods in the Community for the first time since 1958. I have read that the United Kingdom Government has informed the Commission today that as from 17 December imports of textiles, footwear and television tubes will be subject to controls. The British Government is alleged not to have had recourse to the emergency procedure provided for in Article 135 of the Treaty and just gone ahead and taken this political decision. I would ask Mr Haferkamp and Mr Battaglia whether I have been correctly informed.

If so, this is the first time that the principle of the free movement of goods in the Community has been violated. The Christian Democrats hope that the countries will in no event resort to countermeasures as these would jeopardize the existence of the whole common market.

The question of the strengthening of Parliament's budgetary and supervisory powers unquestionably also constitutes a serious problem. In accordance with our wishes efforts will be made at future meetings of Ministers of Foreign Affairs to produce a programme budget instead of an accounting budget: this is a point we discussed in such depth in connection with the 1976 budget. I must say I have my doubts about the meeting of the Ministers of Finance and Foreign Affairs which has been arranged in order to estimate the 1977 budget. I think the spring deadline is too short and that it would be preferable for this Council meeting not to take place until the first draft budget has been drawn up. Parliament must have the opportunity to discuss it and thus ensure that the programme budget to be drawn up in future pursuant to the decision of the European Council is the result of joint consultation.

Lastly, it was decided to strengthen parliamentary control over Community expenditure by introducing measures in three fields. Firstly, the role of the relevant Commissioner in the Commission of the European Communities will be strengthened. I am glad that the European Council did not accept the German proposals to grant the Commissioner concerned a right of veto as that would have been incompatible with the Treaty of Rome. The Commissioner will thus not be in a different position from the others, but everything will be better organized, enabling him to check expenditure more accurately during the initial review.

We in this Parliament now await the results of the contacts between the President-in-Office of the Council and the President of Parliament, and subsequently proposals by the latter for the

setting up of some body or mechanism for strengthening parliamentary control over Community expenditure. The chairmen of the groups decided not to set up a special committee for this purpose, but merely a subcommittee of the Committee on Budgets. We now wish to rescind this decision, however, and await the proposals which you, Mr President, will produce on the matter following your consultation with the President of the Council. Finally, as regards the Court of Auditors, I think that the decision taken contains extremely far-reaching reforms of the structure of the Community.

With your permission, Mr President, I shall close with a brief comment about the role of Europe in the world. In this area I think real and substantial progress has been achieved during the Italian Presidency. I think the policy of the European Community towards the rest of the world has been far more consistent. The fact that at the Conference on Security and Cooperation in Europe the final act was signed on behalf of the Community, that the Nine were able to speak with one voice at the United Nations in presenting our opinion on the implementation of the programme and the operation of the United Nations, the unanimous rejection of the anti-Zionist resolution, the fact that Europe is speaking with one voice at the North-South Conference, the gradual move towards a common standpoint in the Euro-Arab dialogue, all these things are unmistakable signs of real progress which should gradually lead to a genuine European identity.

As Mr Battaglia himself pointed out, the follow-up of these achievements will now be closely bound up with Mr Tindemans' report which we are now awaiting and which will be ready at the end of next week. It is due to be sent to the other heads of government on 8 January and I hope that we shall have an opportunity in the very near future—perhaps through an information leak—of discussing it before it is discussed by the heads of government alone. I say this with my usual frankness and I think that in this way we shall see whether the optimism which the President-in-Office of the Council displayed at the end of his speech is justified.

We Christian Democrats are also optimistic, despite all the difficulties. We believe that an impetus has now been given to the Community and that it is up to us as Christian Democrats to work with all the other groups to ensure that this impetus is intensified, broadened and given greater impact among political parties at national level, among trade unions and public opinion in general. It would then no longer be possible to reverse the decisions which have now been taken.

Bertrand

Thus we support the policy pursued during the Italian Presidency and look forward to bringing this work to fruition under the leadership of Mr Thorn, the new President-in-Office.

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

Mr Durieux. — (*F*) Mr President of the Council, I should like to add my voice to the expressions of appreciation which the previous speakers have addressed to yourself and to the Italian Government.

We can only welcome the decision taken in Rome by the Heads of State and Government concerning the principle of elections to the European Parliament by universal suffrage in 1978. This is something we have always demanded we are liberals, that is to say, opposed to all frontiers, whether economic, political social or human, because we are liberals, that is to say, in favour of a pluralist democracy and of tolerance. We believe that these elections will guarantee the security of the peoples of Europe, protect their rights and ensure their freedoms. However, there are some who are far from sharing our views and it is to them that I address myself, since it is now our duty to convince them. The battle will not be an easy one but the stakes are such that we are justified in making every effort, since the goal is at last in sight. The sceptics think that it is totally inconsistent, and perhaps even evidence of unbalanced thinking, to set up a Parliament before creating a government. They forget, however, that European Union is a new concept and that the institutions of this future Union need not be modelled on those with which we are familiar in each of our States. Moreover, our Parliament has already acquired certain budgetary powers, which are considerable, and we can here thank President Spénale who was the moving spirit in their acquisition. The European Parliament has also just provided evidence of its political drive by passing, the day before yesterday, a resolution on a report dealing with the question of European defence, initiated by one of our Members, Lord Gladwyn. Besides, the histories of some of our countries teach us that constituent assemblies have played a major part in establishing new forms of government. Elections by universal suffrage for the European Parliament can therefore be said to be the first step on the way to European Union; that is our opportunity. If we let it slip through our fingers this time, perhaps we shall never have another chance! The economic climate is finally favourable, the Heads of State and Government are at last motivated by a real political will. We who are forever complaining about the operation of this

Parliament, which is not the direct expression of the people's will, must realize that this is a unique opportunity. In answer to those who reject the idea of a Parliament elected by universal suffrage unless its powers are defined beforehand, I would say this: let Parliament first establish its legitimacy and it will then acquire wider powers. The problems posed by such a Parliament, such as the dual mandate, should not be a major obstacle and the compromise adopted by our Assembly is the most sensible solution at present, until time and experience show us some better way.

There are some who argue that the establishment of a European Parliament will lead to a loss of national sovereignty.

In my own country, for example, the statements of Michel Debré and of the French Communist Party attracted attention in the newspapers. I do not think we should be unduly concerned at this. In any case it does not worry me. Besides, the Secretary-General of the party to which Mr Debré belongs was much more reassuring in his recent comments.

I should like to say to all these hardline opponents that they have already lost their national sovereignty in agriculture and in other areas too, and that the progress made by the Community—which progress, I would add, has been to the advantage of each of our States—has always in fact been made when Europe spoke with a single voice. Let us be realistic and sensible: it is no longer possible to consider that Europe belongs to the sphere of foreign policy, since most of our policies are interdependent. It would be absurd to speak of national independence when this independence is now European.

How can we stand up to the two superpowers, the USA and the USSR? How can we reach the people of the third world except by forming a kind of third bloc? How can we ensure that our countries have coherent policies and real economic power other than in the framework of Europe? Finally, how can we guarantee our people more security, more well-being, more freedom, other than by means of a Parliament which each of them will have helped to elect and to which a European executive will be responsible for its actions.

The economic crisis has at least served one useful purpose—it has made us understand that France can no longer do without Germany, Germany can no longer do without the United Kingdom, and the Benelux can no longer do without the other countries. In these conditions it is no longer appropriate to speak of a loss of sovereignty, since that question is now completely irrelevant.

Durieux

It is not a question of becoming the satellite of a great power but rather of acting in unison, as equals, in the interest of each and every one of us.

National sovereignty must become European, otherwise there will be no sovereignty. It is therefore futile to bury our heads in the sand; what is even more serious is that such a policy aims to pander to the nationalist feelings of some of our fellow-citizens who cannot see that they are the losers by it and that it is their own future which is being sacrificed.

Only a directly elected European Parliament will provide a guarantee both of European unity and democracy and of cultural diversity. That is a real challenge. We must recognize it and meet it. It is our duty, as representatives of the people, to influence the decisions of our governments. If we have the will, we can do so, and it depends on us and on us alone whether we become the first institution of a European Europe to be established.

I have deliberately concerned myself only with the question of elections to the European Parliament by universal suffrage. In the time remaining to our Group, Mr Guldberg will deal with the problems of the Conference on International Economic Cooperation and the other points which you, Mr President, mentioned just now.

I should like to say once again on behalf of my Group that I endorse the thanks addressed to the Italian Presidency. I think that while, in accordance with the rules, it lasted for only six months, it was a good Presidency and I share the hope expressed by the chairman of the Christian-Democratic Group that Luxembourg and Mr Thorn will ensure continuity of purpose by working along the same lines.

(Applause)

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

The House will rise.

(The sitting was suspended at 1.15 p.m. and resumed at 3.10 p.m.)

IN THE CHAIR: MR SPÉNALE

President

President. — The sitting is resumed.

6. *Tabling of a motion for a resolution*

President. — I have received from Mr Cointat, Mr de la Malène, Mr Lenihan and Mr Nyborg,

on behalf of the Group of European Progressive Democrats, a motion for a resolution, pursuant to Rule 25 of the Rules of Procedure, on personal documents.

This motion for a resolution has been printed as Doc. No 451/75.

I call Mr Scott-Hopkins on a question of procedure.

Mr Scott-Hopkins. — Mr President, I am sure you will know what I am about to say. We have had more committee meetings during this part-session than I have ever known happen in the three years I have been here. We started off with a meeting of the Committee on Agriculture on Monday, which, unhappily, I was not able to attend. There are meetings going on during almost the entire part-session. You will remember, as the House will, that we decided we did not want to have committee meetings during the plenary part-sessions. It makes it extremely difficult for honourable Members to do their work properly if this happens.

Therefore, while I am not trying to change anything now, because it is too late, I ask both you and the House to take cognizance of the difficulties arising from this situation and to ensure that in all our sessions in 1976 we do not have a mass of emergency committee meetings during the plenary session, because it makes it almost impossible to cope.

President. — Thank you for your comment, with which I agree. But this part-session, which is the last one this year and presents us with very varied and urgent problems, is somewhat of an exception.

But you are right in saying that the frequency of committee meetings during plenary sessions is constantly increasing. We shall discuss the matter again in the Bureau to try and bring about a return to a more normal state of affairs.

7. *Rome Summit (resumption)*

President. — The next item is the resumption of the joint debate on the outcome of the Rome Summit and Community personal documents.

I call Mr Guldberg to speak on behalf of the Liberal and Allies Group.

Mr Guldberg. — *(F)* Since Mr Durieux has outlined the results of the Rome Summit, I shall limit what I have to say to the other highly important result of that meeting, vit. the agreement on Community participation at the North-South Conference.

Guldberg

While the decision to have members elected to the European Parliament by direct universal suffrage as from spring 1978 is an important stage on the European constitutional front, the unified participation at the Paris Conference which has just opened represents a milestone along the road to a common foreign policy. The wisdom which guided the Heads of State and Government in Rome was drawn from the valuable experience the Community had acquired when the Yaoundé and Lomé Conventions were established—hence speaking with a single voice was essential. Let us not forget that a great number of the countries participating in the North-South Conference belong to the 46 of the Lomé Convention and have confidence in the role which the Community will play in establishing a better balanced economic and financial order in the world. At the same time this makes the North-South Conference more likely to succeed.

While on this subject, I should like to congratulate the European Parliament on having had the courage on Monday to approve a realistic document on defence policy—also to be regarded as an integral part of foreign policy.

Coming back to the North-South Conference, I am very gratified at the clear-cut and unequivocal decision taken in Rome; this decision is not a compromise, but the expression of a desire for European identity, reflecting the Community rule of representation by one voice, as shown during the extensive tariff negotiations within the GATT framework.

Any idea of leadership must be banished from the Community, in which decisions reflect a consensus and general consultation, and not ambition for power on the part of one or other of the partners.

It is important, to my mind, to stress this point, for the consensus has just replaced once and for all the rule of unanimity and the veto, which have cost the Community so many delays.

Mr President, I should like to emphasize here the firm respect, of the Community's main rule, i.e. equality between partners, without which any progress in the efforts to build a united Europe would remain an illusion. The Liberal Group is not of the opinion that meetings such as the one held at Rambouillet can jeopardize this principle: such meetings make it possible to compare notes, likewise with our Atlantic partners, and to pave the way for European decisions. In all probability, there would have been no Community participation at the North-South Conference had the Rambouillet meeting not taken place. The decision taken at Rome shows this quite clearly.

As we have already pointed out, the decision taken in Rome enables the dialogue between the industrialized nations, the developing countries and the oil-producing countries to be undertaken with more likelihood of success. The result should be greater social justice in the world, in which stability in exchange rates and currencies could be achieved in order to eliminate all risk of protectionism once and for all. We feel that this is the most appropriate way of safeguarding the present standard of living, guaranteeing employment for our fellow citizens and absorbing the unemployment which is disturbingly rife at present.

The Community could change the confrontation into a dialogue by supporting the developing countries' request for a greater involvement in world trade and in economic and monetary decisions, by means of a progressive reform of the International Monetary Fund. Our spokesmen on the four committees which have just been set up ought therefore to pursue the following aims:

- to fix a fair level for the price of oil and other raw materials which would give producers a profit and at the same time be equitable to the consumers;
- to submit proposals aimed at establishing a new economic order which would provide for an international division of labour (in the Third World countries, priority must be given to the processing industries which are labour-intensive);
- to earmark for these countries a portion of the GNP amounting to over 1% in order to counter the deficit in their balance of payments which passed the 45 thousand million dollar mark in 1974.

Summing up, the European Council has shown that we are well on the way to achieving a common foreign policy or, if you prefer, stepping up political cooperation.

Great hopes have been placed in the Community; perhaps these lie beyond its present possibilities, but from China to the Persian Gulf, in Israel and in the Lebanon, the Community has a contribution to make towards peace and conciliation.

It is our duty to cherish this hope, for our efforts to moderate and maintain a balance could help international organizations—from the UN to the ILO, as well as UNESCO—at present trapped in a vicious circle, to rediscover their original vocation.

(Applause)

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

Mr Cousté. — (*F*) Mr President, today's joint debate concerns the assessment and the results of the Rome Summit, which we ought to call the European Council of Rome in our official agendas, and also the oral question presented by Mr Cointat on behalf of our Group on personal Community documents.

Mr Cointat was perfectly explicit in his speech this morning, so I should like to concentrate my comments and suggestions on the outcome of the European Council. For the sake of clarity in our debate, Mr President, I should first like to speak on the economic, monetary and budgetary problems, after which I shall address the House on the political problems.

However, before embarking upon important economic and political data I would, nevertheless, like to stress the significance of what have been called miscellaneous questions. The fact that the European Council agreed to introduce a uniform passport issuable as from 1978 is noteworthy.

It is one way of bringing home the reality of the Community to Europeans—and by that I mean, not the Europeans in this Parliament, but the people of the Community as a whole including the man in the street and those for whom the European idea has little meaning. These miscellaneous questions also cover another decision—namely, to approve the British Minister's proposal to call a meeting of Ministers of the Interior of all the Member States in order to discuss issues falling within their competence, in particular the problem of law and order. No one has said much about this up to now; yet it is most significant, in my opinion, for the European Council is a springboard for initiatives, and is concerned not only with the free movement of Europeans and the introduction of a Community passport, but also with the safety of citizens and their property, i.e. law and order.

The current crime wave in Europe highlights the need to improve the maintenance of law and order. Likewise, on a more delicate and far more dangerous front, laws should be harmonized: I am referring to drug-trafficking. Although fortunately not as widespread as in other parts of the world, it still persists on far too large a scale.

As for the economic and monetary problems, I think that, all things considered, the European Council's analysis of the economic and social situation is more realistic, more explicit and less

pessimistic than the one made by the Council of Ministers at its July meeting in Brussels. This is worth remembering because, although the economic situation is still causing concern on account of unemployment, inflation and the lack of attention given to the consequences of this situation, the European Council has quite rightly pointed out that there are now signs of recovery and that these should be consolidated by close coordination of the economic policies of the Member States. This point had to be made and elucidated.

As for the reference to the Rambouillet Summit Conference, ladies and gentlemen, it is our duty not to fall into the same trap as the press. You know as well as I do that many journalists were expecting criticism of the French President's initiative on the grounds that no 'summit', even one as well organized as Rambouillet, was going to solve the economic and monetary problems facing the world, at least the free world, and I must say that the journalists were wrong in their assessment of the situation.

The views expressed at Rambouillet correspond to those already expressed in Brussels last July; these views were reaffirmed by the European Council, so it is probably thanks to the Rambouillet Summit and the Declaration that the way has been paved for closer international cooperation and a constructive dialogue between all countries. In short, the Community countries not represented at Rambouillet have realized that it was a major event of world-wide significance, aimed, as was stated in Rome, at improving international cooperation, especially in the monetary field.

For one of the major causes, if not the only cause, of the Community's present predicament is lack of order and discipline—a lack not confined to the Community alone. Sooner or later, the dialogue and the analysis had to take place at world level: such was the conclusion of the members of the European Council in Rome—and this is not intended as a criticism of those who participated in this meeting, which some people consider to have been inconclusive.

We ought to be gratified that better supervision of Community expenditure is being introduced; to my mind, the idea of a joint annual meeting of the Foreign and Finance Ministers for an overall assessment of the Community's budgetary problems—the first will be held in April 1976—is a sound approach.

We should realize that we have real powers in this field in which you yourself, Mr President, have played such an eminent role. These powers should therefore be exercised to the full, but

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without going outside the framework of consultation—to which you have always attached prime importance—with the Council of Ministers and perhaps also taking into account the discussions which will arise out of this overall assessment of budgetary problems.

Finally, while on the subject of the economy, I should like to speak about the prospects for international economic cooperation. We know—the President-in-Office of the Council, whom I should like to thank for his speech, has already mentioned it—that at the Conference on International Economic Cooperation which opened yesterday, the Community will speak with a single voice. However, over and above the solution found to the problem of the United Kingdom's misgivings, there is great hope in one highly important field. I refer to moves to establish, through the Community channels, a common energy policy. For it is true that the procedural issue has been settled by having a single delegation represent the EEC, which means that as the debate and the dialogue progress, the mandate will have to be drawn up later in accordance with Community procedure. Furthermore, if certain Member States choose to make statements, these will be in line with the views expressed by the Community. This is a great step forward, but not really enough to build an economic and social Europe.

This is why I see the decision taken in Rome as an opportunity to establish and implement a common energy policy. Moreover, with regard to the fundamental problems involved, as the President-in-Office of the Council very clearly stated a few minutes ago, appropriate machinery must be set up in order to safeguard the Community's existing sources and ensure the development within the Community of alternative sources of energy in return for an acceptable outlay.

The price of energy—in particular of oil—has not been fixed, but a solution to this problem which is facing not only Europe, but also the United States and all the countries of the world, is being sought. For this reason, at the Conference on International Economic Cooperation, it would be advisable for the Community to speak as a unit and also for a Community delegation representing all the Member States to participate, so that be it in the Committee on Energy, the Committee on Raw Materials, the Committee on Development, or in the Committee on Economic and Monetary Affairs, we can collaborate in order to achieve true international cooperation. In other words, we must find a realistic solution to the problems involved in international cooperation. In other words, we must find a realistic solution to the problems involved in international cooperation, not only because

we are, as a Community, signatories of the Lomé Convention, whose importance should once again be stressed—since no less than 54 countries reached agreement and are going to organize cooperation at international level for 500 million people—but because we shall ultimately have striven to establish a new international economic order.

Addressing students of the Ecole Polytechnique on 28 October last, Mr Giscard d'Estaing showed great perception when he said very appropriately: 'This new international economic order will not be established against the will of nations or by using some trick to force it upon them; neither will it be established without their participation, by making do with a few Utopian visions of world government; it will be established with their participation and our efforts should therefore be directed at establishing conditions, circumstances, meeting places and methods of discussion so that each country can make its contribution and, finally, mark its consensus to this new order'.

I should like to add that when we speak of the European nations—and this is where I begin to speak about the political aspects—we are speaking of nations which have discovered the cost and the value of solidarity.

The nine Community countries intend to become a progressively closer-knit political entity until one day they become the United States of Europe.

Our contribution will not only be on the individual basis of each Member State; we intend it to be a contribution by the Community as a whole. This is why we are gratified by the steps taken towards establishing European Union. The Tindemans Report has not yet, of course, been submitted. As was stated clearly in Rome, however, the various governments will receive it before the end of this year. This means that we will finally have carried through the tough assignment undertaken at the Paris Summit, in October 1972, when the Nine set themselves 'as the main objective to transform the whole complex of the relations of Member States into a European Union before the end of the present decade, while faithfully observing the treaties already signed', and asked 'the Community institutions to draw up, before the end of 1975, a report on the subject to be submitted to a future summit conference'.

This timetable will be respected and I am convinced that in the context of the European Union which we must achieve, i.e. the political union of our nations, we will then understand the true meaning of electing the European Parliament by direct suffrage and on a single day in May or June 1978.

Couaté

This election poses considerable problems, especially for the smaller Member States, some of whose representatives are members of the Group of European Progressive Democrats, and we are fully aware that we must adopt an approach which is fair to them, as a purely proportional system would be contrary to the democratic spirit which is our leitmotiv.

I would add, Mr President, that if this election of the European Parliament by direct suffrage has a meaning, it must be that intuitively felt by President Pompidou when, at a press conference on 21 January 1971, he stated: 'It is clear that the day a truly European government is set up, there will have to be a truly European Parliament'.

By that I mean that progress as regards electing the European Parliament has a meaning only if we really want to achieve a balanced democratic institutional order as opposed to running Europe along the lines of an assembly, which would be particularly disastrous.

In this connection, let me remind you of what Mr Pompidou said on another occasion on the subject of building a united Europe: 'The only way is to build, on the basis of the existing order of things, a confederation of states which will harmonize their policies and integrate their economies'. When we look at the situation from this angle, we realize that the quarrel over supranationality is a false quarrel, but of course only insofar as the political aim of the leaders of the Nine is also directed towards a united Europe which, although jeopardized—and no one can deny this—can overcome her difficulties and still respect the differences between the Member States as well as their individual personalities.

Mr President, summing up, I should like to stress the important fact that the European Council, set up pragmatically in December 1974, has really set to work as planned, i.e. that a meeting was held in Dublin in March which enabled the issue of the United Kingdom's membership of the Community to be brought out of deadlock and in due course led to that membership being confirmed. Let me also mention its meeting in Brussels on 5 June when the major economic problems were discussed and, finally, its meeting in Rome where, as we have seen, the Heads of State or Government adopted a fresh approach in the all-important fields of Community energy policy and the building of Europe on a political plane.

The new trend has confirmed our impression: i.e. that, in Rome, significant progress in the difficult task of building Europe has been

achieved. This we should welcome, especially as it now seems increasingly certain, in view of the defiance hurled at the United States of Europe from without and from within, that there are even fewer years left to the Member States in which to form a confederation—the only realistic way to unite the peoples of Europe and yet ensure that the differences between them are respected and their presence upheld in a disorientated world, more than ever in need of Europe.

President. — I call Mr Scott-Hopkins to speak on behalf of the European Conservative Group.

Mr Scott-Hopkins. — May I join in the thanks and congratulations which have been accorded to the Acting President of the Council for the way in which he set out what has been going on in the past six months during the Italian presidency?

The debate has been divided into three sections: first, what has happened in the past six months, secondly, the results of the meeting of the European Council and, thirdly, the question of personal documents. I intend to deal briefly with the first two only.

As the President of the Council said, it was right that in the past six months the Council should concentrate on strengthening the institutions of the Community. That was needed and was important. Some important steps have been taken to achieve that aim. We would not say for a minute that we or the Council had gone far enough, but undoubtedly progress has been made and new initiatives have been taken which I welcome on behalf of my group.

I am sure it is right, as the Minister said, that an overall view should be taken of the financial future of the Community. I welcome the fact that the Foreign Ministers and Ministers of Finance are to meet together in the new year to take that overall view. I also welcome the tripartite conference. This is the correct procedure and an innovation which can only do good.

Although there has been a strengthening of the institutions of the Community in the past six months, one cannot help but say to the Acting President that action needs to be taken on other matters. Europe has been going through very difficult times. All our countries have faced tiresome moments with regard to economic prospects and unemployment. There has been a lack of investment and general stagnation.

Although I welcome very much the progress made in coordinating the foreign policies of the

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nine members of the Community, there is important work still to be done. I hope that in the next six months the Council will learn from the experience of the past six months and will realize, in particular, that industrial and investment matters throughout the Community cannot be left as they are and that initiatives should be taken. Perhaps the Luxembourg presidency will initiate such actions.

I turn to the question of what is to happen on the international side. The Minister referred to the Helsinki conference. He said, quite rightly, that he was very glad that the Nine had spoken with one voice at the conference. So am I. However, I wish to ask him what action is being taken to ensure that the results of that conference are being observed not only by all the signatories of the West but by the signatories of the East. Are they observing the conditions of the agreement on human rights? If not, what view will the Council take and what action will it initiate? I do not wish to start a major debate on this issue—we all know that there are burning questions connected with the agreement—but I hope that the Acting President will say a few words on what action is being taken to oversee the results of the Helsinki conference.

Perhaps the most successful result of the six months during which the Minister has been in charge of Community affairs is that the Community has stayed together. It has come through these difficult months as a Community and its cohesion has increased. The culmination of the six months has been the Summit meeting of the European Council, which took decisions in important fields. In that respect I congratulate him on his presidency, and his Minister, Mr Rumor.

When we turn to the results of the Rome meeting of the Council of Ministers, we find some rather strange decisions. Great and important matters face us, with Europe going through difficult and traumatic times. The decisions taken are important, but they are not overriding except for one, and that is to have direct elections.

The other decisions—to establish a Court of Auditors, to have a uniform passport throughout the Community, and to look further in the future into questions of law and order throughout the Community—are important, but it is noticeable that the issues of unemployment, industrial stagnation, how to move forward through these difficult days as a Community, and what common actions we are to take, are sadly lacking in the decisions made at the conference.

One issue which was successfully resolved was when the Ministers agreed at the Summit meeting in Paris on the energy question, after encountering a great many problems. The British Prime Minister, I believe, had certain difficulties concerning this issue, but in the end the solidarity of the Community was reinforced. The decision was taken that the Community would attend the energy conference and be represented by one voice—that of the President of the Council of Ministers, Mr Rumor, who is at this moment speaking on behalf of the Community.

This once again demonstrates, after all the huffing and puffing that went on, that throughout the nine countries, including the three new member countries, there is a desire for Europe to stay as one.

I welcome the decision taken at the Summit conference that there should be direct elections throughout the Community, notwithstanding the reservations made by the representatives of my country. I do not believe that in fact, if in 1978 eight or even seven countries directly elect their members to this Parliament, two countries or even one will be able to stand out and not directly elect their members too. I am delighted that this decision has been taken, because I think it is the next step forward in the development of this institution. I am glad that it has reached finality at the Rome conference.

I am also delighted at the final decision to set up a Court of Auditors. There was a certain amount of comment about this matter at Question-time this morning. There is no doubt that there is a need for stricter supervision of the finances of the Community and that this House should play a far greater part in their supervision, but the first step must be to set up a Court of Auditors which will be independent and make reports not only to this House but to the Council as well.

The British Prime Minister has published his ideas on how this House might proceed by setting up a public accounts committee to examine past expenditure, calling on the expertise of the Court of Auditors in the report that it will be making. I think this is an extremely good idea. I hope that in due course the House will accept it and that we shall move forward to the examination in detail of past expenditure, as well as the examination of forward expenditure, which at the moment is a duty ably carried out by our Budgets Committee. I think that is a great advantage.

I also look forward to the report from Prime Minister Tindemans. I am delighted that he has, as I understand, stated that his report will be

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submitted during this month, and that there is very little left for him to do before he presents it. I hope that when we have a chance to see this report, concerning the future of European union, he will be constructive—as I am sure he will be—with regard to moving forward in not only the political but also the monetary and economic spheres.

I feel that the work done by the present Acting President-in-Office during the past six months in strengthening these institutions will give this new initiative brought forward by Mr Tindemans—as I hope it will be—a solid base from which to work.

I also welcome the fact that the Ministers at the Summit meeting of the Council agreed to look once again at matters of law and order. We all know that we are living in lawless times. During the last week, it was extraordinary, when one turned to no matter what news medium one happened to favour, that the headlines were of hostages being held in my country, in Holland or somewhere else, with kidnapping here and hijacking there.

One thing we must do during 1976 is to move towards greater co-ordination of those forces of law and order for which we are responsible throughout the Nine. The successful conclusion of the various kidnappings and holdings of hostages which has taken place during the last week is perhaps a happy augury for the future. It shows that our police forces, the forces of law and order, are beginning to get a grip on the situation. However, a great deal still needs to be done. The amount of serious crimes of violence taking place throughout the Community is something that undoubtedly gives cause for great anxiety. Anything in the way of co-ordination that can be done to strengthen those forces of peace, law and order is to be welcomed during these coming months.

The last six months of the right honourable gentleman's presidency of the Council of Ministers have been fruitful. We look forward to the months ahead flowing out of the Council meeting in Rome towards a greater co-ordination of our nine countries. Of course there will be difficulties. We have just heard Mr Cousté talking about his dreams and hopes for the future, and the problems that exist.

I share the hopes of Mr Cousté for building a strong Europe. I want to see the Community move forward and the nine countries going together. There is an enormous amount to be done. One thing I shall always remember is that when one is separate and on one's own in this day and age, one cannot cope. We must take steps in the year to come which may infringe

a little more on that sovereignty which we hold so dear. I am sure that if we can do this, and if we can help in building a stronger Europe, our efforts will not be in vain.

I therefore congratulate the Minister on his work in the past six months. I also wish the coming Minister well for the six months to come, which are of as great importance as those which have just passed.

(Applause)

8. *Tabling of a motion for a resolution, decision on urgency and inclusion in the agenda*

President. — Ladies and gentlemen, I have received from Mr Spicer, on behalf of the European Conservative Group, a motion for a resolution on the Dragon project, with request for debate by urgent procedure pursuant to Rule 14 of the Rules of Procedure (Doc. 454/75).

I call Mr Spicer.

Mr Spicer. — I have no wish to delay Parliament at this stage, but I should like to assure Mr Hougardy that there was no disrespect in any way in our tabling this proposal for an emergency debate. We believe this matter to be of such importance that it cannot be covered by an oral question without debate. It concerns every member of the Community. It concerns future relationships within the Community and not only the energy sector.

I am therefore extremely grateful to you, Mr President, even for considering this proposal.

President. — I call Mr Hougardy.

Mr Hougardy. — *(F)* Mr President, like my distinguisher colleague, I think that the question is important, and it is because I think it is important that I have put an oral question without debate. Do you not consider, Mr President, that it should be given priority?

President. — First of all I must consult Parliament on the adoption of urgent procedure, Mr Hougardy, and then propose that it be included in the agenda.

I call Mr Bertrand.

Mr Alfred Bertrand. — *(NL)* Mr President, as far as procedure is concerned, I propose that Mr Spicer should table his motion immediately after Mr Hougardy's oral question. Everything will then be normal and there will be no need to vote on the adoption of urgent procedure.

Bertrand

I should therefore like to ask Mr Spicer to table his motion immediately after the Commission's answer to Mr Hougardy's question, and then we can vote on it.

President. — I would point out that Parliament must first vote on the adoption of urgent procedure.

I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, if Parliament approves this request for urgent procedure and this item is included after Mr Hougardy's oral question without debate, this means that we are going to reopen the debate on this question without debate put by Mr Hougardy. This is rather an odd state of affairs. It also seems to me that it is wrong, and I feel that this motion for a resolution can be referred to the Committee on Energy. It can then possibly be dealt with by Parliament in January.

I would not propose this, Mr President, if a committee other than the Committee on Energy were concerned. The other committees are not in fact due to meet before the January part-session, whereas the Committee on Energy is to meet on Monday.

I should therefore like to ask you not to entertain the request for urgent procedure and to refer the motion for a resolution to the Committee on Energy, since it is to meet next Monday anyway.

President. — Mr Broeksz, since I have a request for debate by urgent procedure, I have no choice now but to consult Parliament.

I call Mr Klepsch.

Mr Klepsch. — (D) Mr President, I think that Mr Bertrand has suggested a compromise which ought to be acceptable to everyone. Mr Bertrand has proposed that this request for debate by urgent procedure be considered jointly with the oral question without debate and that the latter should be changed into a question with debate...

Mr Fellermaier. — (D) The Rules of Procedure do not permit it!

Mr Klepsch. — ... Are we not masters of our own Rules of Procedure? Ms Fellermaier, you yourself have said that so often in this House that I shall simply quote you and state that I think the same.

So I should just like to ask the following question: What is the point of creating artificial dif-

ficulties? It is obvious that there is a need for a discussion in the House on Mr Hougardy's oral question, which is supposed to be without debate. Presumably that is the very point of the Conservative Group's request for urgent procedure. In this situation I really feel that Mr Bertrand has made a proposal which could be reconciled with the Rules of Procedure by a decision taken by Parliament and which could spare us lengthy discussions. The time available to discuss this item is really very short. If we want to influence the course of events in any way at all, we must act now.

President. — I call Mr Spicer.

Mr Spicer. — When I use the word 'urgent', that is what I mean. At this very moment—this week—the Dragon project is being abandoned, and steps are being taken that will be irretraceable. Therefore, it is no use our thinking that we can refer this matter back to the Committee on Energy, Research and Technology and bring it up again in January. By then it will be too late. The 200 people who have worked on the project, who stand for all the work we wish to do within the Community, even though they may be only a small part of it, will be dispersed and will be taken back by their national governments, disillusioned with the views and actions of some Member States of the Community. That is what makes it a matter of urgency.

That is why I would be prepared, Mr President, to accept any way that you see fit to bring this matter up and debate it. I would be perfectly happy to pass the baton to Mr Hougardy to lead in a debate and to open the question in any way you wish to do it. My concern is that this should be discussed as a matter of urgency, as something which affects the future of the whole Community.

President. — I call Mr Durieux.

Mr Durieux. — (F) Mr President, I think that the situation is now completely clear. Mr Hougardy can today certainly introduce the debate which we have been asked to recognize as urgently required.

President. — I consult Parliament on the adoption of urgent procedure.

The adoption of urgent procedure is agreed.

I propose that this motion for a resolution be question without debate on the same subject considered jointly with Mr Hougardy's oral (Doc. 406/75).

Are there any objections?

That is agreed.

9. *Tabling of a motion for a resolution and reference to committee*

President. — I have received from Mrs Kellet-Bowman a motion for a resolution on a Community youth orchestra.

This document has been distributed under No 453/75.

Pursuant to Rule 25 of the Rules of Procedure, this motion for a resolution has been referred to the Committee on Cultural Affairs and Youth.

10. *Rome Summit (resumption)*

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

Mr Bordu. — (*F*) Mr President, ladies and gentlemen, I hasten to add my opinion on the Council Presidency by saying quite simply that politicians, even the most competent, can frequently do no more than the system allows them.

Consequently, summit meetings held in times of crisis—whether in Dublin, Brussels or Rome—are dominated by the two scourges to which the capitalist system is a prey: unemployment and inflation.

Is it futile to point out the often heart-rending poverty afflicting millions of workers and their families? Saying that things may get better in time is no use since, despite the obvious fact that they represent fundamentally conflicting interests. Think of the enormous power of the multinationals.

Yes, the language spoken in this Parliament is the cold language of big business; there is no readiness to understand the problems which strike hardest at the underprivileged and further line the pockets of the rich. This ever-widening gulf between rich and poor is a real problem which cannot be tackled until there is a political resolve founded solidly on the needs of the people, and especially of the workers. The answer is not, as Mr Cointat proposes, to take a few minor decisions aimed at winning the support of the people for universal suffrage and, worse still, for a political Europe which will be a Europe of merchants.

Honestly now, what wage-earner can today look forward with confidence to this Europe of big business? What social solidarity can there be? Neither Rambouillet nor Rome has changed anything in this respect. We can be gratified at the North-South Conference in that it represents a withdrawal from the gunboat diplomacy

advocated not so long ago by Kissinger and Ford, and reflects the need for dialogue and for recognition of the role of the developing countries. This Conference may, however, well drag on whereas, at the same time, great efforts are being made to implement rapidly the policy of industrial redeployment, that is investment in the Third World guaranteed by public funds, both national and Community, all of which smacks strongly of nascent neo-colonialism.

We are also fully aware that, in addition to this policy of redeployment, there is the Mediterranean policy, the implementation of which will jeopardize the crops of southern European producers and consequently threaten thousands of family farms, especially in France and Italy.

Nor will we forget this compromise whereby a floor price, undoubtedly high, will be fixed for crude oil. The meaning of this compromise will be clear to everyone here: it is in fact an application of the old American idea of taking measures aimed at reducing consumption in order to undermine the economics of the Arab producer countries and give nuclear energy an importance which is, in our view, premature. This issue should indeed be followed closely, for it is likely to become a method of political pressure identical to that wielded in the cereal sector by the United States.

On the economic and social front, we are witnessing an intensive propaganda campaign by the big bosses and the governments: halt the slide of the profit rate, guarantee private investment by means of public funds, hold back the purchasing power of the wage-earners, including social benefits. These ideas are being enforced with exceptional vigour in France, where social security is under severe attack at the present time.

Let me now turn briefly to the subject of the election of the European Parliament by universal suffrage.

Here Mr Durieux has seen fit to moralize. I feel I must point out that political idealism, which includes a good deal of romanticism, is no substitute for appropriate machinery for achieving an economic and social policy in keeping with the interests of the workers who are the people really indispensable to life on this planet.

Direct universal suffrage is presented as a means of achieving democracy at European level, a process of which the national parliaments have lost control. This is pure political sleight of hand, for no-one would really dare to dispute that this European democracy will have a transatlantic flavour. This subordination to American and imperialist interests is at odds with the

Bordu

highflown statements that Europe, as a new third bloc, will be able to stand up to the two superpowers. This is an attempt to cover up a capitulation. There is no doubt about it: the fact of nationhood is too long a-dying for the taste of business and government circles.

Having said this, let me repeat, so that there can be no misunderstandings, that we reject national self-sufficiency and favour large-scale cooperation, which offers so many possibilities.

Surely universal suffrage, a democratic conquest to which we are deeply attached, deserves better than to be blatantly flouted by those who are in a hurry to end true democracy!

The positions of the United Kingdom and of Denmark, urged to proceed as in the past with regard to nominating their representatives to the European Parliament, create a problem in that there will be no standard electoral procedure for all Member States. The rejection of our proposal for proportional representation creates another problem. The abrupt decision to proceed to direct elections in 1978—we shall see...—also creates a problem: at a time when Europe is going through a lengthy structural crisis, which does not rule out a limited recovery, this is surely unnecessarily precipitate.

Does this Parliament in fact intend to make its institutions more democratic? And even assuming for the moment that it does, does it intend to give its policy a new social content? If so, by what new means?

These are pertinent questions if we consider that this Parliament has hitherto accepted a policy of austerity; that it has accepted and still accepts a policy of structural reorganization whose fruits are unemployment and all sorts of wastage; that it is preparing, in approving the Gladwyn report, to jettison national defence and national initiatives in favour of a foreign policy more markedly susceptible to the profound changes taking place in our modern world.

There are questions to be asked when we realize that the Kissinger doctrine consists of 'protecting' the nations of the Atlantic Alliance from social upheavals which might jeopardize the so-called liberal regimes. Against this background, it is the right of people to run their own lives which is doomed to disappear.

Furthermore, how can anyone fail to recognize for what it was the capitulation of the Nine in the face of the dictates of the Almighty Dollar at Rambouillet?

It is not our task today to discuss the problem of universal suffrage in greater detail. But you will understand, ladies and gentlemen, that

where proportional representation is not applied, we become even more wary. I can assure you that the government in a country like France does its utmost in the name of liberal pluralism to reduce the Communist representation in particular—we have a prince who knows what he's about in this respect—making a mockery of universal suffrage. In short, we naturally regret not being able to share the favourable assessment of the European policy, whose negative aspects continue to multiply: just look at the results of the agricultural policy, which will be the subject of a thorough debate at a later date.

I should not like to end without mentioning the decision taken at Rome to call a meeting of the Ministers of the Interior to discuss questions of law and order. Considering the fact that in France we already have to fight to defend our political, collective and individual freedoms, there is every reason for concern at such a decision.

IN THE CHAIR: MR BEHRENDT*Vice-President*

President. — I call Mr Giraud, chairman of the Political Affairs Committee.

Mr Giraud. — (I) Mr President, let me begin by paying a sincere tribute to the President-in-Office of the Council, Mr Mariano Rumor, and to Mr Battaglia, who is so competently deputizing for him today: their tireless initiatives and mediation are undoubtedly responsible for the achievements in internal affairs and in the Community's external relations during the Italian Presidency.

As chairman of the Political Affairs Committee, I appreciated—as did my colleagues—the spirit of open-mindedness and of dialogue shown by the President of the Conference on Political Cooperation during the two meetings held in accordance with the Davignon procedure, to which President Rumor gave fresh impetus and new meaning by his personal efforts.

It is not my task to stress the achievements of the past six months (the President-in-Office stated these clearly this morning) on which the political groups have expressed their views this afternoon.

There are only three points on which I should like to comment. The first concerns the election of the European Parliament by universal suffrage, agreed on at the latest European Council

Giraud

in Rome. The Political Affairs Committee, which was responsible for drawing up the convention known under the name of its rapporteur, Mr Patijn, can only repeat its gratification at the commitment to hold direct elections in 1978, since it sees this commitment as an opportunity to gain fresh popular support for the ideals and the construction of a united Europe.

In this connection, thought should be given—and I call particularly upon the President of Parliament here—to the steps which the European Parliament, and the political forces it represents, should take to mobilize public opinion with a view to ensuring a massive and democratic participation by the electorate.

We must plan ahead and prepare the voters in good time so that the representatives of the European peoples nominated as a result of the election claim the support of a large percentage of the electorate in all the participating countries—which, I hope, will mean all the Member States. We know that there are a few problems outstanding and that these will have to be solved by the Council of the Community before the next European Council, which is to adopt the final convention so that it can then be ratified by the national parliaments.

I hope that the remaining two countries may join the seven countries which have already expressed their agreement on this problem of the draft convention on the election of the European Parliament. I would also like to express simultaneously a wish and a suggestion: before the Council of Ministers agrees on a draft convention to be submitted to the European Council for its approval, it would be useful to organize another meeting—in January or February—between the delegation of the European Parliament and the Council, similar to that which took place in Brussels on 4 November, and the outcome of which was considered satisfactory by both sides.

The second point, Mr President, on which I would like to comment concerns political cooperation, i.e. the cooperation between governments in matters of foreign policy. I had occasion on Monday to stress how we have progressed from an occasional discussion of the respective foreign policies of the Nine to the real diplomatic concertation and common stand which—as the President-in-Office has also reminded us—have played an important role over the past few months and helped to show the Community as a well-coordinated unit in the field of external relations. At the special session of the United Nations on raw materials, Europe had the opportunity to speak with a

single voice and—after the agreement reached in Rome—will do so again at the North-South Conference now under way in Paris. This diplomatic cooperation is the concrete expression of the European identity proclaimed in principle in Copenhagen in 1973; we must strengthen this identity and gradually make it more substantial, consistent and effective in practice.

What has been achieved goes further than the recommendations of the Davignon report and reveals a laudable empirical approach. I do not know whether it would be useful for the Council to further revise, before the publication of the Tindemans Report, the second report on political cooperation with a view to intensifying diplomatic concertation and cooperation on foreign policy; let us not forget that, at this stage, we must rule out the possibility that this may be extended to cover a limited number of aspects relating to defence policy, as examined and discussed during last Monday's debate which ended with the adoption of Lord Gladwyn's resolution.

In this connection I would like to point out that the Assembly of the Western European Union has just adopted a document in which it calls upon the European Council, as the most important Community body, to tackle the problem of defence. Moreover, if we are realistic we must recognize that the so-called balance of military power in Europe is a cause of increasing concern. Like myself, some of you have no doubt read in this morning's German newspapers the statements made yesterday by Foreign Minister Genscher to the defence committee of the Bundestag.

I therefore believe that the European Council and the Conference on Political Cooperation should consider this problem, without, of course, encroaching on the competence of organizations outside the Community—I am referring to the leading role of NATO, and of other organizations within and alongside NATO, whose main preoccupation is defence.

As to European Union, I note that before long we shall know the contents of the Tindemans Report, which will soon be sent to the Heads of State and Government: this document will be the main item for discussion by the Political Affairs Committee at its next meeting in January. Knowing the seriousness of the commitment and the contacts undertaken by Prime Minister Tindemans, I believe that the content of the proposals will be important, and I hope that there will be a sufficient consensus among the Member States and the Community institutions to implement the great plan for European Union.

Giraud

The Rome Summit has already produced some very important initiatives on certain fronts at the same time as, and apart from, European Union: I refer to the introduction of a European passport, which we discussed this morning, and to the granting of special rights. These two innovations, and especially the uniform European passport—as Mr Cointat stressed this morning—could have great impact and influence on public opinion in helping to achieve a citizens' Europe which must accompany, if not precede, political union.

Let us hope that the European Council will not stop at decisions, such as those taken in Rome to introduce a uniform passport, the value of which is purely symbolic. Without wishing to underestimate the psychological impact of such a decision, it must be admitted that its practical value will be very limited if nothing is done to give this achievement a broader and more tangible significance in respect of the free movement of European citizens. The Political Affairs Committee will prepare a report on this subject as soon as possible and submit it to Parliament.

In the meantime, Mr President, we hope that the Council of Ministers will forward to Parliament the studies and proposals of the *ad hoc* group; but, above all else, we hope that this 'citizens' Europe' will see concrete and significant achievements as from next year.

I am sure, Mr President, that the excellent Italian Presidency will be followed by an equally successful Luxembourg Presidency: we are all acquainted with the dedication and ability of Prime Minister Thorn, who will be the next President-in-Office of the Council.

Mr President, ladies and gentlemen, it is therefore with great confidence that we look towards 1976.

(Applause)

11. Change in the agenda

President. — I call Mr Broeks on a question of procedure.

Mr Broeks. — (NL) Mr President, I know that there are still eight more speakers listed. I should like to ask you if you would propose to Parliament that speaking time be limited to five minutes for these eight speakers. The representatives of the Council of Ministers and the Commission have then also to speak. That will already make it rather late.

I should like to ask you at the same time what the agenda looks like now that we have decided

to have a debate on Mr Hougardy's question. If we go straight through without a break, we shall perhaps finish at 10 or 11 o'clock. If we do have a break, it will mean a night sitting.

Is it not possible to postpone a number of items till tomorrow and in any case to continue on Friday? If no special arrangements are made, I am afraid we shall be here without a break until 10 or 11 o'clock.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — If we decide to break at, say, 7.30 or 8 o'clock and to leave the rest of the business over to tomorrow, may I suggest that we do exactly the same tomorrow, that is, that we have a definite time for adjourning in the evening, say, half-past seven, and that what business remains shall be taken on Friday, which, according to the agenda at the moment, will be a light day for business? Perhaps it will be almost impossible to complete the business for today and tomorrow if we stop at the time suggested, and Friday is liable to become overburdened. I therefore suggest, subject to the wishes of the House, that we should perhaps decide to have a late sitting either today or tomorrow. I think that we must have either one of the two.

President. — Mr Broeks has requested that speaking time be reduced from ten to five minutes.

I call Mr Berkhouwer.

Mr Berkhouwer. — (NL) Mr President, there are eight more speakers listed. I am perfectly in agreement with the proposal as long as this rule is applied flexibly.

President. — That means that in practice the President must allow ten minutes after all. So we shall be flexible.

Mr Scott-Hopkins is of the opinion that what we cannot deal with by 7.30 p.m. today should be dealt with tomorrow. We shall then have to consider whether a night sitting is needed for what we cannot deal with tomorrow. Otherwise we shall have to hold a sitting on Friday. But I think we should make up our minds now whether or not we shall have a sitting on Friday, since that is, after all, something which everyone needs to know.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — We cannot possibly do without the Friday sitting. There is a lot of

Scott-Hopkins

business to be done. If we decide—and I formally put it to you, Mr President—to adjourn this evening at 7.30, we should do the same tomorrow evening and adjourn at 7.30. We can then finish our business on Friday and get away at a reasonable hour, say, half-past eleven. I formally propose.

President. — I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I second the proposal by Mr Scott-Hopkins. It is the only way of working effectively. Moreover it was also the original intention to hold a sitting on Friday.

President. — First of all I note that Parliament has agreed that there will be a sitting on Friday.

Secondly, on a request by Mr Scott-Hopkins seconded by Mr Broeks, what is not dealt with by 7.30 p.m. today will be dealt with tomorrow immediately following the budget vote and not after all the other items on the agenda have been dealt with.

Are there any objections?

That is agreed.

I call Mr Broeks.

Mr Broeks. — (NL) Mr President, I assume that we are going to consider today those items which require the presence of the President of the Council. These items cannot be postponed until tomorrow. It seems to me that this applies only to the item tabled by Mr Lückner and the item with which we were just dealing. The other items can be dealt with without the Council.

President. — It is the Commission, and not the Council which is concerned with the Lückner report.

I propose that, immediately after the debate on the Summit Conference, Mr Hougardy's question and the request for debate by urgent procedure should be dealt with jointly, since these require the Council's presence, after which we can continue with the agenda.

Are there any objections?

That is agreed.

12. Rome Summit (resumption)

President. — I call Mr Corona.

Mr Corona. — (I) Mr President, I shall attempt to comply with the recommendation which has just been made as regards speaking time.

It is my opinion that if Europe is to be created it must be on the basis of sincerity and a lack of ambiguity. One aspect of this sincerity is clearly the decision by the European Council to hold direct elections to this Parliament. Speaking as an Italian, I am happy that this decision was taken during the Italian Presidency of the Council; and as a socialist, I am delighted at this undoubted victory for democratic ideals.

But sincerity—and I am still speaking as a socialist and as an Italian—must also be applied to the element of ambiguity which was certainly apparent in the penultimate speech of this debate. I am sorry that no member of the Communist Group is here at the moment, despite the fact that I advised the Members of that Group of my intention to raise this point.

It is a depressing experience, in fact, to listen to a speaker from the Communist Group making, on behalf of the whole group and therefore also of the Italian communists, pronouncements like those made just now by Mr Bordu. The French communists certainly have the right to speak in such scathing tones about direct elections to the European Parliament: it is part of the bag and baggage of their political credo. We have seen it repeated many times in official documents, and it was reiterated by the General Secretary of the Party, Mr Marchais, when commenting on the Rome decision. But when a Member of the Communist Group speaks on behalf of all the European Communists represented in this House, I should like him to remember—because the credibility of our work here is at stake—that not more than two weeks ago Mr Amendola, leader of the Group in this House, expressed a quite different opinion in the official Italian communist newspaper *l'Unità*, as regards the realization of the aim, which we hope will become a reality in due course, of direct elections to the European Parliament. To be sure, no Italian communist in Italy, if he wishes to gain votes, power and prestige for his party, is going to say that this is simply political sleight of hand or kowtowing to American interests.

We Italian socialists know—as indeed does the whole Socialist Group—that Europe does have a problem as regards its independence. But we believe that we have shown that this independence, as is always the case in politics, must be won by one's own efforts. Besides, as another Community institution has already pointed out, Europe can regain the independence which the various Member States have individually lost.

Corona

There remains one problem, which is not limited to Italy, and it is that of the consistency and sincerity which must be our guide when assessing not only the contribution but also the weight which the individual groups and political parties give to their support of the European ideal. I hope, Mr President, ladies and gentlemen, that this dilemma may be solved, for this is not its first occurrence. It arose with the problem of abstaining in the vote on the draft convention for direct elections which was approved by this Parliament. The Italian communists were in favour, the French communists against; for practical purposes the French won, and the whole group abstained. It has arisen again with the problem of European unity. In Italy the Italian communists claim loudly that they are in favour of unity, more so even than the socialists. But here Mr Bordu, in reply to the relatively moderate proposal of Mr Bertrand—who will forgive me if I say that I acknowledge his open-minded attitude to all sides of the House—delivered a fiercely antagonistic speech which opposed any form of unity. And we all know that the Belgian Prime Minister, Mr Tindemans, was denied the possibility of even meeting the leader of the French Communist Party.

I wished to raise this question in order to say, ladies and gentlemen, that our group tries to remain united, even in our internal discussions, on the problem of European unity. We invite all the other groups to do the same, and to do so sincerely, because otherwise we shall lose prestige and credibility in the eyes of the general public whose support we must win for the construction of a united Europe.

(Applause)

President. — I call Mr Blumenfeld.

Mr Blumenfeld. — *(NL)* Mr President, although I am not speaking for my Group but in a personal capacity, I should like to assure our Italian colleague that the appeal he made to us at the end of his speech will receive the full backing of all members of the Christian-Democratic Group. That is not, however, why I asked to speak; what I should like to do in the few minutes we have left is to comment on a number of points raised in the report of the President-in-Office of the Council.

I think the European Council, which met twice during the Italian Presidency, has done a good job. Of course, we are not here to hand out end-of-term reports, but as parliamentarians we must be allowed to express our support for any favourable developments and not be restricted to criticism and fault-finding. The Euro-

pean Council, which at its inception came in for a good deal of criticism and even some scepticism, especially from this Parliament, has evolved in the right direction. Vital decisions have been taken at the summit. The European Council has assumed powers to issue directives and, what is more, has instructed the European institutions—the Council of Ministers and the Commission—to implement the directives decided upon at the summit. That seems to me to be a good omen for future European development. Having said this much, however, I should like to voice my disappointment at the fact that we have not agreed on a common energy policy, despite the compromise which was reached in Rome. This issue is not a subject for debate today, now that the big North-South dialogue, between producer and consumer countries and the industrialized and developing countries has been taking place in Paris since yesterday. But if the Nine ever again show the world the sorry spectacle of their inability to agree on a procedure among themselves we cannot expect the rest of the world to cooperate with us and be prepared to reach agreement. The compromise which was achieved in Rome after lengthy and at times extremely heated debate was admittedly a very reasonable one since the directives issued at the Summit Conference hold the British Government firmly to the Community course, but we were all left with a rather unpleasant taste in our mouths. We hope that future events will help us recover our positive, optimistic outlook.

The second problem, which I shall touch upon only in broad terms, concerns the position, or lack of a position, of the Council of Ministers with regard to Cyprus and the Lebanon, and the political questions which clearly emerge for Europe.

We shall be discussing the Lebanon at our January part-session. I should like to say today that it is simply not good enough for the European Community to devote a few words to the Cyprus problem and then, apart from some attempts to provide humanitarian aid, which for the last year and a half has fortunately been channelled through the Commission, to regard the whole matter as the responsibility of the UN, despite the fact that it affects us Europeans directly.

I should like to ask the President-in-Office of the Council, since he also briefly mentioned the Euro-Arab dialogue, whether we can assume that the increasing tendency to politicize the discussion will now stop at the so-called Dublin formula or whether we must expect further political reflections at the next meeting to be held in Luxembourg in March.

Blumenfeld

I reserve my final comment for the Vice-President of the Commission, Mr Haferkamp, who made a fairly optimistic declaration about economic trends. I cannot agree with him here. The simple fact that, owing to the excessive increase in oil prices, the balance of payments deficits of the developing countries will in the coming year amount to over 35 thousand million dollars will have a very far-reaching effect on both cyclical and structural aspects of the economy of the European Community, i.e. of the Member States. And that is only one example among many.

That the price of oil is too high has been an established fact in this House for the last year and a half, which nobody has contested. But the fact that this price is a burden on our economies means that the recovery, if it is to be a lasting one and not just a feeble shortlived upturn in 1976, will require efforts of a quite different order and a different policy too.

13. Limitation of speaking time

President. — I propose that a strict time-limit of five minutes be imposed, since two Members of the Commission and the President of the Council have yet to speak and there are two more items to be dealt with in the presence of the Council.

Are there any objections?

That is agreed.

14. Rome Summit (resumption)

President. — I call Mr Hamilton.

Mr Hamilton. — The item that I wish to mention arising from the Rome Summit Meeting is the important one of financial control in the Community. Few subjects can be more important than this, and there are few in which the European Parliament could make greater impact, both in exercising this necessary control and in ensuring that the public see that that control is exercised.

As my own government in the United Kingdom has pointed out, the Council would be much more ready to make proposals or agree to proposals made by the European Parliament, when these involved public expenditure, if it could be sure that the money would be properly spent. I daresay we all know of financial scandals in the Community. Recently one was highlighted in the British Press, concerning boats carrying barley, able to land their cargo at British ports,

re-load the next day and ship it to a continental port, thus gaining large sums paid out of Community funds, and all done perfectly legally.

That kind of scandal brings the Community into disrepute, and also the European Parliament, when it does nothing to stop it. The matter was raised at the Rome Summit Meeting and figures in the annex to the communiqué. The German Chancellor has proposed certain measures, in particular the appointment of a commission specially responsible for financial control. My own government has in the last few days produced a White Paper which endorses this proposal and also calls special attention to what the European Parliament could do. This initiative should dispose once and for all of the idea that the British Government is lukewarm towards this Parliament and the concept of Europe. The White Paper suggests that much good would come from the establishment of a public accounts committee. It is that proposal I wish to support.

In 1973, the European Parliament passed a resolution that such a committee be set up. Nothing was done. In 1974 another resolution was passed, but this time it mentioned only a sub-committee of the Committee on Budgets. Again nothing was done.

What is the next step? Shall we see the proposal downgraded to a mere working-party? I fear that I might be fighting in the new committee against its being downgraded merely to a kind of working-party. I am strongly opposed to such an idea and also to the idea of a sub-committee of the Committee on Budgets. With the greatest respect for the work of the Committee on Budgets, I think it must be admitted that it has enough to do without undertaking responsibility for such a vast sphere as the control of all the accounts of the Community.

In my view, there must be a full committee with a staff of its own. The most important thing of all is that the staff and the committee itself should work in the closest possible contact with the Court of Auditors. So far, little provision seems to have been made for such a liaison. However, I assure Members that this is the most vital feature of the public accounts system as it operates in Britain. Only in that way can all the controls necessary be properly exercised.

Furthermore, the Controller and Auditor-General in Britain is directly responsible to the British Parliament. I feel that some such arrangement will have to be worked out in the rules and working arrangements of this Parliament.

In this connection, I assume that the setting up of this new committee—and I take it everyone

Hamilton

agrees that some such body will be established soon—will be referred to the new Committee on the Rules of Procedure, at least for an opinion.

I hope that Parliament will treat this matter with the urgency it obviously deserves.

President. — I call Mr Berkhouwer.

Mr Berkhouwer. — (NL) Mr President, the 1975 Summit Conference was in some respects a follow-up to the 1974 Summit. In the few moments at my disposal I should like to concentrate on the points made in this debate by Mr Cointat. These are points which concern the European citizen, the man in the street.

There was a period between 212 and about 460 AD when one could travel anywhere in Europe on the strength of the words '*civis romanus sum*'. More recently there was a time, from about 1870 until First World War, when it was possible to get from Madrid to Leningrad, for example, with a few gold coins and without showing any papers to anyone. It is therefore fitting that we in the European Parliament should have taken the initiative which was followed up by the Summit Conference in Paris in December 1974. I am also grateful for the honourable mention accorded to me by Mr Cointat with regard to what we were doing for ordinary people. Plans have been made to set up the European passport union and to lay down European civil rights.

It is always with great pleasure that I read the journal '30 Jours d'Europe'. The title of the December issue, 'L'Europe dans notre vie quotidienne', prompts me to relate something which happened to me. Last week I crossed over into France and was stopped ten kilometres further on by a customs officer who asked me if I had any goods to declare, and whether I was going on holiday or travelling on business. I told him that the documents lying on the back seat of the car were documents I was going to discuss in Strasbourg in the hope that we should shortly be rid of him and his colleagues.

I still find myself wondering whether we have a customs union or a union of customs officers. These people still exist, and I quite agree with what Sir Geoffrey de Freitas said on this score about all the obstacles which we still encounter at our frontiers.

On the subject of European citizens, Mr President, I would mention that this morning I was standing next to a worthy European citizen, the Rt. Hon. Michael Stewart, who was standing here in the corridor holding a French banknote

which he wanted to change into pounds sterling. But he was not able to. In the House of Europe you cannot change French money into English money.

What in fact do we mean when we talk about the European citizen and the civil rights which are supposed to come about as a result of these summit conferences and of paragraphs 10 and 11? It is incredible! We talk about a European passport. What are the diplomats turning this into? Will there be a real passport union? Will there be a passport allowing people to go out of the Community? Only that would be a passport union, because standardization national passports, giving them a Community flavour and adding a second, Community text, is still a far cry from a passport union. And then there are all those customs officers whom we are still keeping on. When I travel from Amsterdam to Paris I still have to show my national passport, and that would not be altered. We must strive to achieve a situation in which we can manage with just a Community identity card which we can show if required, in other words, one would no longer be subjected to interrogations, but could simply show one's Community identity card when required to prove one's identity.

I warn the diplomats, autocrats and bureaucrats who are trying to relegate all these dossiers issuing from the Rome and Paris Summit Conferences to the bottom of the pile, that this is the direction which we must take, a passport union, in other words a Community pass for travel outside the Community. And for travelling within the Community all that will then be required is a simple Community identity card. That is what we must have!

Our major projects are still by no means underway: economic union, monetary union, the snake and the tunnel. What do ordinary people know about the snake and the tunnel, assuming that the politicians understand them themselves? Ordinary people do not understand the first thing about these things! But it will mean something to them if we have a common European identity card or if we were to create a single postage stamp valid throughout the Community. I spend the whole day sticking different postage stamps on letters. I have six different currencies in my pocket. There are days when I have to change money three times.

If the bureaucrats stand in the way of this, then for Heaven's sake let us at least have a secondary European currency. The Americans have had Euro-dollars for a long time now. That is perhaps somewhat *passé* now. But what has become of our European currency? As long

Berkhouwer

as our major projects do not succeed we must try and create a European identity card for the European citizen. We must have a real passport union. There are people who are working to achieve monetary union by 1980; why can we not create a European currency for use side by side with the national currencies and a European identity card, European passport and so on?

Let us do away with all the differences in charges. At the moment there are six different postage rates for a letter of the same weight. I see some of my colleagues shaking their heads, but that is the truth. It is a very sad truth that we have to pay six different rates for the same letter in the countries of Europe.

If our big projects are not coming off, let us do some things which, though modest, mean a lot to the European citizen. I am not implying that they can be done overnight, but I urge those in positions of authority in Europe to give thought to the matter.

(Applause)

President. — I call Mr Corrie.

Mr Corrie. — I should like first to join in the congratulations to the President-in-office of the Council on the work of the Council during the Italian presidency.

As Mr Scott-Hopkins has said, this debate has broken into three parts. I should like to cover the third part—that is to say, I rise to support the motion for a resolution tabled by Mr Cointat and his colleagues, because I believe that the unity for which we all strive will come only when there is a realization among the people of Europe of what we try to do here in this Parliament. That realization is not here yet.

People do not feel European. They have no direct contact with each other. The present situation, in fact, encourages nationalistic feelings, and this is bad for the Community. People must be made to realize that they are part of the European family. I am sure that the Press, radio and television could do much more towards this end in the member countries than they do at present.

I feel, therefore, that the introduction of the documents suggested in the motion for a resolution would go a long way to making people realize that they were part of Europe. Perhaps, in these unhappy times, having an identity card would help the security situation throughout Europe, and people carrying a European passport in their pocket would feel European. An addition which I would suggest is that on one of

these documents everybody could have his blood group recorded, perhaps on his European identity card. In this way anyone having an accident anywhere in Europe could very quickly be given blood of his proper group.

It is no use doing this, however, unless we improve the present situation, because I have found to my cost that some officials in some countries do not yet accept the existing documents. I have advised the President of the problems I encountered in travelling through Paris a fortnight ago. I flew from Luxembourg to Le Bourget and went on to Charles de Gaulle. When I presented my European laissez-passer at the customs I was told that it was not a legal document, that it was not lawful and that it was a forged pass. Worse still, I was told that I was trying to get out of the country with such a document. I was asked how I had got into the country in the first place and was told that I must have been an illegal immigrant. I am sorry to say that the customs man became abusive. Fortunately I had my British passport with me. He then suggested that I had got into France by using it and asked why I had put forward an illegal document to get out of the country.

Surely the time has come when customs officers all over Europe must be made to realize that these documents are valid and that they allow us free access all over the Community. If it had not been so serious it would have been funny, but it is not funny to be threatened by a customs officer.

I am not alone in that kind of experience. Various Members of the European Parliament have had that experience, and some of the staff have told me of the difficulties they have had in travelling between countries.

In Europe we desperately need stabilization within the present nine members. I am sorry that my country keeps rocking the boat of European unity. To my mind, the Community is so busy making agreements with groups of countries all over the world that we are not getting down to consolidating contacts between member countries. Until we do that, we shall not get the unity we desire. Direct elections will be a major step forward in achieving this desire, and I hope that they will come very soon.

Unfortunately, I have been withdrawn from the British delegation and I am very sorry to have to say that this will be my last attendance here at the European Parliament.

I sincerely hope that the proposed document will eventually be passed by Parliament and

Corrie

become part of Community law. I fully support all that it says. It is a step along the road to making people realize that the Community exists. Unfortunately, that is not the case at present. I am sure that this proposal will go a long way towards achieving it.

(Applause)

President. — The whole House joins me in wishing you well.

I call Mr Howell.

Mr Howell. — I should like to add my voice to those of Members who have called for some tangible evidence that we are progressing towards a true Community. I think it is very important that there should be an identity card and a European passport which would give the man in the street some evidence of the fact that he is now part of the Community. This may be looked upon as a minor point, but it is not. There should be some means of making ordinary people aware that we are building European unity. I very much agree with what has been said by Mr Cointat, Mr Berkhouwer and Mr Corrie. Suggestions have been made for European stamps and a European driving-licence. Those are minor things, but it would be a start if we had them.

We should have a European passport for travelling out of the Community, but it should not be necessary for movement within the Community. The most important thing for which we should strive is the identity card, as it is of great importance in this period when law and order is in the forefront of our thoughts. I think that practically everybody feels that it is right and necessary that we should have means of identifying ourselves. It would be to everybody's advantage. We should attach the greatest importance to it.

I found myself very much in agreement with Mr Hamilton's speech. We must get away from the farce of our budgetary procedure, which seems to go on for 12 months of the year. I think that the idea of a proper public accounts committee is right, and it should be pursued as quickly as possible. It seems that we are for ever juggling a few million units of account here or there, trying to get a little more for each of our committees, but to ordinary European people it means nothing. They cannot understand it, and it would not be far from the truth if I said that very few Members of this House can understand what we are doing with our budgetary procedure.

I therefore emphasise the importance of creating something which is understandable and by

which ordinary people may feel that progress is being made towards European unity.

(Applause)

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I should like to make a few brief comments about the oral question with debate by Mr Cointat and Mr de la Malène. The second indent of the accompanying motion for a resolution reads as follows: 'considering that practical measures directly affecting the lives of these citizens constitute the best means of promoting the notion of belonging to Europe'. Although it is my belief that these citizens are much more concerned that something should be done about agricultural policy, social policy, the Regional Fund and so on, I shall not oppose the creation of common travel documents.

I would, however, ask the Commission to tell us whether it is in fact possible to speak about the free movement of persons in Europe. Let me give a few examples of what I mean. On 15 September the Commission answered the written questions by Mr Giraud and Mr Schmidt regarding the conduct of French officials at the 'Goldene Bremm' border crossing point and the question by Mr Hansen regarding demonstrations at Thionville in protest against the building of a nuclear power station in the Moselle valley.

The first of these questions was whether the French customs authorities were acting within their rights in refusing to allow German delegates of Amnesty International, who were carrying documents belonging to that organization, to enter France, and in confiscating this documentary material. The second question was whether the French customs were acting within their rights in refusing to allow into France people from Luxembourg and the Federal Republic who wished to demonstrate against the building of a nuclear power station in the area bordering their countries.

Now, the Commission's answer to the first question was that the French customs or police had acted in contravention of the Treaty and had also violated a national decree, but its answer to the second question was a summary statement that the situation described by Mr Hansen did not appear to be covered by the provisions of the Treaty.

However, while according to the letter of the Treaty free movement of persons, as defined in Article 3c, must be understood in relation to economic activity, it is quite clear that the

Laban

spirit of the Treaty provides for free movement of persons in general. Indeed I would point out that, if one wants to stick to the letter of the Treaty, tourism can be regarded as an economic activity. I think it is also clear that the free movement of consumers is necessary, and in this area a large number of agreements have been signed between the Member States abolishing visas and so on. This surely means that free entry must be allowed for any purpose not contrary to the interests of public order, security and public health.

Even if it should emerge that there is indeed an omission in the EEC Treaty, in that it refers explicitly to the free movement of workers only, I do not think that the Commission can say that the matter does not seem to be covered by the Treaty. The appropriate conclusions should be drawn.

I would therefore very much like the Commission to tell us whether it agrees that the Treaty should be interpreted as referring to free movement of persons in general. If not, I think this omission in the Treaty will have to be rectified. *(Applause)*

President. — I call Mr Haferkamp.

Mr Haferkamp, Vice-President of the Commission. — *(D)* Mr President, in view of the lateness of the hour I shall confine myself to brief comments on just two points. Many of the things which have been said here concern questions which we shall certainly have an opportunity to consider in greater depth on appropriate occasions, in particular all those things which make Europe a reality for the ordinary citizen. The comments I wish to make concern firstly the tripartite conference and secondly the economic situation.

As regards the conference, the criticism was voiced this morning that it had not produced any decisions. But that was not to be expected of it. The important thing is, I repeat, that a spirit of collaboration was clearly in evidence and that, for example, the unions and employers stated, probably for the first time at Community level: there are points on which we have different opinions, for example investments, incomes policy and a pricing policy. So they have different opinions, but they also explicitly stated that they were willing to discuss these controversial issues with a view to reaching common solutions. The task of the Commission will be to make this discussion possible, and the solutions too. At a time when we are having serious difficulties and are faced with enormous tasks, I regard that as an

encouraging sign. I think that it is also important for this willingness to cooperate to be supported by the political authorities. It is certainly something we shall all be needing in the next few years.

Secondly, as regards the remarks made about the economy, Mr Blumenfeld said that I had been fairly optimistic and pointed out that we would still be faced with great problems in the coming year. I have no desire to underestimate these problems. They do not only relate to the coming year but will be with us for many years to come; as well as the balance-of-payments problem, these include structural changes and the relatively high level of unemployment. The economic recovery I spoke of and which we can expect next year will provide a starting point for solving our problems. But it will not rid us of them completely. I am quite sure that we shall be discussing these issues on many further occasions in this House. This is what I understand by the political link between the work which is to be done in economic and social matters and the conference, the cooperation with the social partners on which I have just commented.

I work on the assumption that we who represent Community institutions, national institutions and political and social organizations have a duty in this area and our motto should be 'cooperation and solidarity'. If we fail to achieve solidarity between the democratic forces in our society in the next few years, we shall have great difficulty getting out of our present mess.

Mr President, a question was put to the Commission by the Christian-Democratic Group this morning regarding certain press reports about measures planned by the United Kingdom. If you wish, Mr Gundelach will answer this particular question.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, Member of the Commission. — I am intervening in the debate only because a number of Members have raised the question of import controls in the United Kingdom. A statement on this subject is being made in the House of Commons this afternoon, and the Commission was informed yesterday in confidence of its contents. I take it that by now this information is being given to the British House of Commons.

Subject to any modifications or changes in presentation which may have been decided upon in the lapse of time between the stage when the Commission was informed yesterday and the

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speeches made this afternoon—because there were certain comments made yesterday—I can recapitulate the measures, which are as follows.

First, concerning imports from a number of East European countries, the British desire that there should be some self-restraint on the part of these East European countries in their exports of certain textiles and certain footwear.

In regard to Spain and Portugal, there is to be an introduction of limitations on imports of certain textiles, particularly yarn.

These restrictions are being introduced, as I understand it, by the British Government by virtue of an emergency clause contained in the annexes to the existing agreements between the Community and these two countries. In the case of Portugal, it is our so-called free-trade-area agreement with that country. In the case of Spain, it is the multi-fibre GATT agreement—Spain being a member and Portugal not. In regard to Spain, we would suggest that there is also a question of the relevant clauses of the existing bilateral agreement between the Community and that country.

Further, there is the question of the introduction of a surveillance scheme with regard to television sets and television equipment, tubes, etc. I underline that this is not a restriction or limitation of quantities but a measure which will permit the British Government to follow, as I am given to understand, in particular the rate of imports and the prices of imports from Japan.

I am sure that the House will appreciate that at this stage I cannot go into further details about an announcement which is just about to be made, or give details of the Commission's reactions to these measures. My colleagues and I will be considering them carefully in the next few days in order to arrive at a view—we have to do this because it is Community business—at our meeting on Monday of next week. That is our latest deadline.

Having given this information about what is at stake, I should like to make a few general remarks. First, we cannot but feel a sense of relief that these measures are restricted in their scope and do not include any restrictions on trade within the Community. This relief is not merely a selfish satisfaction that the trade within our Community is not being damaged, but we are absolutely convinced, not only on political but also on economic grounds, that import controls are not the right answer to the very serious problems which the British Government—and, by the way, many other governments—are facing.

Secondly, I must nevertheless say that the Commission considers, and has made known its views to the British Government, that even the limited measures now announced are inopportune. In the present state of the world economy, any import controls, however limited in scope and time, risk triggering off a chain reaction. It behoves all of us, as I explained to the House during the debate on Mr Cousté's question last month, to avoid yielding to protectionist measures and taking measures of this sort. We will do our utmost in the coming days' reflections to channel these restrictions into ways where even in their limited scope the risks to which I have referred can be made even smaller.

Thirdly, I wish to make a point on procedures. Even if legally speaking, as I see it, the United Kingdom Government have referred to emergency clauses which can be used in cases of extreme urgency and thereby have a legal basis for their interventions, the Commission regrets that the United Kingdom Government have not found it possible—owing to the risk of speculation, I am given to understand—to follow normal procedure, leaving time for consultations with the interested parties before the measures are implemented, and that means prior consultations. There will naturally now, in accordance with the provisions of the agreements to which I have been referring, be a Community procedure and thereafter a Community-third-country procedure. That will be *a posteriori*, but it will be in the hands of the Community institutions to take the final decisions in these matters.

(Applause)

President. — I call Mr Battaglia.

Mr Battaglia, President-in-Office of the Council. — (I) Mr President, permit me first of all to offer my warm thanks to the President of this House, to the Commission and to all those who have spoken in this debate. I thank them for their wide-ranging discussion, for the compliments they have paid to the Presidency of the Council, and above all for their political assessment of the work carried out in the last six months under this Presidency. We are, I feel agreed on this political assessment—with one exception, but that has already received an appropriate reply from Mr Corona.

The discussion has ranged very wide, and in the little time that I wish to detain you, I shall not be able to reply in detail to every comment. I noted with some surprise that a significant portion of this debate was devoted to a single problem, namely passports and other measures to ease the problems of travel, such as identity cards, driving licences, and so on. This problem,

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on which the Council has already expressed an opinion in answer to Mr Cointat's question, is of some importance from a psychological point of view, but it cannot be considered a determining political factor in the development of European unity. It is an aspect which is psychologically important, but Mr Laban was right when he stated that our agricultural policy is of greater importance. When Mr Gundelach of the Commission spoke just now on the present and pressing problem of import controls in the United Kingdom, everyone was immediately aware of the significance of his words and of their political import, whereas the comments on the problem of passports were far less significant.

In other words, the Council, the Commission, and—if I may be permitted to add—Parliament, too, must be reminded that political considerations must be given their full weight in this House, and that relations between Council and Parliament, and between the Commission and Parliament, must bear a truly political imprint free of futile doctrinaire, abstract or ideological overtones. With this in mind, ladies and gentlemen, permit me to offer a comment on some of the speeches we have heard, in particular from Mr Scott-Hopkins and from Mr Espersen. We all agree that international *détente* is important and that the Helsinki Conference was an important event; we all agree that *détente* cannot be one-way. At the crucial stage of the Conference on Security and Cooperation in Europe, and indeed following the Conference, the nine Member States of the Community have shown agreement in their assessment and evaluation of the consequences and of the difficulties currently encountered by the policy of *détente*.

A special group has been formed within the Committee of Directors-General for Political Cooperation for the specific purpose of examining the problems arising from the actual application of the Final Act of the Helsinki Conference. On this point the Nine were of one mind. But what action has followed this joint assessment? We are asked to take action, but you cannot ask the Council of the Community to take action in the sphere of foreign policy because the Council has no powers in this sphere. Action, even in the preliminary stages of the Helsinki Conference, was taken at a national level with a common approach; but this was national, not Community, action. Similarly, after the Helsinki Conference action is not being taken at a Community but at a national level, even though there is solidarity and agreement of opinion.

In other words, there are times when I have the impression that the Members of this House

let their enthusiasm run away with them and become guilty of wishful thinking when it comes to the practical realities. The Community has some powers but not others. Mr Espersen, for example, asked the Community to adopt a common policy on economic matters and especially on employment. Well now, I must say yet again that the Community has so far neither the powers nor the machinery to act in this sphere, and therefore cannot take effective action in the sphere of employment and of economic and financial matters. We must, consequently, take the first steps along this road to acquiring these powers and machinery and this cannot be done except by institutional means.

The first step along this institutional road is that of direct elections to the European Parliament. Consequently, even when speaking about the problems in the employment sector, or those of the Community's economic policy, we must realize that the only way to attain an economic, social and employment policy with a greater vitality than the Community's present policy is to develop the Community institutions. Without this, all our pronouncements are nothing but mere words.

From this point of view, the decision on Parliament is valuable. Personally, I share the opinion of Mr Scott-Hopkins that not only seven but certainly eight, and perhaps even all nine, Member States will hold elections in 1978, i.e. on a single date as agreed by the European Council at their meeting in Rome. I should like to add that there was no withdrawal from the European Council's decisions at the meeting of the Council of Foreign Ministers, as was suggested in some quarters. We all know that at the forthcoming European Council meeting, on March 8-9, the convention for the election of Parliament is to be approved; for this reason, at the most recent meeting of the Council of Foreign Ministers, we discussed one of the points which still remains to be decided in the final text of the convention, namely the number of Members and the distribution of seats among the Member States. On this point and on the Patijn plan there may be some adjustments to make the representation more proportional. I am sure that convinced Europeans, like Mr Bertrand who raised this problem this morning, will be happy if a degree of proportionality is added, even though this constitutes a slight amendment to the Patijn plan as it was approved by this House. I am equally sure that Parliament—as requested by Mr Giraudo—will be consulted. At least, I hope so, and I do not think I am being indiscreet if I say that the Luxembourg Presidency will also look with

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favour on consultations between Council and Parliament before the final text of the convention on the election of Parliament is established.

It is the European Council which will decide on this convention, and this raises the question which Mr Bertrand and others have asked: what is the place of the European Council in the Community? Is it a decision-making body of the Community? Is it a court of appeal from the Council? Is it outside the Community altogether? In fact, in the last few months the Italian Presidency has tried empirically to incorporate the summit meetings—which began some years ago—into the framework of the Community. This is one of the problems which will be a central feature of the report which the Belgian Prime Minister will present before the end of January. The integration of the European Council, which originated as an extra-Community body, is certainly an essential objective and consequently it is very likely that certain powers will have to be delegated to the European Council, as a Community institution—particularly in the sphere of defence and foreign policy—as these two problems are closely linked and cannot, under the present Treaties, be allocated to any Community institution—that is, if the pragmatic decision is taken that these problems can be dealt with within a Community political cooperation structure on a unanimous vote basis.

Another problem is that of arms production and standardization. This is a problem which must be tackled within the present Community structure since there is no doubt that arms standardization is an important part of industrial policy, in which the Community is already competent.

One last foreign affairs problem—and here I am answering some specific questions put to me—is that of the joint vote on the anti-Zionist motion at the United Nations. We are all, I feel, in agreement on this point, since you also censured the motion at your last part-session. The Community, Mr Blumenfeld, is united in its approval of the 'Dublin formula' in any political talks with the Arabs within the framework of the Euro-Arab dialogue, and it is united in its hope that this dialogue may continue and achieve concrete results, both in general terms and, more particularly, in the economic field, and in respect of the exchange of ideas and information. As far as the Conference on International Economic Cooperation is concerned, there has been no pulling back by the Council of Foreign Ministers subsequent to the European Council meeting of December 1-2. On the contrary, the most recent meeting of the Council

of Foreign Ministers produced the mandate for the Community's participation in the North-South Conference and accepted the formula—which was that of the Rome Summit—of a set of varied measures to safeguard investments in energy sources other than oil, including the minimum safeguard price, to which certain Member States are particularly attached.

The mandate, Mr Cousté, is flexible, as are all mandates which are drawn up in expectation of talks or negotiations which are necessarily going to be long and probably difficult. It is a flexible mandate like the one at New York during the United Nations' seventh special assembly. The coming year will witness talks in Paris during which, on the basis of the flexible mandate, we must not lose sight of the need for a healthy development of third-world countries, nor of our own economies, since the two are mutually dependent. Whatever undermines the economies of the industrial nations is bound to affect the developing countries too, as the oil crisis has quite clearly shown.

On the problem of the British import controls, I can only endorse what Mr Gundelach of the Commission stated just now. I believe that Mr Guldberg in particular will welcome his remarks.

One final point that I should like to stress is the budget. It has been said that the joint meeting of Foreign Ministers and Finance Ministers, which the European Council has scheduled for March or April, should not be held then but at a later date, when there will be a definite draft budget to be studied. I should like to say once again that the problem which the European Council has tackled, and which directly concerns Parliament and its supervisory powers in budgetary matters, is that of the political character to be given to the Community budget before any definite figures are decided. We must, in other words, evolve an overall policy embracing the policies of the various sectors. It is impossible for the various Councils of Ministers to take decisions and to approve Community spending without first having a general policy framework, i.e. an overall picture into which the various specific decisions can be fitted. It is the need to plan political action and Community spending which underlies the European Council's decision to initiate planned development of the Community, and hence of Community action and Community spending.

This new approach by the Council will create problems for the Commission and, inevitably, problems of the organization, procedure and timing of action by the European Parliament.

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As Mr Hamilton pointed out, the problems of control are vital in the life of an organized political structure like the Community. What is needed, however, quite apart from controls and detailed discussions on the allocation of a few million units of account more or less, what is vital for the Council, the Commission, and I believe also for Parliament, is thorough political discussion of the general direction of Community policy and of all the Community's policies as a whole. Once the overall picture is established, decisions can be taken on specific expenditure, on the planning of Community action, and on the results to be achieved at the meetings of the Council for the various sectors. If this is not done, I repeat, the present piecemeal approach will, at the end of the day, bring only unsatisfactory results to the work of the Council and the Commission.

Mr President, ladies and gentlemen, I do not know if I answered all the questions put to me. I wish only to say that I have tried not only to give detailed answers to the main questions but also to introduce to this House the spirit of political commitment which is sometimes lacking. If political commitment is not present in this Parliament, if not only the petty problems of expenditure but also the political line to follow do not give rise to clashes, possibly dividing the House as happens in all national parliaments, if these conditions are not fulfilled, it will be impossible to achieve progress in the building of the Community, or to benefit from the work which Parliament so diligently performs in all its branches.

We must allow political commitment to take its place in this House, and from this point of view I was even happy to hear the representative of the Communist Group express his utter disapproval of the Council's work and his total disavowal of the future Europe, dismissing the elections as a travesty of universal suffrage. Fine! This is indeed political commitment. I do not think that any of us agrees with Mr Bordu; but in one sense I am grateful to him, since his opinion—though it may smack of Stalinism and primitive Marxism—is nevertheless a political opinion, however backward and misguided, and at least shows that there is in this House a political group which takes a stand, while all the other Members are united in expressing a contrary opinion. It remains to be seen what the Italian Communists will make of the stand taken by the French Communists, but this is a family matter on which I shall not comment. Nevertheless, as I have said, this is a political stand. It is essential that we make known our political positions not only on the general problems of the elections to Parliament, or on the

general problems of our relations with the United States or the Soviet Union, which are problems which are as yet outside the political competence of the Community institutions. It is essential that this clash of political ideas, an example of which we heard today in Mr Bordu's speech, also occurs with respect to the problems which are already the responsibility of the Community; i.e. the budget, agriculture, trade, transport. It is essential, in other words, that our discussions are not conditioned by sectional or fractional interests, but that we adopt political positions, for political commitment is the moral safeguard of any European institution.

(Applause)

President. — I have no motion for a resolution on this debate.

The joint debate is closed.

I call Mr Borschette.

Mr Borschette, Member of the Commission. — *(F)* In accordance with the arrangements you made about an hour ago, my statement and my presentation of the report on the activities of oil companies in the Community are to be deleted from today's agenda.

This puts me in a very difficult situation: after noting the agenda which had been fixed and transmitted to the Commission, I summoned a press conference for midday tomorrow in Brussels, and I wanted to let Parliament be the first to hear the political conclusions of this report.

There are two possibilities, Mr President. The first, which I prefer, is that you should give me the opportunity this evening—ten minutes will be enough—to make the statement. The other is that sometime tomorrow my friend and colleague, Mr Cheysson, should present it on behalf of the Commission. He would do it better than I, but I would very much regret not being able to present it myself this evening so that Parliament is the first to hear this political statement.

President. — I call Mr Berkhouwer.

Mr Berkhouwer. — *(NL)* Mr President, I ask you to consider this speech as a procedural motion, in that I wish to make a proposal. There can then be one speaker for and one against; perhaps I myself can already be considered as the speaker for the motion. We should do everything possible to enable Mr Borschette to speak today before the sitting comes to an end. The sitting is due to finish at about 7.30 p.m. Let it continue until 7.45 p.m. Mr Borschette needs only ten minutes.

Berkhouwer

We should perhaps also hold a debate pursuant to Rule 31, but it would be better not to, since that would take another twenty minutes. Let us give Mr Borschette the opportunity to make his statement on the reports drawn up by the Commission on the activities of the multinational oil companies. I think it is most important that the European Parliament should, as is customary, be the first to be informed before Mr Borschette gives a press conference in Brussels tomorrow.

This will be the case if we now give Mr Borschette the opportunity to make his statement.

President. — We shall first do as we agreed.

We shall find an appropriate solution later, depending on the situation.

15. *Oral question without debate:*
Dragon reactor — Motion for a resolution on the Dragon project

President. — The next item is the joint debate on the oral question put by Mr Hougardy to the Council on the abandonment of the Dragon high temperature reactor project (Doc. 406/75) and on the motion for a resolution tabled by Mr Spicer on behalf of the European Conservative Group on the same subject (Doc. 454/75).

I call Mr Hougardy.

Mr Hougardy. — (*F*) In order to save time, since my question was put in writing. I should like first of all to hear the Council's reply.

President. — I call Mr Battaglia.

Mr Battaglia, President-in-Office of the Council. — (*I*) Mr President, as the Members of this House will recall, the Dragon project was set up in 1959 following an agreement within the Nuclear Energy Agency of the OECD, and at present the Community bears 53.7% of the cost. The agreement runs out on 31 March 1976 and the Commission submitted to the Council a proposal which would allow the Commission to negotiate a five-year extension, maintaining the present division of the financial burden.

As the Commission's proposal was not acceptable to all the national delegations, the Commission subsequently proposed that an interim one-year agreement be negotiated while talks were held on the possibility of reaching a new agreement, perhaps with the entry of new participants.

The reply of the British delegation to the Council was that the United Kingdom's reactor

research programme no longer attaches a high degree of priority to the development of high-temperature reactors; consequently, the delegation did not intend to accept an extension of the project on the present terms of the financial agreement, by which the British Government bears about 37% of the cost. To this must be added the British contribution to Euratom, which is estimated at about 11%.

In view of the United Kingdom's special position as host country to the Dragon project, the British Government volunteered to maintain its financial share of the project until the end of June 1976; this was to allow its partners breathing space to draw up new agreements. On 13 November a new factor emerged: the US Energy Research and Development Agency announced that it might be interested in an extension of the Dragon project, but that it was not ready to make any definite commitment before the expiry of the present agreement, i.e. not before 31 March 1976. The American Agency declared that a nine-month extension of the agreement might enable it to reach a decision on its participation.

At this point the British delegation submitted a compromise proposal, compatible with the agreement by nine months. The new proposal German delegation's proposal to extend the was that the partners in the project should accept a maximum extension of nine months—that is, until 31 December 1976—provided that by 31 March 1976 there was a definite likelihood of a new financial agreement being reached and that this came into force on 1 April 1976.

Most of the delegations and the Commission felt that three months were not enough to be able to assess any new financial agreement, including the possible entry of new partners. However, it has emerged from renewed talks between the American Energy Agency and the Commission that it is not yet clear whether the United States is ready to participate in a new programme to an extent which would enable the project to be continued at its present level without increasing Euratom's share of the cost.

Since various delegations have given a definite 'no' to increasing Euratom's present contribution, and as the Commission has stated, for its part, that it cannot give any formal assurance of the participation of any new third countries in the project, the outcome is that there is no basis of agreement for an extension of the project. Without this basis of agreement, the Community has had to forgo any such extension.

In answer to the other questions put by Mr Hougardy, I can say that details of the research

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so far carried out can be found in the technical descriptions of the joint programmes which are attached to the initial agreement. No doubt the Commission can give Mr Hougardy more detailed information on this subject.

The results of the Dragon project have added to our knowledge of high-temperature gas-cooled reactors. The research has been of help to the Member States in deciding on the degree of priority to be given to the development of high-temperature reactors in their nuclear research programmes.

That is all I have to say, ladies and gentlemen. You will probably not think it very much, but that is all.

President. — I call Mr Hougardy.

Mr Hougardy. — (F) Mr President, as I stressed a short while ago, I understood that, following the intervention by another Member, we had agreed that there would be a general debate on this question, and that the Rules of Procedure would not be rigidly applied. That was how I understood the arrangement.

Mr President I gather from the statement by the Council's representative that there is to be no extension since that is clearly the meaning of his words. This is the unfortunate truth. I should like to say here and now that I am dismayed by the decision since the Commission's proposed compromise—an extension of at least a year to the Dragon research project—was fully justified. All the more so if my information is correct, in that the Federal Republic of Germany is going to start up a high-temperature reactor for the generation of electricity in 1977.

In my view, this is more than adequate proof that it is inadvisable to abandon research on high-temperature reactors.

I should like to conclude by saying—as there is no point in prolonging this debate—that once again we are abandoning a research project which provided a real example of the *esprit communautaire*. That is the important factor, and that is why I cannot understand the decision which has been made. There are obviously some people who live in a dream world and who believe that the energy crisis is a thing of the past and will never return. But at a time when we should be intensifying our efforts and Europe should have the means to undertake joint research leading towards a common energy policy, it is lamentable that such a far-reaching decision should be made. If we abandon the Dragon project, we are abandoning research on high-

temperature reactors which can undoubtedly be of indirect benefit in a whole range of fields.

I believe that this Parliament should be unanimous in expressing its regret at this decision. (Applause)

President. — I call Mr Spicer to speak to the motion.

Mr Spicer. — We are fortunate to have had the background so clearly sketched out for us by the representative of the Council. I think that every person here today should be extremely alarmed by the situation with which we are now faced over the closure of Dragon. I could not agree more with Mr Hougardy in his remarks that if this is the way we are to demonstrate within the Community our solidarity as a Community, it is a very sad day for us indeed.

The compromise proposal which came from the Germans allowed for an extension up to the end of the year, but it is my understanding of the position—and the general consensus of those who discussed this—that if by 30 June no firm involvement has come forward, either from third parties or from anyone else within the Community who might be prepared to take up slightly more of the financial burden of the Dragon project, everyone would agree that on 30 June it should close down, and that the closure should start from 30 June.

I am extremely disturbed at the very short notice given by the United Kingdom Government of their intention to withdraw. As I understand it, they gave it at a meeting held in the middle of September. I think that is far too short a time, and takes no account of the problems of dislocation for those involved in a multinational effort like this, with people from all countries of the Community. It is very bad man-management, to say the least, even if the project has eventually to close.

Eight of the nine member countries of the Community wish this project to continue on that compromise solution. The other three signatories—Austria, Sweden and Switzerland—have made it quite clear that they would like to continue.

I believe that the compromise proposal put forward by the German representative was an extremely fair one, and one that could have been accepted. I think that the Commission agreed that it was absolutely right as well.

I should like to pay a very great tribute to the work of the Commission on this, and in particular to Mr Dominion and Mr Debacci,

Spicer

who worked so tirelessly to make certain that some solution could come forward.

If the German project is not given that short extension of life, I believe that we shall lose two things within the Community. First, we shall lose good will. I speak of good will only in the wider sense at the moment, but there is a wider sense. Those other people who will almost certainly carry on the work will no longer consider the United Kingdom as a reliable partner in this sort of operation. After all, they have paid into the infrastructure at Winfrith for the Dragon project, and are seeing that at a stroke of a pen 'we are opting out and that the assets they have poured into the project are going down the drain.

If I were German, French or Italian I would say, 'Next time round we shall operate on our own and exclude the United Kingdom from any project we move into'. It would be a very sad day indeed if that should be the case. Not only would the good will be lost, but Dragon offers a unique possibility for the testing of gas-cooled reactor fuels. Those are not the words of someone within the Community but words that came from an American Telex message, expressing interest in a continuation of the Dragon project.

I do not wish to make too much of this point, but, concerning the position adopted by the Socialist Group, I understand that they did not believe there was any real urgency about this.

But, of course, there is, and I made the point to Mr Broeks that if we do not take some decisions, if we do not show our support for the Dragon project, this afternoon, that project will already be closing down. It may be too late to reverse what has been done, but I personally hope we shall be united as a Community in not wishing to see that project closed down and in giving it a new lease of life, even though it may be a short one.

As I have said, the Commission has tried. It has done its best. I think we should add the united voice of this Parliament to that of the Commission. The Commission should then go to the Council, and this should be discussed in the Council at the highest level. There is a matter of principle involved here. I do not think it is right that the Council should shirk its responsibility to discuss matters that concern us all. I should like to know whether this has been discussed by the Council of Ministers as a matter of urgency. I would have thought, with the background the Commission has produced, that it would have wished to do so and that that should have been done.

I therefore ask that the resolution be accepted. I thank Mr Hougardy again for the spirit in which he allowed me to intervene in this debate.

I ask for support from all sides of the House for our Community project. If people are not prepared to speak out and support Community projects, they have no right to be in the Community.

(Applause)

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

Mr Flämig. — *(D)* Mr President, if the Socialist Group voted this afternoon against the proposal to extend the debate by urgent procedure, it is certainly not because we think that the European Community has nothing to gain from the high-temperature reactor. The situation as we see it is that the Council is at present in an awkward position since it has made a decision which ignores all the recommendations of Parliament and of the Commission, but that by no means absolves the Council from the obligation of finding some solution to the problem.

If a majority of the House wants a debate, we are quite ready to outline our views. We think that the second generation of reactors will not be of the fast-breeder but rather of the high-temperature type, and that it is absolutely essential that development work on that reactor type be continued. It is inherently safe and provides a dependable source of process heat. The high-temperature reactor will therefore be called on to play an important part not only in the European energy programme but also in national energy programmes.

We are now faced with news of a very serious setback in the USA. Gulf General Atomic has cancelled its project and there is uncertainty in the USA about the high-temperature reactor. It is probably for that reason that the US Energy Research and Development Administration, which deals with energy in America, is expressing interest in a European high-temperature reactor project. If the Dragon project is abandoned on 31 March 1976—I am still allowing for the possibility that the Council will find some way to continue with the project—however, if it is abandoned, it will certainly not be because the Council is now of the opinion that the high-temperature reactor question has been settled, but rather because a large part of the fundamental research which it was possible to carry out with Dragon has been completed, and the next step for Dragon could lie in the field of industrial research. The feasibility of making some attempt to call upon industry for support

Flämig

should therefore be examined, since industry would benefit directly from any results which might emerge from the research.

However, this is certainly not to say that the European Community and we in the European Parliament consider the high-temperature reactor question to be closed. On the contrary, we hope soon to hear ideas from the Council and the Commission on how work on high-temperature reactors can be carried forward. In this connection three specific questions must be answered: firstly, which type of reactor will be used for high-temperature reactor work, the pebble-bed reactor or the reactor with prismatic fuel elements?

Secondly, how will the problems associated with materials be solved? A high-temperature reactor operates at between 900° and 950° C. Materials for use in pipes, fuel elements and various technical devices, such as valves, etc., must therefore be developed which will tolerate such temperatures for a number of years without needing to be replaced.

The third question concerns the high-temperature reactor's fuel cycle, and there are as yet very few obvious answers to it. We argue that the high-temperature reactor is necessary both for the harnessing of thermal energy, i.e. using process heat for technical and chemical processes, and for coal gasification and district heating networks. We therefore call for the research work to be continued and for related projects to be proposed immediately. We will then be quite willing to discuss the matter.

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

Mr Noè. — (I) Mr President, the Christian-Democratic Group gives full backing to the two Members who tabled the question and seconds their point of view for both general and specific reasons. Taking the former first, I should like to say that there was a great deal of surprise at the way in which the decision was taken. The permanent representatives got together—although it is true there had been earlier talks—and suddenly, for want of agreement, the Dragon was slain. This occurred last week. I recently attended a meeting of the Club of Rome and of *Réalités Européennes d'Aujourd'hui* where we discussed the factors which should determine any careful decision-taking. There is a considerable gulf between a method which takes into account all the positive and negative factors and a decision such as that taken by the permanent representatives.

Looking at the matter generally, I feel that decisions with such far-reaching implications should not be taken so lightly.

There has been a great deal of discussion in this House about hydrogen as a source of energy, but to produce it we need high temperature reactors. There has been discussion about the gasification of lignite; Mr Burgbacher spoke on several occasions about the gasification of lignite, which can be found in surface deposits, as in Germany between Aachen and Cologne, but it too requires high-temperature reactors.

All this discussion is to no avail if we do not continue along the road we have taken. Consequently, we second in a general sense the question tabled by the two honourable Members.

Looking at the problem in greater detail, we should like to make two or three comments.

With nuclear reactors the general concern is that uranium should be available as a fuel for many years. The uranium yield in the reactors in current use is lower than in high-temperature reactors, and even lower than in the fast reactors we are working towards. We are working towards fast-breeder reactors because the conversion factor is 1: in fact, in fast reactors, for every atom which undergoes the process of fission another one is formed, whereas in the present reactors the yield is 0.5-0.6, and in high temperature reactors, 0.8. Consequently, the nuclear fuel yield is higher in high-temperature reactors, even if we have not yet reached the levels of the fast-breeder reactors towards which we are working. I do not know if this factor was considered when the decision to stop work on these reactors was taken.

Furthermore, although a high-temperature reactor can reach a final temperature of 800-900° C, i.e. an ideal temperature for the manufacturing processes which occur in the fuel core, the peak temperature at the moment of fission is higher in reactors in current use than in high-temperature reactors. A maximum temperature of 1 800 °C is reached in the fuel core, and for this reason the problem of cooling is greater in current reactors than in high-temperature reactors.

Consequently, from an environmental point of view, where the cooling facilities along a river, for example allow us to install only 1 000 Mw with the light-water reactors in current use, we could install 1 300 Mw with a high-temperature reactor. This is another advantage when we consider how serious the problem of sites has become in all the Member States—a problem which Mr Walz will bring up in his report at the next part-session in January.

Noè

All these reasons lead me to believe that the decision should have been more carefully considered, especially since the Americans suggested that we allow them a few months to come up with a common plan.

Consequently, while I understand the position of the British Government, which has now chosen a different type of reactor, a heavy-water reactor with slightly enriched uranium, I feel that the Community should have defended the Dragon project in view of the arguments in its favour.

President. — I call Mr Dalyell.

Mr Dalyell. — Like Mr Spicer, I have been to Winfrith and during a visit of several hours have been shown over the Dragon project. We ought to pay tribute to those of all our countries who work on this remarkable experiment.

Having said that, I would not like the impression to be given that the British Government are wholly black in this matter, because it ought to be recognized that there is a problem. The option was taken on the steam-generating heavy-water reactor. I have to say to Mr Spicer and to other colleagues that I, along with his 'shadow' Secretary of State for Energy—Mr Patrick Jenkin—and Mr Arthur Palmer, went to Canada to look at Bruce and Pickering, came back and gave a glowing report, which was one of the matters that led the Energy Department to opt for the steam-generating heavy-water reactor. Therefore, it does not lie in my mouth to criticize this aspect too much.

Having said that, I am uncomfortable about Dragon and want to put a very specific question either to the Commission or to the Council, or to both. What evidence has come to light in the last six months, in the steel industry in particular and industries in general concerned with the treatment of metals, on the advantage of the high-temperature system? I am shoulder to shoulder with my friend Mr Gerhard Flämig when he asks what evidence there is of the attitude of industry.

I do not want to take up any more time today, so I ask these factual questions about the evidence that has come to Mr Brunner or, indeed, to Mr Battaglia and his colleagues from industry in general and from the steel industry in particular as to the advantages of carrying on the high-temperature system, because on this perhaps the decision hinges.

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

Mr Leonardi. — (I) Mr President, ladies and gentlemen, I feel that it is right to support the motion for a resolution, not so much because it is easy to form a technical opinion—indeed, we should require far more information than that which we have been given—but because it is unforgivable that after a project has been carried out for so many years, at great expense and employing many scientists, it should suddenly be abandoned, as a result of a negative decision taken solely because it was not possible to reach a positive one.

A negative stand may be taken if there are reasons to justify it. Since no such reasons have been given, the talks must be continued, for the reasons put forward by the other speakers in this debate.

I should like, nonetheless, to take this opportunity to ask the Commission to face up to a problem of which the Dragon project is only a part. At a time when there are great changes—generally in the form of cutbacks—in national programmes, on which the Commission's energy policy, which its strong emphasis on nuclear energy, is based, it would be useful if the Commission would provide Parliament with a report briefly examining the present situation, not simply from a quantitative but also from a qualitative point of view, and with regard to the reactors which have been chosen or which it is felt may be chosen in the future.

This would also be useful for discussions in the national parliaments, since national energy policies make continual reference to Community policies and vice versa. It would be a good moment, ladies and gentlemen, for the Community to make an effort to present an overall picture of the current situation.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) The Commission has never left anyone in any doubt that it deeply regrets the turn of events in connection with this project. We have always made it clear that we were convinced of the importance of this project for our research policy. It has provided us with useful information and has given rise to 200 applications for patents and 1000 scientific reports. It is of importance for Community research into the production of hydrogen and it is also important for the steel industry and for the high-temperature reactor series. We have never left any room for doubt on that score.

The proposals made by us are the same those which are now the subject of this motion for a resolution and they are now before the Coun-

Brunner

cil. We suggested that the project be extended for one year, during which we could have looked for other solutions to the problem. We would then have had the time to stimulate greater interest in the project among non-member countries and we might also have attracted the interest of the industrial sector.

But there was, and still is, the problem of financing. I believe it would be wrong and hypocritical if I encouraged Parliament to believe that there are hopes of extending this project. There are no such hopes.

In the Committee of Permanent Representatives we devoted five meetings to this topic, and you are aware of the result. We are therefore faced with a situation where we have to tell the staff that most of them must be dismissed, and this is the message which 90% of the staff have received. Unless the Council decides otherwise, we shall keep a small nucleus of staff on to continue processing the data. But we think it is a most regrettable situation. It is regrettable because the project would have been useful to the steel industry and because, to put it quite plainly, the steel industry has an interest in the continuation of the project. The German steel industry and the Centro Metallurgico Italiano made it quite clear that they were interested. That is the position.

All the Commission can do in this case is to describe the situation to you as it really is. It can only appeal once more to the Council. However, the Commission would not be painting a true picture if it did not admit that there is scarcely any possibility of overcoming the difficulties.

President. — I call Mr Hougardy.

Mr Hougardy. — (F) Mr President, Mr Brunner's customary frankness is impressive; he has not minced his words in telling us, and I am grateful to him for it, that a number of research workers have been advised that they are about to lose their jobs.

Is it possible that the Council does not realize that to put an end to the research of scientists whose work is known to be vital for energy research in Europe is one of the most absurd decisions that can be imagined at the present time?

(Applause)

President. — I call Mr Dalyell on a question of procedure.

Mr Dalyell. — Mr President, are we not to hear from the Council a comment on what has

been said? Some direct questions have been put to the Council.

President. — I call Mr Battaglia.

Mr Battaglia, President-in-Office of the Council. — (I) It is true that I am staying my corner. The truth of the matter is that this is a very unfortunate affair. For my own part, I share some of the opinions which have been expressed, but while what I said and what the Council decided may be deplored Mr Brunner has explained the situation; however unpleasant it is, those are the facts.

President. — I call Mr Spicer.

Mr Spicer. — If we leave the matter here, we shall have been wasting our time for the last hour. It seems that we are to pass a resolution with no back-up. We have had a clear statement from the Commission that it agrees 100% with us. It must be within our rights and power to give some hope to these people—not just several but hundreds of them—at Winfrith who will be thrown out of their jobs in the very near future. We must do something positive about this.

I hope that the Commission will be able to pursue the matter further with the Council and that the Council will be able to bring round the table people who might wish to change their decision on the basis of what has been said so clearly and logically by everyone in this debate today.

President. — I call Mr Dalyell.

Mr Dalyell. — I do not want to be unreasonable with Mr Battaglia, because it needs very little imagination to understand his difficulties. I should, however, like to put one question to him. Is the Council prepared to put in the Library of Parliament the reply that it sent when confronted with the question from the steel industries of our various countries? Has not the Council some obligation to fight its corner and give its answer to the points which have been raised in all quarters of this Parliament?

President. — I call Mr Battaglia.

Mr Battaglia, President-in-Office of the Council. — (I) Mr President, I explained the reasons for the Council's decisions in my opening speech. That speech will be published in the report of proceedings of this Parliament, and so I shall be able to give Mr Dalyell a copy. I have already explained the political and technical reasons behind these decisions. I can say no more.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — There is one thing that we can ask the President in Council to do. Bearing in mind all the arguments which have been put from all sides of this House, and bearing in mind the remarks made by Commissioner Brunner, will he give an undertaking to the House that he will raise this matter again with the Council at the earliest opportunity?

President. — I call Mr Battaglia.

Mr Battaglia, President-in-Office of the Council. — (I) Mr Scott-Hopkins, I have read the motion for a resolution tabled by Mr Spicer and which asks the Commission to submit to the Council proposals which would allow the project to be continued until 30 September 1976.

The proposal is made in terms which expressly differ from those studied by the Council.

The Parliament is fully within its rights in approving this motion for a resolution to the Commission, and it would then be up to the Commission to take action with regard to Parliament's resolution.

President. — I call Mr Brunner.

Mr Brunner, Member of the Commission. — (D) Mr President, I should like to clarify the situation as follows:

The Commission submitted to the Committee of Permanent Representatives a proposal which is identical with that contained in this motion for a resolution. Five sittings were devoted to its discussion, but it proved impossible to pass it.

The Commission can assure you that it will continue to press for a positive change in the situation. To achieve this the Commission need not propose anything new; it need only repeat what it has said, to no avail, in the past weeks and months, and it intends to do so. Whether this will bring about any change is far from certain.

President. — Mr Brunner, I should like to ask you the following question: If the motion for a resolution is adopted, will you try again, now that you have Parliament's backing, to achieve what Parliament wants?

Brunner. — (D) Yes, Mr President, most certainly!

(Applause)

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote. The resolution is adopted.¹

16. Change in the Agenda

President. — The next item was to be two oral questions with debate on the textile industry. So far I have six speakers listed. This would make it impossible to close the sitting at 7.30 p.m., as we decided.

I therefore put it to the author of the questions whether he would agree to a postponement to the plenary part-session of the European Parliament in January.

I call Mr Terrenoire.

Mr Terrenoire. — (F) Mr President, the question of the textile industry is a very important one. This industry employs two million people, and in the last few months tens of thousands of workers have unfortunately lost their jobs in this sector. It is therefore a problem which needs to be tackled urgently at Community level.

As far as I am concerned, I am prepared to make it easier by postponing my question until January, on condition, of course, that this question—and I ask the President to see to it—will definitely be on the agenda of the January part-session, since I would not like it said that the European Parliament is shelving such a serious problem.

If you are able, Mr President to assure us this evening that this will be done I am quite prepared to accept the postponement of this debate which will have to be held at a time when Members can attend in force so that it can be seen in the Community that the European Parliament is seriously worried about this question.

(Applause)

President. — Mr Terrenoire, I should like a straight answer to my question: do you want to request that this debate be postponed until January?

Mr Terrenoire. — (F) I agree, Mr President, as long as my colleagues who intended to speak in this debate will be given adequate time to do so, and not be rushed as they would this evening.

¹ OJ C 7 of 12. 1. 1976.

President. — Have I understood correctly, Mr Terrenoire, that you wish this item to be postponed until the January part-session?

Mr Terrenoire. — (F) Yes, Mr President.

President. — I call Mrs Dunwoody.

Mrs Dunwoody. — I believe that the textile question is tremendously urgent. That was why I was present in the plenary session to discuss the report.

We debated the question of the textile industry in the last plenary session. Some people here did not take part in that debate, whereas others of us did. That is relevant to the question whether this item should be taken in January. Those who thought that it was important should have been present at that time.

President. — Are there any objections to carrying this item forward to the January part-session?

That is agreed.

17. *Activities of oil companies in the Community*

President. — The next item is the statement by Mr Borschette on the Commission report on the activities of oil companies in the Community. In accordance with the decision of the Bureau of 24 March 1973, the chairman of the committee responsible may, if he so wishes, speak for five minutes following this statement. Members of Parliament may also speak for a total of fifteen minutes in order to put various brief questions on specific points: but there may be no debate.

I call Mr Borschette.

Mr Borschette *Member of the Commission.* — (F) I thank you for giving me the floor again this evening. I shall try to be brief.

On 21 December 1973 the Commission issued a statement to the press announcing that it had decided to carry out an investigation of the behaviour of companies in the market with regard to the rules on competition. The reason for this decision lay in the difficulties which the Community as a whole was experiencing in obtaining supplies as a result of the war of 6-16 October 1973 between Israel and certain Arab states and of the disturbed state of the international oil market at that time.

I immediately promised to forward this report to Parliament and to make myself available for

discussions on it and also on the conclusions which the Commission would draw from it.

This afternoon the Commission has distributed the report and I am now in a position to discuss it before the competent authorities, to defend it and draw conclusions from it.

I also thank you for waiting patiently for two years while the survey was carried out and the report drawn up. Two years may seem a long time but I do not think that they were wasted since I am in a position today to present you with a detailed report.

You will probably remember that the survey was basically prompted by the fate of the independents in the Community during the crisis.

However, as it progressed, we made our survey more detailed and more searching so that we could submit to Parliament a report dealing with the basic behaviour of the oil companies, the structure of the market, price structures, etc.

I should also like to say that the investigations we made during the survey were wide-ranging: we visited about 30 oil companies to conduct on-the-spot enquiries and we wrote asking others to provide information which was examined and checked on the spot by our inspectors.

What is in the report?

There is first of all an analytical section which you may think rather long, but which we felt to be necessary and essential to clarify the objects and the scope of the survey. We therefore provide both an analysis of the structure of the oil industry in Europe and of the oil crisis itself and its immediate consequences.

The next part contains a detailed analysis of the relationships between the oil companies and public authorities in the different Member States.

Then, in the fourth part, which is probably the most important part of this report, the effects of the crisis on the quantities and prices of oil products are examined in detail.

The fifth part deals with the situation of the independents and the sixth part is devoted to the conclusions which the Commission draws from its survey and its report.

I do not wish to analyse here and now the specific conclusions which the Commission has reached; they are now available to you. It is not my intention to give a detailed analysis of the document but rather to present some thoughts to policy which are perhaps not developed sufficiently in the report nor, and this is particularly important, in the conclusions.

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I should first of all like to say that one of the things we learnt from the survey was that the 6-month period we examined, i.e., the period from October 1973 to March 1974, was for the national authorities, the general public and economic agencies generally a time of keenly-felt anxiety which was due much more to the fear of a shortage than to an actual shortage. The crisis has of course led to a very steep increase in the price of crude oil, but as far as quantities are concerned it has not had any really noticeable effect on the Community's overall supplies. Many of the initiatives taken can only be seen as defensive reactions, precautionary measures to provide protection against a future which then seemed very uncertain.

The crisis was a painful experience. It may well be that the report's long-awaited explanations do not in general give sufficient weight to those fears and anxieties.

A second lesson to be learnt from the survey, at least in my case, is that the crisis has not brought about any significant change in the role of the oil companies or in their position in the Community's oil market and that, while the report's conclusions refer specifically to a period of six months, they may nonetheless be taken to be generally valid, provided the companies observe and continue to observe the Treaty's rules on competition.

The survey also stressed the very marked degree of dependence of our economies on large multinational companies. In noting this fact I make no value judgement. Since oil has become the major source of energy, national governments have to a large extent relied on the experience, technical expertise, efficiency and resources of the large oil companies to provide their supplies.

One thing is certain—during the difficulties of 1973-1974 the large companies proved their efficiency and helped to reduce significantly the impact of market tensions on our economies.

However, at the same time, we cannot be blind to the link between the efficiency of their activities and their considerable economic power. These multinational companies have almost complete control of the world oil market, transport and refining. They have in addition extended their activities to include other essential energy sectors such as natural gas, nuclear power or even other sectors of industry which are natural extensions of refining. They are integrated units whose structures and whose power give rise to many problems, particularly in their relationships with national governments.

It is obviously essential to consider how governments can counterbalance the economic power of these companies. Let me make my position clear. I am in no way questioning the usefulness of the large companies as a whole. Nor do I call in question the fact that, thanks to their previous associations with producer countries, they have privileged access to the cheapest oil in the world. I have no complaint to make about the quality of their executive staff, but can governments accept that a small number of companies who, as a group, dominate the market, should have almost unsupervised control of activities which are so essential for the survival of our civilization?

The crisis showed once again the important part which politics now plays in the oil market. Can governments hand over to these same companies, whatever their qualities, the top-level political responsibility which is a feature of all oil negotiations today? It is clear from this that in the future we shall have to strike a better balance between the companies and national authorities.

What role and what responsibilities should each of them be allocated in the sphere of Community oil supplies to ensure that they will both assume the responsibilities which are naturally theirs? Should we not also ask in particular if national authorities ought not to show more interest in the extension of the large companies' activities into energy sectors other than oil and into other industries? Should we not ask ourselves if the energy market should be allowed to develop in such a way that the existing monopolistic group or groups in other sectors?

These are questions which will doubtless suggest themselves to you also as you read the report which you have in front of you.

My view is that the answers to these questions must be found in a courageous dialogue between the Community and the companies. We must not be afraid of defining more clearly the dividing line between the political role, which is the Community's, and the technical role, which will of course continue to be that of the companies. This dialogue should ensure better transparency of prices and of the companies' financial transactions. While it is advisable and necessary that they should be able to transfer their income for essential investment purposes from one country to another and from one continent to another, it is perhaps not so advisable that they should be solely responsible for such transactions.

It is in the interest of national governments and of the companies for a better division of powers to dispel from the minds of both the national authorities and the general public a number of

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doubts and suspicions which cannot be allowed to persist between the companies and those for whom in the final analysis they have to work.

Mr President those were some of the thoughts suggested to me by the report, over and above the details you will find in it on the activities of the companies in relation to the Treaty's rules on competition.

I imagine that you will want to debate all these questions in your competent committees and in full session. I will therefore reserve my position on many other specific points mentioned in the report, or other questions which you will raise, for a very fruitful dialogue between Parliament and the Commission.

(Applause)

President. — I call Mr Leenhardt.

Mr Leenhardt. — *(F)* Mr President, speaking on behalf of the Committee on Economic and Monetary Affairs which initiated this report—it was during discussions on the report by our colleague Mr Artzinger on competition policy that the on the oil companies was requested—, I should like to thank Mr Borschette this evening for presenting us with this document, to which we attach great importance. I ask, Mr President, that it be referred to the Committee on Economic and Monetary Affairs.

President. — I call Mr Cousté.

Mr Cousté. — *(F)* Mr President, this is not the moment to begin a debate—that would in any be contrary to our Rules of Procedure—but I should like to endorse the proposal made by our chairman of the Committee on Economic and Monetary Affairs. The fact is that not only in that committee but in others too we shall have to examine this report on the behaviour of oil companies in the Community between October 1973 and March 1974. I will go further and say that I think that the dialogue advocated by the Commission's representative, Mr Borschette, might be extended to include another period, for we ought to consider the new relationship between political power and the oil companies.

President. — I call Mr Hougardy.

Mr Hougardy. — *(F)* Mr President, I think that the Committee on Energy, Research and Technology will also wish to debate this report. I am sure that if its chairman, Mr Sprigorum, were present at this sitting, he would say that it was essential to deal with a document of such importance after studying it closely.

After hearing Mr Borschette's statement, I should like to ask a question: the oil companies are referred to at length, but does the report mention the part played by the producer countries, which was of considerable importance in our supply problems, since the producer countries have often taken over the role of the oil companies?

President. — I call Mr Ellis.

Mr Ellis. — It may well be that I am speaking out of profound ignorance, since I have not been a Member of this Parliament for very long, but I am quite bemused.

First, I have not seen the report. It was out only this afternoon. Therefore, although I am in no position to ask a serious question, I wish to ask one.

It seemed extraordinary to me that two years after a very serious oil-crisis the Commissioner has posed all kinds of very important and very pertinent questions that we have all been posing as to whether, for example, the destiny of the states should be in the hands of oil-companies, which, as I understand it, do not want the responsibility of allocating supplies of scarce resources.

I therefore ask the Commissioner the following question. Has nothing at all been done in the Commission with a view at least to starting to answer some of these questions? I had the impression from his posing of the questions that we were precisely in the position that we were in at the middle of the crisis—namely, that the questions were there but that no one had considered starting to come with some kind of answers to them.

My question therefore is: Has anything at all been done so far towards giving an answer to the very pertinent questions that the Commissioner has posed?

President. — Mr Ellis, it is normal procedure for the Commission to introduce this type of report. The chairman of the committee responsible then replies and the other Members may put questions. After that the report is discussed in committee.

I call Mr Lange.

Mr Lange. — *(D)* Mr President, I have no question to put to Mr Borschette. I should just like to ask a question on internal parliamentary procedure.

This report was originally requested by the Committee on Economic and Monetary Affairs

Lange

with purely economic considerations in mind. It has therefore nothing remotely to do with energy policy. I urge the Bureau not to allow participation by this committee.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission. — (F) Mr President, I do not wish to express an opinion on a question concerning the internal procedures of the European Parliament. I shall be available to all the parliamentary committees which deal with the report.

Two questions have been asked.

Mr Hougardy asked if we took into account the influence of the producer countries. This problem is also tackled, but it is not our main consideration. I should like straight away to point out to Mr Ellis what the purpose of our report was, a purpose which was in keeping with Parliament's wishes: it was to check whether, during the oil crisis, the oil companies contravened the rules on competition contained in the Treaty of Rome.

I do not believe I can be criticized for the fact that this evening, going beyond the strict limits of this report, I drew other conclusions, on my own behalf and on that of the Commission, which go beyond the scope of the rules on competition and deal with politics generally. I feel it would not be fair to criticize me for having adopted a political position, as Parliament had requested me to do.

President. — A request has been made to refer the Commission report to the Committee on Economic and Monetary Affairs.

Are there any objections?

That is agreed.

I call Mr Giraud.

Mr Giraud. — (F) Mr President, I perfectly understand the position of the Committee on Economic and Monetary Affairs on this problem. But oil is, after all, a source of energy. I am afraid we learned that to our cost in 1973. It seems to me unthinkable that a report of such importance dealing with oil and how it is produced, sold and distributed, should entirely escape the Committee on Energy.

We are not 'imperialists'; we do not wish to poach on any committee's preserves. I am sure that the chairman of the Committee on Economic and Monetary Affairs will appreciate that we cannot be left in the dark over a report of such importance. His committee is the one

mainly concerned; no one questions this precedence, but we want our point of view also to be considered.

President. — I call Mr Bordu.

Mr Bordu. — (F) I should also like to thank Mr Borschette for his first reply, and I hope I shall be able to thank him warmly after reading the report.

I should nevertheless like to ask whether this report takes account of certain phenomena which led to reports being drawn up in countries other than my own on cases of speculation which had arisen during the period under consideration.

I should also like to know whether the report comments on the violations of competition rules which can still be witnessed today, as evidenced by examples which we could quote.

President. — I call Mr Borschette.

Mr Borschette, Member of the Commission. — (F) With regard to Mr Bordu's first question, I should like to say and to repeat that it was our task to judge and make a report on the violation or non-violation of the competition rules contained in the Treaty. This does not mean that we did not deal with a certain number of other aspects of the problem, in particular economic, financial and fiscal aspects. However, it was not the aim of this report to draw conclusions from them. You will see when reading it that probably it will very often be the task of the Member States, sometimes of the Community, and occasionally of the Commission, to draw these conclusions at a later stage.

With regard to the second question, the report states that during the crisis the companies did not, on the whole, violate the competition rules contained in the Treaty.

I should also like to add, since I have already been asked the question, that in reality there were two markets in the Community during the crisis: a free market in Germany and eight controlled markets characterised chiefly by the imposition of maximum price levels. Automatically all the companies, whether large or small, as well as independent traders, adopted these maximum prices fixed by the governments of the eight Member States. In Germany there was very fierce competition.

The facts are, therefore, that during the crisis eight countries, by force of circumstances and the will of the governments, experienced no competition, and one country, Germany, saw

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the emergence of this competition with no attendant violation of competition rules.

This does not mean that in certain sectors we were not obliged to continue checks.

We have already begun proceedings: in one case: a statement of grounds for appeal has already been transmitted with regard to the case of an independent Dutch trader whom several oil companies refused to supply.

We are continuing our surveys and checks in four main sectors: naphtha, aviation kerosene, certain public contracts concluded with the electricity companies in the Community, and the publication which reveals the date of transactions made chiefly in Rotterdam and in which the actual and 'hoped for' prices are quoted: we intend to examine whether or not the oil companies, by supplying these 'hoped for prices', might be unduly influencing price fixing and formation.

President. — This item is closed.

18. Order of business

President. — I propose that the Lückner report on the retention of Santiago de Chile as the seat of the delegation of the Commission Doc. 429/75) be postponed until tomorrow's sitting and that the items on tomorrow's agenda which cannot be dealt with by 7.30 p.m. be postponed until Friday.

Are there any objections?

That is agreed.

19. Agenda for next sitting

President. — The next sitting will be held tomorrow, Thursday, 18 December 1975, with the following agenda:

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

- Vote on the draft general budget of the Communities for the financial year 1976 and on the

motion for a resolution contained in the supplementary report by Mr Cointat;

- Bangemann report on the ECSC levies;
- Lückner report on the retention of Santiago de Chile as the seat of the Commission's delegation;
- Patijn report on the EEC-Israel Agreement;
- Pintat report on the Community's Mediterranean policy;
- Mitterdorfer report on the elimination of technical barriers to trade;
- Mitterdorfer report on Community transit;
- Flämig report on thermonuclear fusion (without debate);
- Statement by Mr Lardinois on agricultural prices;
- Gibbons report on the organization of the market in sheepmeat;
- Bourdellès report on seed potatoes and vegetable seed;
- Brégégère report on the French overseas departments;
- Oral question with debate on the fishing industry;
- Report on Cyprus sherry;
- Kaspereit report on dried figs and dried grapes originating in Spain;
- Klepsch report on fresh lemons originating in Cyprus, Spain, etc.
- Seefeld report on recording equipment in road transport;
- Walker-Smith report on consolidated texts relating to the fishing sector (without debate);
- Lady Fisher report on a European project on nuisances (without debate);
- Kaspereit report on trade with Tunisia and Morocco (without debate);
- Vetrone report on the importation of fishery products from Tunisia and Morocco (without debate);
- Bayerl report on the payment of duties at importation or at exportation (without debate).

The sitting is closed.

(The sitting was closed at 7.20 p.m.)

ANNEX

*Questions which could not be answered during
Question Time, with written answers**Question by Mr Glinne*

Subject: Scandalous destruction of 110 000 tonnes of fruit in France

What measures does the Commission intend to take in future to prevent a repetition of such an occurrence as the scandalous destruction of 110 000 tonnes of fruit in France this year when millions of economically weak Europeans are still unable to afford fruit?

Answer

In its proposals for agricultural prices 1976/1977 the Commission proposed last week new measures to reduce the surplus production of certain varieties of apples and pears. The Commission proposed grubbing-up premiums for Golden Delicious apple and Passe Crassane pear-trees.

These structural measures will reinforce measures based on the basic regulations for fruits and vegetables. These measures include free distribution to charitable institutions and schools, use as cattle-feed and the distillation of market surpluses.

Question by Mr Corrie

Subject: Fishing

What progress has been made in setting up a Community fisheries policy?

Answer

This subject will be dealt with in an Oral Question by Mr Scott-Hopkins and Mr Corrie to be debated tomorrow. According to the rules of procedure of this Parliament a question for Question Time is not in order when it concerns an item of the agenda of the part-session.

For this reason and to save it time of Parliament I refer the honourable member to the answers my colleague Mr Lardinois will give tomorrow with respect to the further implementation of the regulations for a market organisation for fishery-products and for a structural policy in the fishery sector adopted in 1970.

Question by Mr Bangemann

Subject: Competition policy

Does the Commission agree that a multinational agreement on the mutual recognition, notification and enforcement of decisions on cartels, within the framework of UNCTAD, signed by the Community Member States and as many other states as possible, would increase the effectiveness of the competition policy?

Answer

Mr Bangemann's question gives the Commission an opportunity to explain to Parliament three aspects of its principles and longer-term objectives. Firstly, the Commission feels that the conclusion of a cooperation agreement of this kind, not only with the developing countries but, more generally, with as many countries or groups of countries as possible would be extremely desirable in that it would provide a more effective guarantee that the laws of each of the participating countries were respected. After all, any state may be the seat of an international cartel or the decision-making centre of a multinational group.

Secondly, an agreement of this kind should also contain precise and binding rules regarding the necessary information which the foreign authorities must supply to the

competent authorities in order to enable them to conduct enquiries. There are, at present, no such rules governing international relations—indeed, under the legislation in force in certain countries it is an offence to provide foreign authorities with evidence of infringements since such information is regarded as trade secrets.

Thirdly, satisfactory implementation of a cooperation agreement of this kind normally requires the participating countries or groups of countries to adopt their own legislation regarding competition or strengthen their existing legislation in order to be able to play a more effective part in ensuring the legality of international economic affairs.

Question by Mr Noè

Subject: Forecasts for vocational guidance

What does the Commission intend doing to determine the directions that present students can most profitably take, and to pass that information on to the persons concerned, with a view to making the Community social policy more effective in the critical sector of unemployment among young people?

Answer

The Commission is concerned that over 1 700 000 young people under the age of 25 in the Member States of the Community are unemployed. It is using the resources of the European Social Fund to aid training courses for young people, particularly those who leave school or university without adequate or relevant training.

Further action in the field of vocational guidance and on other links between education and employment is being considered on the basis of a recent interservice report and a resolution adopted by the Ministers for Education of the Member States meeting within the Council earlier this month (10 December 1975).

It is not the function of the Commission itself to provide guidance for young people; that is clearly the responsibility of the relevant authorities in the Member States who have a first-hand knowledge of the situation in local labour markets.

Question by Mr Rivierez

Subject: Community timber industry

In view of the difficulties experienced by the Community timber industry, notably as a result of the fluctuations of the dollar, which distort competition, does not the Commission consider it necessary to take measures to improve the markets in this sector?

Answer

The Commission is well aware of the problems arising from monetary fluctuations and the disturbing effects of such fluctuations on the markets for various products.

An attempt to solve this problem sector by sector would, however, be unrealistic.

As far as the timber industry in particular is concerned, the Commission would like to remind the questioner of the proposals it has made with a view to improving timber supply, particularly the Draft Directive of 7 March 1975 regarding forestry measures and the communication of 7 February 1975 regarding Community supply of raw materials. These proposals are currently being examined in the relevant departments of the Council.

Secondly, as regards trade policy, certain timber products have received special treatment in view of the sensitivity of their markets.

Finally, the Commission is carefully studying complaints made by groups of firms regarding excessive commercial pressure exerted by certain third countries.

Question by Mr Hansen

Subject: Community participation at the Rambouillet Conference

Since one of the topics discussed at the Rambouillet Conference was protectionism and free competition, does the Commission not consider that it should have been invited to attend for discussion of this item?

Answer

The Rambouillet Conference was intended to be an 'exchange of opinions on the economic situation'. As stated in the final Declaration, the Heads of State and Government who took part in the conference affirmed the principles of the OECD Trade Pledge and stressed that all countries were responsible for ensuring that their policies permitted world trade to develop to their mutual advantage. The Heads of State and Government felt that the multilateral trade talks in accordance with the principles agreed upon in the Tokyo Declaration should be expedited and that they should aim at as great a liberalization of trade as possible (Sections 8 and 9 of the Rambouillet Declaration).

Finally, the Declaration announced the intention to increase cooperation within the existing institutions with a view to solving these problems.

These results of the Rambouillet Conference are fully in keeping with the policy already advocated by the Community for some time, as formulated at the Conference of Twenty held in Rome in January 1974 and confirmed on the occasion of the Conference of OECD Ministers of May 1974. The Commission also refers the question to the answer given by Mr Gundelach on 11 November 1975 to an oral question by Mr Cousté, and to its introductory remarks made at the Tripartite Conference on 18 November 1975. The Heads of State and Government of the Member States represented at the Rambouillet Conference therefore acted unambiguously in accordance with the framework established by the Community with regard to these matters. Moreover, the Commission wishes to point out that no decisions or commitments binding upon the Community resulted from the Rambouillet Conference. The fact that the Commission regards appropriate Community representation as desirable when questions of common interest are being discussed is well known.

Question by Mr Hougardy

Subject: Harmonization of speed limits

Since the difference between national speed limits create serious difficulties in road safety and certain problems within the Common Market will the Commission observe the time-limit which has been laid down (end of 1975), for the proposals on standard speed limits on motorways and ordinary roads for various types of vehicles and if not, can it indicate what stage the work has reached?

Answer

The Commission has already drawn attention to the importance of harmonizing speed limits in its answer to Mr Seefeld's written question of 10 February 1975. At that time the Commission was still hoping that it would be able to submit a concrete proposal on this matter to the Council before the end of the year. This has not, however, proved possible, since the conditions which would permit standard definitions of the various categories of roads and vehicles to be established do not exist. In the case of road categories, for example, there are differences regarding the delimitation of the term 'freeway' and the inclusion of built-up areas. The differences in the case of vehicle categories are even greater, as regards, for example, maximum permissible total weight, number of axles, inclusion of trailers, age of vehicle, etc.

When we examined the problem with experts from Member States we therefore decided to restrict the first phase of harmonization of speed limits to commercial vehicles and buses.

In the course of 1976 the Commission will attempt to find a solution to the problem of classifying these vehicles. It will then immediately submit proposals for harmonization of speed limits for such vehicles.

Question by Mr Ellis

Subject: Violation of human rights

Has the Commission protested at the detention without trial of Dr Yann Fouéré in France since 24 October, along with other prominent members of non-violent cultural and political movements in Brittany, and, if not, is it prepared to signify its disapproval of this violation of human rights?

Answer

The Commission considers that the matter referred to by the honourable Member does not fall within the sphere of activities of the Community.

Moreover, the Commission feels that it should refrain from all comment on a case which is before the courts of a Member State.

Question by Mr Hughes

Subject: Position of the secretaries at the Commission of the European Communities

What does the Commission intend doing to ensure that the Senior Secretarial Assistant posts it has available go to the members of staff they were intended for, namely the most deserving of its most senior secretaries?

Answer

The posts of Senior Secretarial Assistant and Secretarial Assistant were created under the Staff Regulations as revised by the Council on 27 June 1972. These posts are classified in Category B and graded, respectively, in career bracket B 2/3 and B 4/5.

These new provisions open to secretaries new career prospects in Category B. Since, however, promotion to a higher category is involved, Article 45(2) of the Staff Regulations requires that this should be on the basis of a competition.

The aim of the decision taken by the Council on a proposal from the Commission was to open to certain categories of officials who are, or are liable to become blocked in C grades the possibility of moving into Category B. It would, however, be going too far to claim, or to accept, that the attendant procedures, and in particular the competitions to be held, should lead *almost automatically* to the extension of career prospects in virtue of seniority. This interpretation was confirmed by the Court of Justice in its ruling of 16 October last.

Appointment to the positions of Senior Secretarial Assistant and Secretarial Assistant implies the exercise of functions and responsibilities at a level above that of Category C.

The Commission confirms that it intends to institute forthwith a competitions procedure which will make it possible to identify with complete objectivity those among secretaries already having a certain length of service in the Institution who are most deserving of promotion and best qualified to be entrusted with such duties.

The Commission is aware of the complexity and delicacy of this problem which affects some 700 secretaries. I can give an assurance that the Commission will do its utmost to reconcile the interests of the service and the provisions of the Staff Regulations, on the one hand, with the career expectations of the longest-serving secretaries on the other.

SITTING OF THURSDAY, 18 DECEMBER 1975

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IN THE CHAIR: MR SPENALE

President

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

President. — The sitting is open.

1. *Approval of the minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Texts of treaties forwarded by the Council*

President. — I have received from the Council of the European Communities a certified copy of the agreement in the form of an exchange of letters relating to Article of Protocol No 8 of the agreement between the European Economic Community and the Portuguese Republic;

This document will be placed in the archives of the European Parliament.

3. *General budget of the Communities for 1976*
(vote)

President. — The next item is the vote on the draft general budget of the European Communities for 1976 modified by the Council on 3 December 1975 (Doc. 428/75) and on the motion for a resolution contained in the supplementary report drawn up by Mr Cointat (Doc. 441/75).

We now come to the last phase of the procedure for the adoption of the general budget.

In November the Assembly adopted amendments to non-compulsory expenditure and proposed modifications in respect of compulsory expenditure.

As regards compulsory expenditure, we have nothing to add to the decisions taken by the Council during the second phase. On the other hand, Parliament still has the right to amend modifications made by the Council to amendments adopted by us in November in respect of non-compulsory expenditure. The Council's position on these amendments is set out in Document 428/75. I would remind the House that the Council has accepted Amendments Nos 82, 52, 41 and 61.

The amendments which have been modified or not accepted by the Council and to which no new amendments have been tabled are Nos 26, 19, 53, 68, 48, 56, 30, 59, 60 and 83.

In the other cases the modifications made by the Council to our amendments have resulted in the tabling of new amendments reaffirming Parliament's position. These are new amendments, which will be put to the vote during this phase, and this will be done in the order of the budgetary nomenclature.

I would remind the House that for adoption these amendments require a majority of the votes of the current Members of Parliament—that is, at least 100 votes—and three-fifths of the votes cast.

We shall vote on the various sections of the budget, then on the budget as a whole and finally on the motion for a resolution contained in Mr Cointat's supplementary report (Doc. 441/75). As in November, the vote on the 'Revenue' section will take place after that on all the other sections have been voted on this is in the interest of budgetary equilibrium.

We begin with Section I, *Parliament*, which Parliament adopted at the November part-session and on which no amendments have been tabled.

I declare Section I to be finally adopted.

On Section II, *Council*, Parliament adopted Amendment No 81, which the Council has not accepted. Amendment No 1 tabled by Miss Flesch, rapporteur, on behalf of the Committee on Budgets reaffirms Parliament's position:

Annex I — Economic and Social Committee

Establishment plan

Modify the establishment plan by the following conversions of posts:

Category A	+ 2 A3
	— 1 A4
	— 1 A5
Category LA	+ 2 A3
	— 2 A4
Category Bt	+ 1 Bt4
Category C	— 1 C2

I call Mr Cointat, deputizing for Miss Flesch.

Mr Cointat, rapporteur. — (F) This amendment has no budgetary implications for 1976.

The Committee on Budgets unanimously asks the House to adopt this amendment, that is, to uphold the first amendments adopted by Parliament.

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

President

Amendment No 1 is adopted by 117 votes to 0 with no abstentions.

Section II so amended is finally adopted.

We now come to Section III *Commission*.

On the establishment plan Parliament adopted Amendment No 64, which the Council did not accept.

Amendment No 2 has been tabled by the Committee on Budgets, reaffirming Parliament's position:

Add to the Commission's establishment plan 2 Category A posts and 3 Category C posts for the Commission departments responsible for the implementation of the Convention of Lomé.

(A) Expenditure

Increase Commission expenditure by 50 000 u.a.

(B) Revenue

Increase revenue accordingly.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets adopted this amendment unanimously. It asks the House to do the same.

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

Amendment No 2 is adopted by 116 votes to 0, with no abstentions.

On the establishment plan again, Parliament adopted Amendment No 65, which the Council did not accept. Amendment No 3 has been tabled by the Committee on Budgets, reaffirming Parliament's position:

Add to the Commission's establishment plan 7 Category A posts for staff intended for the EAGGF and the European Regional Development Fund.

(A) Expenditure

Increase Commission appropriations by 110 000 u.a. and freeze them¹.

(B) Revenue

Increase revenue accordingly.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets would again ask Parliament to adopt this amendment unanimously as it itself did.

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

Amendment No 3 is adopted by 117 votes to 0, with no abstentions.

Again with regard to the establishment plan, Parliament adopted Amendment No 51, which the Council did not accept. Amendment No 4, tabled by the Committee on Budgets, reaffirms Parliament's position:

Add to the Commission's establishment plan 2 Category A posts to ensure the permanent representation of staff.

(A) Expenditure

Increase expenditure by 33 300 u.a. to be broken down as shown overleaf.

(B) Revenue

Increase revenue accordingly.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets adopted this amendment unanimously. It suggests that the House do the same.

President. — I put Amendment No 4 to the vote.

Amendment No 4 is adopted by 118 votes to 0, with no abstentions.

We now come to Title 1.

On Chapter 14 Parliament adopted Amendment No 66, which the Council did not accept. Amendment No 5, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) Expenditure

Insert

Enter an appropriation of 1 million u.a.

(B) Revenue

Reinstate Article 994 (Revenue Chapter):

'Repayment of building loans; proceeds from interest on these loans':

Enter an appropriation of 62 500 u.a.

I would point out that Amendment No 22, tabled by Mr Laban, Mr De Koning, Mr Patijn, Lord Walston and Mr Broeksz and aimed at increasing by 25.5m u.a. the appropriations allocated to Article 900, *Financial cooperation with the non-associated developing countries*, stands only if Amendment No 5 is not adopted.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) At the first reading, Parliament voted 2m u.a. for these building loans for staff. In the spirit of austerity for which the Council asked, the Committee on Budgets proposes that only 1m u.a. should now be approved. The committee adopted this amendment by 10 votes with 2 abstentions.

President. — I call Mr Laban for an explanation of vote.

¹ This appropriation to be unfrozen only with the authorization of Parliament.

Mr Laban. — (NL) Mr President, I shall vote against Amendment No 5. Parliament has only a small margin available. These building loans are normally financed from the EEC staff pension fund. 40% of the contributions may be used for such purposes. That 40% has now been used up, since money has been lent too quickly. To meet a number of further applications, an entry is being included in the normal budget. In view of the legal position of staff, this cannot in my opinion be regarded as one of the most urgent matters. In my opinion, there are also other possibilities of financing, apart from the budget. I therefore ask Parliament to vote against this amendment.

I should add that if the amendment is adopted I shall be forced to withdraw the amendment tabled by myself and others increasing the entry for development aid to non-associated developing countries. However, should the amendment not be supported by the required number of Members, I would ask for my amendment to be retained and possibly at the end of the voting, to submit to parliament for its approval the amount that has been made available for the purpose we want it for, by an oral alteration to my amendment.

President. — What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) On behalf of the Committee on Budgets I ask the Assembly to vote for Amendment No 5 and would simply wish to remind you that in the committee no vote was cast against it.

President. — I would point out to Mr Laban that we can at this moment only vote on amendments that have already been tabled.

I put Amendment No 5 to the vote.

Amendment No 5 is adopted by 117 votes to 7, with 1 abstention.

I call Mr Laban.

Mr Laban. — (NL) Mr President, I must take it from the result of the voting that the object of my amendment has not found any support. As I have already said, I am now compelled, on behalf of myself and my co-signatories, to withdraw Amendment No 22.

President. — Amendment No 22, which has in any case become irrelevant with the adoption of Amendment No 5, is accordingly withdrawn.

On Title 3, Chapter 30, Article 305, *Community measures under the employment policy*, Parliament adopted Amendment No 67, which the

Council did not accept. Amendment No 6, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) *Expenditure*

Insert an Item 3052 — Contribution to pilot projects on better housing for migrant workers
Reinstate the token entry proposed by Commission

Item 3052 of the draft budget becomes Item 3053.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) Mr President, the Committee on Budgets adopted this amendment by 14 votes to 1. It recommends the House to adopt the amendment.

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

Amendment No 6 is adopted by 123 votes to 0, with no abstentions.

On Article 322, Item 3220, *Community technological development projects in the hydrocarbons sector*. Parliament adopted Amendment No 47/rev., which the Council did not accept. Amendment No 7, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) *Expenditure*

Increase appropriations by 3 million u.a.

(B) *Revenue*

Increase revenue by 3 million u.a.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) This amendment concerns a very important area, that of Community projects in the hydrocarbons sector. At the request of the Committee on Energy, Research and Technology, we stipulated at the first reading an increase of appropriations of 10m u.a. In deference to the conciliation talks with the Council and in view of the size of the margin for manoeuvre at our disposal, the Committee on Budgets, after a prolonged debate and while wishing to meet the request of the Committee on Energy, Research and Technology, decided nevertheless to propose an increase of 3m u.a. only. This decision was taken by 11 votes to 1, with 1 abstention.

Therefore, on behalf of the Committee on Budgets, I ask the House to adopt this amendment.

President. — I put Amendment No 7 to the vote.

Amendment No 7 is adopted by 123 votes to 0, with no abstentions.

President

On Article 322, Item 3221, *Joint projects in connection with prospecting for hydrocarbons*, Parliament adopted Amendment No 44, which the Council did not accept. Amendment No 8, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) Expenditure

Increase appropriations by 1 million u.a.

(B) Revenue

Increase revenue by 1 million u.a.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets proposes two amendments concerning amounts of 1m u.a.: Amendments No 8 and No 9 which, in fact, represent the only two truly novel activities envisaged in the 1976 budget.

It is to give expression to a political will and to meet the request of the Committee on Energy, Research and Technology that the Committee on Budgets unanimously asks the House to accept this and the following amendment.

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

Amendment No 8 is adopted by 121 votes to 2, with 1 abstention.

On Chapter 32, *Expenditure in the industrial and energy sectors*, Parliament adopted Amendments Nos 68 and 46 aimed at the insertion of a new Article 323. The Council did not accept these amendments. Amendment No 9, tabled by the Committee on Budgets, partly reaffirms Parliament's position:

(A) Expenditure

Insert an Article 323 — Prospecting for uranium deposits

Enter an appropriation of 1 million u.a.

(B) Revenue

Increase revenue by 1 million u.a.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) Like the previous amendment, this is concerned with a genuinely new activity in the area of research on uranium. I owe the House an explanation, which I should have given before Mr Laban's Amendment No 2, which was aimed at increasing by 5.5m u.a. the appropriations for non-associated developing countries from savings on a number of other items: building loans, hydrocarbons research, etc. In this case, too, Mr Laban proposed that this 1m u.a. should be deleted.

The Committee on Budgets, on the other hand, proposes that this amendment be accepted and

1m u.a. allocated for the initiation of research in the uranium sector.

President. — I put Amendment No 9 to the vote.

Amendment No 9 is adopted by 124 votes to 1, with no abstentions.

Still on Chapter 23, Parliament adopted Amendment No 6 aimed at the insertion of a new Article 329. The Council did not accept this amendment. Amendment No 10, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) Revenue

Insert a new Article 944 — 'Yield from Community borrowing for the financing of nuclear power stations'

Introduce a token entry.

(B) Revenue

Enter an Article 329 — 'Community loans for the financing of nuclear power stations'

Introduce a token entry.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets unanimously adopted this amendment on the budgetization of loans and asks the House to do the same.

President. — I call Mr Normanton for an explanation of vote.

Mr Normanton. — Mr President, I should like to give a brief explanation of vote on behalf of the European Conservative Group. Although on this occasion most of us will be voting in support of the budget being passed, we shall be doing so only to avoid creating a dilemma as regards voting. Some of us will abstain in order to register our strongly felt view that the loan mechanism is not satisfactory. By abstaining from voting we shall be registering our insistence that this has to be modified.

President. — What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) To allay Mr Normanton's anxieties, I wish to inform the House that, in view of the Council's attention of pursuing the conciliation procedure with Parliament on budgetary policy, the chairman of the Committee on Budgets intends to set up a working party, which will begin its activities in January, to examine the budgetization of loans, budgetary nomenclature, the budgetary time-table, the policy on supplementary budgets, etc.

This statement should reassure Members.

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

Amendment No 10 is adopted by 119 votes to 0, with 4 abstentions.

On Article 330, Annex I, Title 3, *Joint programme—headquarters and indirect action*, Parliament adopted Amendment No 84, which the Council has modified. As a result, the Committee on Budgets has tabled Amendment No 11:

(A) *Expenditure*

Increase appropriations by 30 million u.a.¹ in payment appropriations and 197 628 541 u.a. in commitment appropriations.

(B) *Revenue*

Increase revenue by 30 million u.a. in payment appropriations.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets adopted this amendment unanimously after a prolonged discussion.

The discussion was lively: it turned on whether the research appropriations should come out of the margin for manoeuvre.

But, the Committee on Budgets, by 9 votes to 3 with 1 abstention, decided that these appropriations should be blocked until the Council has taken a decision on the matter.

Consequently, the Committee on Budgets asks you to adopt Amendment No 11, which provides for an increase of 30m u.a. for research, but also freezes these appropriations pending the Council's decision.

President. — I put Amendment No 11 to the vote.

Amendment No 11 is adopted by 123 votes to 0, with no abstentions.

On Article 330, Annex I, Title 8 *Miscellaneous activities*, Parliament adopted Amendment No 49, which the Council did not accept. Amendment No 12, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) *Expenditure*

Increase appropriations by 1 464 303 u.a. in payment appropriations and 4 532 800 u.a. in commitment appropriations.

(B) *Revenue*

Reduce appropriations under Title 9 (provisional appropriations) Chapters 931 and 934

by 1 224 303 u.a. and 240 000 u.a. respectively (payment appropriations) and 4 292 800 u.a. and 240 000 u.a. (commitment appropriations).

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets recommends the House to adopt this amendment, unanimously if possible, since it was adopted unanimously by the Committee on Budgets.

President. — I put Amendment No 12 to the vote.

Amendment No 12 is adopted by 123 votes to 0, with no abstentions.

On Article 356, *Organization and 'humanizing' of work*, Parliament adopted Amendment No 55, which the Council did not accept. Amendment No 13, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) *Expenditure*

Increase appropriations by 1 u.a.

(B) *Revenue*

Increase revenue by 1 u.a.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) This is an amendment of principle. It has the support of the Committee on Budgets.

President. — I put Amendment No 13 to the vote.

Amendment No 13 is adopted by 123 votes to 0, with no abstentions.

On Chapter 39, *Other expenditure on specific projects undertaken by the institution*, Parliament adopted Amendment No 57 aimed at the insertion of a new Article 393. The Council did not accept this amendment. Amendment No 14, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) *Expenditure*

Insert an Article 393 — Expenditure on cultural projects (token entry)

(B) *Revenue*

Revenue unchanged.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) Since this amendment concerns budgetary nomenclature, it should not present the House with any difficulty.

President. — I put Amendment No 14 to the vote.

¹ This appropriation to be unfrozen only with Parliament's authorization.

President

Amendment No 14 is adopted by 122 votes to 0, with no abstentions.

On Title 4, Chapter 40, *Aids*, Parliament adopted Amendment No 58 aimed at the insertion of a new Article 402. The Council did not accept this amendment. Amendment No 15, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) Expenditure

Insert an Article 402 — Aid to beekeepers
Enter an appropriation of 2.5 million u.a.

(B) Revenue

Increase revenue accordingly.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Council accepted supplementary budget No 3 for 1975. This provided for the current year an appropriation of 2m u.a. for aid to bee-keepers. For consistency's sake, the 2.5m u.a. appropriation should therefore be maintained for 1976.

This is the thinking behind the amendment proposed by the Committee on Budgets, which asks the House to adopt it.

President. — I call Mr Laban for an explanation of vote.

Mr Laban. — (NL) Mr President, I should like briefly to explain why I shall vote against this amendment.

As Mr Cointat has said, it is true that, partly for political reasons, a figure of 2.5 m u.a. has been entered in the supplementary budget for 1975. This did not lead to the adoption of a regulation, which means that the amount entered in the budget for 1975 can be regarded as lost. I am not convinced that a new entry of 2.5 m u.a. in the budget for 1976 will be followed by a regulation or a proposal from the Commission that will be a basis for using this money. That means that 2.5 m u.a. of the scarce resources we have available will again be going to waste. I am therefore voting against the amendment.

(Applause from certain quarters)

President. — I put Amendment No 15 to the vote.

Amendment No 15 is adopted by 111 votes to 9, with 3 abstentions.

Still on Title 4, Parliament adopted Amendment No 7 aimed at the insertion of a new Chapter 48 and of a new Article 945 in Title 9 of the 'Revenue' section. The Council did not accept

this amendment. Amendment No 16, tabled by the Committee on Budgets, reaffirms Parliament's position:

(A) Revenue

Insert an Article 945: 'Yield from Community borrowing to provide aid for Member States experiencing balance of payments difficulties as a result of the rising prices of petroleum products'

Introduce a token entry.

(B) Expenditure

Insert a Chapter 48: 'Community loans to provide aid for Member States experiencing balance of payments difficulties as a result of the rising prices of petroleum products'

Introduce a token entry.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The aim of this amendment is budgetization, as is done with Community loans and Euratom loans.

I do not therefore need to remind you of the Budgets, which adopted this amendment unanimously. The committee asks the House to follow its example.

I put Amendment No 16 to the vote.

Amendment No 16 is adopted by 123 votes to 0, with no abstentions.

On Title 5, Chapter 50, *Expenditure under Article 4 of the new Social Fund*, Parliament adopted Amendment No 9/rev., which the Council did not accept. Amendment No 17, tabled by the Committee on Budgets, reaffirms Parliament's position:

Expenditure

Replace Article 500 by the following five new articles:

Article 500 'Aid to the agricultural and textiles sectors'

Article 501 'Aid to young people'

Article 502 'Aid to handicapped persons'

Article 503 'Aid to migrant workers'

Article 504 'Aid to sectors and regions affected by the crisis.'

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) Since the amendment concerns budgetary nomenclature, the House should have no difficulty in adopting it.

President. — I put Amendment No 17 to the vote.

Amendment No 17 is adopted by 124 votes to 0, with no abstentions.

President

Still on Chapter 50, Parliament adopted Amendments Nos 62, 63, 69, 70 and 71, which the Council did not accept. Since the new amendment tabled by Lord Bruce of Donington and others has been withdrawn, it remains for us to vote on Amendment No 18, tabled by the Committee on Budgets:

(A) Expenditure

Increase appropriations by 20 million u.a.

(B) Revenue

Increase revenue accordingly.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets held a very detailed discussion on the Social Fund and on supplementary appropriations for it, since we all know that in the present situation the Community must concentrate its entire effort in 1976 on this social problem.

Finally, the Committee opted for an increase of 20m u.a., whereas 40m had been envisaged at the first reading. The decision was reached by 8 votes to 7 with 1 abstention.

The Committee on Budgets asks the House to adopt this amendment.

President. — I put Amendment No 18 to the vote.

Amendment No 18 is adopted by 122 votes to 0, with no abstentions.

On Chapter 51, *Expenditure on Article 5 of the new Social Fund*, Parliament adopted Amendment No 8/rev./2, which the Council did not accept. Amendment No 19, tabled by the Committee on Budgets, reaffirms Parliament's position:

Expenditure

Replace Article 510 by the following two new articles:

Article 510 'Aid to improve the employment situation in certain regions, economic sectors or groups of companies'

Article 511 'Measures to help handicapped persons not eligible to receive aid under Article 4'

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) Since this amendment concerns budgetary nomenclature, the House should have no difficulty in adopting it.

President. — I put Amendment No 19 to the vote.

Amendment No 19 is adopted by 122 votes to 0, with no abstentions.

On Chapter 51 again, Parliament adopted Amendments Nos 72 and 73, which the Council did not accept. Since the new Amendment No 24, tabled by Lord Bruce of Donington and others, has been withdrawn, it remains for us to vote on Amendment No 20, tabled by the Committee on Budgets:

(A) Expenditure

Increase appropriations by 20 million u.a.

(B) Revenue

Increase revenue accordingly.

What is the rapporteur's position.

Mr Cointat, rapporteur. — (F) I have just given an explanation regarding Chapter 50. Since we are still concerned with the Social Fund, the same arguments apply. The Committee on Budgets therefore recommends that the amendment be adopted.

President. — I put Amendment No 20 to the vote.

Amendment No 20 is adopted by 124 votes to 0, with no abstentions.

On Title 9, Chapter 93, *Special measures for financial and technical cooperation with the developing countries*, Parliament adopted Amendment No 24, which the Council did not accept. Amendment No 21, tabled by the Committee on Budgets reaffirms Parliament's position:

(A) Expenditure

Insert an Article 938 — Aid for cooperation projects with the developing countries carried out by non-governmental organizations

Enter an appropriation of 2.5 million u.a.

(B) Revenue

Increase revenue by 2.5 million u.a.

What is the rapporteur's position?

Mr Cointat, rapporteur. — (F) The Committee on Budgets adopted this amendment by 7 votes to 3, with 3 abstentions. It therefore invites the House also to adopt it.

President. — I put Amendment No 21 to the vote.

Amendment No 21 is adopted by 122 votes to 0, with 1 abstention.

On Article 980, *Non-allocated provisional appropriations*, Parliament adopted Amendment No 74, which the Council did not accept. Since

President

the new Amendment No 25, tabled by Lord Bruce of Donington and others, has been withdrawn, the Council's decision stands.

I declare Section III, *Commission*, so amended to be finally adopted.

Since Parliament did not adopt at the first reading any amendments relating to Section IV, *Court of Justice*, I declare this section to be finally adopted.

Finally, I declare the *Revenue* section to be finally adopted, account having been taken of the amendments to the *Expenditure* section that has been adopted.

Before proceeding to the vote on the budget as a whole, I call Lord Bruce of Donington for an explanation of vote.

Lord Bruce of Donington. — I should like to announce my intention of abstaining from voting on the budget as a whole. My group has decided not to oppose it and indeed to support it, but I consider that the whole structure of the budget is fundamentally unsound. I have supported all the amendments to it because they are a step in the right direction, but I cannot support the whole budget concept as it has been put to Parliament. Therefore, I shall be compelled to abstain.

President. — I call Mr Dykes.

Mr Dykes. — I share the view which Lord Bruce has just enunciated in respect of the budget as a whole, although there is no contradiction between that general position and supporting the various amendments put forward by colleagues in Parliament.

My fundamental objection is to the cuts which the Council has imposed on Parliament and on the Community Budget at a time when national administrations are being obliged to cut back on their own public expenditure during a deep economic recession and when the Community budget should be much larger than it is.

With those general objections and sharing the views of Lord Bruce, I, too, intend to abstain.

President. — Since no one else wishes to speak, I put to the vote the whole of the general budget for 1976 incorporating the various amendments adopted by the European Parliament. The whole of the general budget for 1976 is adopted by 121 votes to 3, with 5 abstentions.

We come now to the vote on the motion for a resolution contained in Mr Cointat's supplementary report (Doc. 441/75).

Since no one wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

Ladies and gentlemen, following this vote, I should like, in view of the structure of our Assembly, the dual mandate that we all have, the fact that we come from all parts of Europe, the lack of any possibility of delegating votes and so many other major difficulties, to thank you for being here, for your attention, for your commitment. I should also like to underline how much the discipline and willingness shown by this House during its voting should be taken into account by the Council when meeting for conciliation talks with one or other of the Assembly's delegations. It will note how aware Parliament is of its role.

I should also like to thank the President-in-Office of the Council, whom I would ask to inform the Council of Parliament's attitude at the earliest opportunity.

(*Applause*)

I call Mr Fabbri.

Mr Fabbri, President-in-Office of the Council. — (I) Mr President, ladies and gentlemen, I should like first of all to join in the tribute that has just been paid by the President. Then, I wish to reaffirm the Council's resolve to make conciliation between the institutions increasingly effective in practical terms and to express the hope that the various difficulties which have arisen owing to the inadequacy of rules and regulations may be speedily overcome, so as to make our work even more fruitful in the future.

I have taken note of the desires of this House, expressed most clearly in its voting, and can give an assurance that I shall immediately submit the decisions adopted here to the Council of Ministers so that I can give you a reply which, I hope, will be the one that Parliament expects.

The Council of Ministers of Social Affairs, meeting at this moment in Brussels, has already been informed by telephone of the results of the voting. I hope that it will not be long before I am able to give an answer which, I trust, will meet Parliament's expectations.

(*Loud applause*)

President. — I thank the President-in-Office of the Council for the information he has just given us, which shows that the Council pays

¹ OJ C 7 of 12. 1. 1976.

President

a great deal of attention to the work we do and is doing everything in its power to allow us to complete our work today.

4. ECSC levies and operational budget for 1976

President. — The next item is the report drawn up by Mr Bangemann on behalf of the Committee on Budgets on the *aide-mémoire* from the Commission of the European Communities on the fixing of the ECSC levies and on the drawing up of the operational budget for 1976 (Doc. 437/75).

I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) Mr President, I have first of all the pleasant task of stating that in the fixing of the ECSC levies, the discussion have for some time been marked by exemplary cooperation between Parliament and the Commission. This is all the more remarkable since the legal basis for this kind of cooperation in this area is not adequate. But I should like to state quite clearly that I found this cooperation particularly pleasant while I was preparing my report. I should like to thank the Commission and its workers for this.

In its *aide-mémoire* the Commission has for the first time followed up a Parliament resolution by presenting the economic and financial background to its decision. I feel that the Commission has looked at this background with thoroughly appropriate sceptical realism regarding the necessary prophecies to be made for the coming year when this kind of rate is to be fixed.

You cannot avoid making some prophecies. We all know that economic prophecies do not hit the mark much more than other prophecies of the past. As far as I can see, various oracles, notably the Delphic oracle, have come far closer to the mark than modern economic forecasts. But I should not like to go further along those lines.

In any case, it can be taken that the data assumed by the Commission are more or less realistic. Despite the extensive information that Parliament has received, it does seem to us desirable for the Commission to give more information in future than it has done so far. For example, to assess the levy rate, it is necessary to have not only the current ECSC budget, but also an idea of the state of its assets. The European Coal and Steel Community does after all have fairly considerable assets, as is apparent, for instance, from the fact that

about a tenth, or even more, of the total budget can be financed from interest received. These assets definitely have a very special character, since on the one hand they act as a reserve for activities by the Community itself, particularly in the housing sector, and on the other are also used as a security for obtaining loans.

The Committee on Budgets quite appreciates that the special nature of these assets makes it necessary for them to be used in this special way, and that care is being taken to keep them in being. On the other hand, it should be ensured that the growth in assets bears a reasonable relationship to the levy rate and also to the activities being financed. The levy should not, for example, be subject to a hoarding policy, which would essentially treat the activities as irrelevant and see the real purpose as being the accumulation of assets. That cannot be the purpose of this levy procedure. To assess the fixing of the rate, we therefore also need an idea of the assets and loan activities of the European Coal and Steel Community in the current financial year, so that the current figures are available.

Moreover, the Commission should state what its overall policy concept is for the following financial year. The information on the allocation of appropriations that we undoubtedly have in the budget, is insufficient for this propose. It should be possible to see a kind of general line, which the Commission is going to pursue in its policy.

In saying all this, I should like once more to stress that the requests made by the Committee on Budgets have very largely been met informally. As rapporteur I have been given the information I wanted. But it should be possible to make it available officially to all members of the committee and of Parliament. However, we do not wish to regard the lack of information as a reason for making significant changes to the proposal, although we expect the levy procedure and the rate of 0.29% selected to lead to a not inconsiderably larger accumulation of reserves than in the last financial year. We also propose, therefore, that allocations be made as far as possible only within the limits necessary to retain the substance, but that surpluses be otherwise used for further activities, primarily social ones.

We have had long discussions in the Committee on Budgets on whether it might not be necessary in view of the precarious situation in both the coal and the steel industry to lower the rate by an appropriate amount or to change the basis of assessment or at least temporarily postpone the collection of the levy. The ques-

Bangemann

tion has been discussed not only in the Committee on Budgets but also with the other committees concerned, the Committee on Economic and Monetary Affairs, the Committee on Energy, Research and Technology and the Committee on Social Affairs. Particularly in the Committee on Social Affairs the unanimous view was that lowering the revenue was unacceptable. The Committee on Energy, Research and Technology pointed out in particular that research activities should not be made to suffer as a result of cuts in revenue. In the joint discussion, the Committee on Economic and Monetary Affairs took a similar line.

After heaving the opinions of the other committees, the Committee on Budgets therefore saw no reason to change the Commission's recommendation. We do not think there is any point in changing the levy rate itself, that is, to reduce it from 0.29%, for various reasons on which I shall not go into more detail now.

We also felt that changing the basis of assessment ought to be contemplated. On this the Commission said that it did not feel able to comment on the published decision setting out the legal basis for its action and propose a different rate from 15%.

I think all the committees unanimously rejected the fixing of the total increase in average values at 15%. It was not as if anyone had proposed increasing of the average values only by the 15% that would have been legally possible following the Commission's decision.

On the other hand, ideas of an increase to 30% or 45% met with legal objections from the Commission, on the grounds that it would then have to act on an uncertain legal basis. If that is so—I do not wish to go into the details—then the Commission should at least—and that is what we are recommending here—amend its Decision No 2691 of 18 December 1972, in which it does not give figures but says that it reserves the right not to apply the full rise in the average values, but to take a lower value. That gives it the latitude that it perhaps needs in some cases.

On the question of whether the collection of the levy could be postponed for a certain length of time, to take account of the difficult situation in the coal and steel industry, the following reservations of course arise: is it reasonable to adopt a procedure that leads to a reduction of revenue? Suspending the collection of the levy for three months, six months or whatever period would after all mean, postponing its correction, but doing without not just postponement, but an it altogether for that period. We should then also have to make changes

in the allocation of appropriations on the basis of the Commission's estimates. We cannot say that we are suspending the levy for three months without changing things on the expenditure side. In other words—we have tabled two amendments on which I can perhaps say something later, Mr President—a proposal for the suspension of the correction of the levy must be accompanied by a proposal for funds to be deleted on the expenditure side; otherwise, things do not balance.

We have long discussed the proposal for a moratorium, so that it would be possible for a certain period, in the cases of firms perhaps faced by liquidity difficulties because of the levy, to postpone the collection of the levy, on the understanding that it would have to be paid in full in the course of the year 1976. That would—technically—constitute a delay.

Here the Commission has given us far-reaching assurances. It has stated through its representatives that it is quite prepared to adopt this procedure, but it does ask that overly bureaucratic procedures be avoided, for example setting special conditions that would produce an involved bureaucratic process. We have complied with this request since we feel the Commission will act according to its assurances.

For all these reasons, the Committee on Budgets has approved both the proposed rate of 0.29% and the breakdown of appropriations on the expenditure side. Accordingly, in the report before you, we support the Commission's proposal.

(Applause)

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

Mr Springorum. — *(D)* Mr President, ladies and gentlemen, every year we have Christmas, and every year just before Christmas we debate the coal and steel levy, which is surely one of the most unpopular taxes in the Community, not of course with the Commission, but with those who have to pay it.

Firstly, those who have to pay it regard it as a kind of special tax, I would almost say punitive tax, because they belong to the only two industries in the Community paying this tax. Moreover, these two industries in particular, God knows, have not exactly been on the sunny side of economic development in our Community in the last twenty years. Again, this tax is independent of profits, in other words, it has to be paid whether the firms make a profit or a loss; it has to be paid in any case, and there is no carry-forward or carry-back of the loss.

Springorum

Another unpleasant thing about this levy is that it becomes due at the time of production and not at the point where money is received for the products, as is, of course, the case with other taxes.

I think the Commission should already have done something about this. Otherwise, it has always recommended value added tax as a fairer tax than turnover tax. The Commission should, I feel, think up ideas for fitting this turnover tax—since the coal and steel levy is a turnover tax—into the rest of the tax system. We have by now got used to this coal and steel levy, and we in this Parliament have in fact the hope that a tax like this could one day become a European tax. I think the Commission should think up something here.

Since I have been in this Parliament, I have had to deal with the coal and steel levy every year. Every year the Commission complains that it will hardly be able to meet its expenditure; every year we have the same old song. But we know that in 1973-74 it was possible to pay considerable sums into the Guarantee Fund and the special reserves. Admittedly, in 1975 revenue did not cover expenditure, but it was possible to meet that by not taking up commitments. Fairness, I feel calls for a little more openness here.

In its *aide-mémoire* the Commission says—and I should like to know whether this is what the Commission really thinks—that there is a need, at times of recession to increase aid to research, investment and conversion. If the funds for this come from somewhere else, that is certainly true. But if they are obtained from those actually affected, indeed those worst hit by the recession, the resulting cycling of funds is certainly not in the interests of the firms. How to start the economy going again is a world-wide problem at the moment. The Americans are showing signs of recovery. They certainly did not raise taxes; on the contrary. Those who wish to raise taxes, in this case the coal and steel levy, are therefore not helping to overcome the economic crisis, but in fact making matters worse.

Now, the Commission makes itself out to be aware of the need for stability and says that for reasons of stability it is keeping to the 0.29%. How stable we are! In fact, the average values for coal are being raised by 48% and for steel by 12%. These are considerable increases in the average values. I would very much like to know—the Commission will be best able to answer me—whether the steel industry is justified in maintaining that it cannot meet these average values today because of competition with imported steel.

In its discussions of the coal and steel levy, the Advisory Committee reproached the Commission with a lack of ideas in the present draft budget, and expressed its disappointment at this lack of ideas, on the grounds that in these times of deep recession—especially for the steel industry—the revenue surpluses of 1973 and 1974 are not being used amputere. My group has ventured to stimulate the Commission's thinking by putting before you two amendments.

These amendments contain no more than what the rapporteur says in so many words in paragraphs 17 and 18 of his report. All that needs to be done is put what is in the explanatory statement into the resolutions. The Commission will undoubtedly say that this is not legally correct, since the Commission is free in its decisions. It took a decision in the past to the effect that in view of economic developments it may limit changes in the table from the previous one to not more than 15% of the values adopted hitherto. The Commission can just as well say 30%. It is not bound by law. The coal industry also maintains that the 48% is not correct, and that this figure has also just been plucked out of the air. At the time, I would remind you, this Parliament's request was not to exceed 15% without consulting Parliament. Mr Coppé included that assurance in the decision. I admit that we could not then foresee the leaps and bounds inflation has taken. But I feel that the assurance that we would be consulted if 15% had to be exceeded should have been kept.

We have therefore tabled these two amendments. I shall have an opportunity to speak on them later.

My group agrees to the levy rate of 0.29%.
(Applause)

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

Mr Hunault. — (F) Mr President, ladies and gentlemen, I rise to reaffirm the importance which our group attaches to the principle of the levy itself, the ECSC being a model of Community building both by its seniority in experience and by the efficiency of its functioning.

The ECSC levy was the first of the Community's own resources. It opened the way to the introduction of the own resources system of the European Community.

Our commitment to the principle of the levy, now standing at a rate of 0.29%, however, does

Hunault

not prevent us from recognizing the difficulties faced at present by the European iron and steel industry. We therefore acknowledge the need for the introduction this year of methods of payment which will enable firms to deal with their cash—from difficulties.

This is why we are in favour of the amendments tabled by Mr Springorum. Amendment No 2, in particular, makes it possible to delay payment of the levies by 3 months. The advantage of this measure is to make the levy payment coincide with the marketing of the product, thus partially eliminating the anomalous present situation in which steel works make payments to the Community in advance—an unusual state of affairs.

Let us therefore adopt this measure since its object is to remedy this anomaly.

(Applause)

Mr Osborn. — I intended to speak for myself, because I have to declare an interest. I am a director of a steel company and I was rather diffident about speaking for my group. My group is, however, well aware of the importance of the steel industry to Europe and to Sheffield. I support the two amendments put forward by Mr Springorum and I should like briefly to give my reasons.

The European Conservative Group being based mainly on Britain, I have naturally endeavoured to obtain the views of the British coal industry, the independent British steel producers and the British Steel Corporation, all of whom work in their associations within the Community.

It has to be borne in mind that we have a recession in Europe, and particularly in Britain and the British steel industry which has reached unprecedented proportions. In 1974, for instance, of the total levy of nearly 70m u.a. 4.5m u.a. was produced by the British steel industry and more than 4.5m u.a. by the British coal industry.

On page 12 of his report Mr Bangemann has asked—he mentioned this also today—for an assessment of the economic situation facing the industries concerned. I could put forward information about the British industry, but I do not believe that it is in any more difficult a position than many other companies in the Ruhr and elsewhere.

It is an undoubted fact that the Chairman of the British Steel Corporation has had to announce prospects of unmitigated losses, and in the headlines of my local papers various figures of up to 40 000 redundancies as a result of rationalization in the steel industry have been

announced at a very difficult time. I doubt whether the industries of Europe are operating profitably. Indeed, many are running at a loss, although the independent companies, because of the special nature of their activities, might not be in such a severe situation.

Half of the Community's coal industry is in Britain. Britain has been very vulnerable indeed, two years ago we had a General Election and a three-day working week stemming from the question of the wages to be paid to British miners. The outcome is that stocks of coking coal for blast furnaces, some of which I see every day in Sheffield, are of proportions which I have never seen before. Again, however, the statistics are a little vague about what might happen.

I support the view of the previous speaker that Britain has been able to watch these levies and the work of the European Coal and Steel Community build up a strong industry in the Six. Therefore, we must, though with some reservations, appreciate the value of this fund in the past and look with reason at what should be done in the future.

I understand that the Community steelmakers' association has looked into what should be done. It originally put forward a proposal that there should be a six months' suspension of the levy. That proposal was put to Commissioner Ortolí at the time. I think there are many who still favour this, but a cut in the rate of levy has been asked for by many who are looking at their balance sheets and profit and loss accounts and adjusting the mechanics of the levy to allow it to be paid not at the point of production but at a later stage.

Therefore, the two amendments are put forward because the European industrial associations representing steel in particular are very concerned about the next six months. Any mechanism to delay this levy and not take money from companies already running at a loss seems to be a reasonable and responsible approach which should be taken by this Assembly. The European Conservative Group, in supporting my views in this matter, is sensitive to the fact that there are industries in Europe and obviously in Britain running at a loss rather than profitably. When those industries are running at a loss, to keep up their old rate of levy and not make provisions for a delay in payment seems unreasonable.

Therefore, on behalf of the European Conservative Group I support the two amendments tabled by Mr Springorum.

(Applause)

5. Statement on the general budget for 1976

President. — Ladies and gentlemen, I interrupt this debate to give the floor to the President-in-Office of the Council, whom I do not want to keep here unnecessarily. Mr Fabbri wishes to make a statement on the Council's position following our vote on the budget just now.

Mr Fabbri, President-in-Office of the Council. — (I) Mr President, ladies and gentlemen, as I promised in my statement a short while ago, I immediately got in touch with the Council of Ministers of Social Affairs meeting in Brussels. The Council has considered Parliament's vote on the budget, and I am happy and honoured to be able to tell you that it has approved the new rate of increase of non-compulsory expenditure, representing expenditure of 102 900 301 u.a., as voted by the European Parliament. It can therefore be said that agreement between Parliament and the Council on this new rate has definitely been achieved.

(Applause)

I think that today's events show that the conciliation procedure, despite the difficulties encountered, has proved consonant not only with the wishes of Parliament but, let me stress, also with those of the Council, that is, with the desires of all those who are firmly committed to Europe.

(Applause)

President. — Mr Fabbri, this Assembly had an opportunity yesterday of expressing its appreciation for the efforts made by the Italian Presidency during the last six months.

In the budgetary sector, for which you have been responsible, some of the exchanges we had during the conciliation talks were quite likely, but they were always extremely frank. At no time was there a lack of will to cooperate. This was due in large part to your efforts.

In line with what has been said during the debate and the conciliation talks and following the decision which the Council took immediately after our debate, I should like to thank you for the part that you have personally played in assuring the smooth passage of the conciliation procedure this year. It bodes well for ever more fruitful collaboration between our two institutions.

(Applause)

6. ECSC levies (Resumption)

President. — We will now resume the debate on the report by Mr Bangemann.

I call Mr Lange to speak on behalf of the Socialist Group.

Mr Lange. — (D) Mr President, permit me, as chairman of the Committee on Budgets, and before I speak on behalf of the Socialist Group, to tell the President of the Council how highly we appreciate the information he has given us. We would like to support what President Spé-nale has put forward as the opinion of the Parliament and add that we have reached a better starting position than hitherto for the talks which we shall have to conduct in future by the way in which we have pulled together to attain this result. Once again, thank you, Mr Fabbri.

Speaking on behalf of the Socialist Group on the report by our colleague Mr Bangemann on the ECSC levy, I would like to say that the Socialist Group agrees with Mr Bangemann's report without amendment and to the fixing of the ECSC levy at 0.29%.

We did wonder what might be achieved with the changes proposed in the resolution itself. We all know that one of the features of the ECSC levy in that very definite business, social and research measures in the sectors concerned have to be financed and that there is a tendency at any not very favourable stage of economic development in the coal, steel and iron sectors to cut down the burden on enterprises. You yourselves know what discussions we have already had on this matter and that we have decided to reduce the figure from 0.30 to 0.29%. Our agreement enabled the Commission to take a decision and increase the average values by 15%. This decision has been taken, and the Commission has thereby created a legal basis for its further work.

As Mr Bangemann has clearly said, we have discussed in detail with the Commission questions arising from the fact that not so flourishing undertakings which are under great pressure may have to cut back on research and social measures.

This is the dilemma in which we find ourselves. It is therefore to be welcomed that the Commission fully recognized in committee the necessity of considering how far help can be given to individual firms in difficulties in the iron and steel industry as on previous occasions. However, I regret that what is contained in Mr Springorum's amendment amounts to what I would call the watering can system. That is not meant to be a derogatory remark, Mr Springorum!

Mr Springorum. — (D) Watering can system is very appropriate!

Mr Lange. — (D) ...Except that in this case it favours both the right and wrong firms, that is both those that are flourishing and those that are not flourishing.

Mr Springorum. — (D) The industrious and the lazy!

Mr Lange. — (D) I am not sure whether we can reduce this to terms of industriousness and laziness. We must seek a way of allowing the Commission in same way to take account of real difficulties without favouring those firms which enjoy a satisfactory market situation. No-one could justify this, since it would neutralize the effect of the ECSC levy.

There is one more factor: in individual cases it is quite possible to defer payments. There is not the slightest objection to this. If you were to mention that in your amendment, Mr Springorum, I would have no misgivings. But your amendment covers all firms. As Mr Bangemann has said, and this is our view, too, the payments deferred for the 1976 levy year must be paid, not in the year 2000 or some other time, but for the year 1976; then must be paid in due course. If the position of the firm has not improved by then, the Commission will have to seven its decision in individual cases. I would therefore be grateful, Mr Springorum if, in view of these points, you would once again reconsider your own position and that of your group and agree to an individual rather than a flat-vote arrangement. The motion of a resolution tabled by Mr Bangemann if it is accepted by Parliament, makes it possible, to take the actions I have outlined. I would therefore not make any further comments on these two amendments. Nor would I like to make any further limitations. The contents of paragraph 6 have also been discussed with the Commission. What you want is to maintain the 15% rate of increase for average values and at best allow an increase to 30% on one particular occasion.

I believe that the Commission should be allowed a certain amount of latitude here and not be too hemmed in. No one can forecast without reservation specific economic developments, either positive or negative.

The recourse to reserves is a problematic affair as these reserves are fixed at a certain amount. At the most a fifth of the reserves are free for such purposes. Otherwise the reserves form the backbone of the ECSC loans policy. I believe they must be retained for this purpose. We know that a proportion of the expenditure of the European Coal and Steel Community is devoted to raising loans and passing on the proceeds. And as we have already said in committee, we

do not wish to touch these resources for the reasons mentioned here.

So that means we must continue to regard these reserves as a credit basis. What is more, if we were to take actual turnover rather than production as our basis, we would have a quite different kettle of fish. If I have understood correctly, Mr Springorum, you want payments made only when a return has come in and not at the production stage.

Mr Springorum. — (D) Within three months!

Mr Lange. — (D) ...Three months, but the payments for those three months must be made in the next few years. And three months not for all but only for those in real difficulties. Here we agree, but not on the matter of a general extension. This you cannot seriously want, Mr Springorum! All I am saying is that we cannot touch the reserves, which are in practice the basis for the creditworthiness of the ECSC and must therefore be maintained. So much for this part of the question.

Once again, we therefore agree without reservation with the view put forward by the rapporteur of the Committee on Budgets.

Now there is another question: we shall in fact have to consider—and here I am returning to a point which we have discussed on earlier occasions, and the President of this House will no doubt also remember these discussions—whether it is feasible in the long run to maintain the levy fixed by the Treaty establishing the European Coal and Steel Community for only two sectors of the economy, or whether we should not all give thought to the possibility of either extending this levy to all Community undertakings or turning it into purely and simply a tax levied on all undertakings. This brings us to a question referred to recently in the House by Mr Dalyell, namely whether it would be advisable to make up own resources purely and simply from net turnover tax, as was in fact the intention from 1 January 1975. In other words, we shall have to give this matter thought in the future.

I would not like to abolish these own resources. Here I can put the present President's mind at rest, since that was his constant concern when we based our economic policy considerations on equal treatment of firms. So in the course of time this must also be considered and examined. But the basis for these own resources should not be given up lightly. This is an idea which had to be raised again in this House; it did in fact play a part in the deliberations with the Commission in the Committee on Budgets. As I said earlier, we are at present only concerned

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with what is necessary under the ECSC Treaty. Once again: we agree with the report submitted by Mr Bangemann for the Committee on Budgets.

(Applause)

President. — I call Mr Aigner.

Mr Aigner. — (D) Mr President, ladies and gentlemen, I asked to speak because I am of the opinion that our views do not differ so very greatly. I fully understand what Mr Lange has said. But, Mr Lange, if you wish to introduce a means test—since this is what it amounts to—for the three-month period, then I can assure you that it will take longer than three months and you will not be able to find objective criteria. This is the problem. It is something for which you need new officials and an kinds of other things.

I find it impossible to accept such a complicated procedure. That is one of my arguments.

The second argument is that both industries, both coal and steel, are at the moment in a difficult position. If this increased levy is to be imposed—and in view of the basis of assessment it is a greatly increased levy—they will have to go to the capital market.

That means that they will have to pay high rates of interest. At the same time, however, the Commission is sitting on a cushion of capital and reserves and does not even receive half of the interest which the other parties have to pay to contribute to those the reserves. Economically, this is simply not tolerable.

In my opinion these three months could well be absorbed with the reserves, in the spirit of an economic cycle. I believe that the Commission would also be willing to take this course. We do not want to make things more complicated, Mr Lange, than they are in reality. I believe that these three months can be accepted without further ado. I am very much in favour and would even say that the Commission should now work out appropriate proposals. When the economy has warmed up again, this benefit of a three month respite could be abolished not over a single year but over a longer period such as two years and the gap which you believe would be created, could be filled by capital operations from the reserves, from the general budget of the Community. I therefore believe that it is right, especially from short-term economic point of view, to accept the two amendments tabled by Mr Springorum.

President. — I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) Mr President, I would not like to waste time complaining that these amendments were not presented at an earlier stage in committee under the normal procedure. We discussed all these problems in the joint meeting with the Committee on Social Affairs and Employment, the Committee on Energy, Research and Technology and the Committee on Economic and Monetary Affairs and in three meetings of the Committee on Budgets. No Member of this House presented any amendments at any of these meeting. But I would really not like to dwell on this matter, but rather draw the attention of my colleagues to the following consequences. It is really not true that our differences are not so great: on the contrary, we disagree fundamentally, Mr Aigner.

The financial implications of the two amendments would be as follows: if we accepted Amendment No 1, that is the increase in the average values to 30% instead of the 50% proposed—I presume you are only referring to coal, although this is not mentioned in your amendment, since the Commission itself proposes only 12% for steel—we would lose 20%. As our revenue is about 20% of the total revenue for coal, this would mean losing approximately one-third of the amount made up of earlier amounts and the increase, which makes roughly 3.5m u.a. That is not a huge sum, but now we come to the amendment on paragraph 7. This amendment will not simply mean deferring payments but, if it is accepted, will make a three-month gap, in the present calculations, between the time of production and the date on which the levy is due. So in 1976 we shall lose a quarter of the amount expected. You will have to include coal in the calculations and that means that, of a total of 106m u.a., some 26 or 27m will be missing. Together with the other amount that makes 30m u.a. which we will no longer have for the year 1976.

I believe it is only fair and proper to mention this fact and to ask where we are going to make the cuts to make up for this shall we cut down on social measures, or on research? These were important factors in the discussion. I do not deny—nor does the Commission—that there may be liquidity problems in individual cases. During deliberations in the Committee on Budgets the Commission expressly stated that it was prepared to consider such cases and defer payments for even more than three months if that was absolutely necessary, but only by way of postponement: the amounts must be collected for 1976.

Your proposal, Mr Aigner, which I see that two groups are supporting, unfortunately means that we would have at least 25% less money in 1976

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—although the loss would in all probability be even greater. This is not something we can simply debate out of existence. From the moment you allow three months for payment the money will no longer be available for the year 1976. You are mathematically correct if we assume the European Coal and Steel Community is to exist for ever. It is mathematically correct to say that at the point where the infinite and the finite intersect these amounts will be recouped. But I wonder what use that is going to be to us in 1976. We should then have to say: we want less housing, for instance, or less research. We must count on having 30m u.a. less to spend. Anybody in favour of this can vote for your amendments, but he will have to say at the same time that he wants to cut down on social expenditure, or on research expenditure; no other honest conclusion is possible from your amendments.

(Applause from the left)

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — *(F)* Mr President, as Mr Springorum was just saying, each year as Christmas approaches we congratulate ourselves on the friendly and constructive tone of the consultation between Parliament and the High Authority, which has since become the Commission of the European Communities, in examining the problems of the ECSC, and particularly its budget and the levy rate.

Each year we recall that the High Authority has in theory the sole and sovereign right of decision in this matter, but that, quite naturally, it puts them squarely before you for discussion before taking the smallest decision.

Let me, then, this year once again express my satisfaction at this spirit and this constructive approach to cooperation and let me thank, apart from the rapporteur, the Committee on Budgets, the Committee on Social Affairs and Employment, the Committee on Economic and Monetary Affairs and the Committee on Energy, Research and Technology.

The report and motion for a resolution before you show some improvements in the manner of presentation, especially as regards the inclusion of a first chapter devoted to the current political and financial background. This is in accordance with the directives given us by Parliament last year, and I am pleased to be able to tell you at once that the new directives designed to improve our report from next year onwards will be followed. As stipulated in paragraph 3 of the motion for a resolution, we shall now be providing an up-to-date account of the

assets and loan activities of the Community, a clear description of the general lines of our policy and an up-to-date account of production and of the levy yield for the current financial year.

The ECSC budget differs from the general budget in a number of characteristics which seem to me exemplary and which the fortuitous fact of the close succession of the ECSC and general budgets debates clearly brings out. For one thing, the ECSC budget is a revenue budget, that is, we make reasonable estimates of our revenue and on this basis make choices as to the identified needs to be met. Thus, the crisis situation having regrettably reduced revenue in 1975, we also reduced our expenditure in that year. These reductions were obtained automatically by a decrease in re-adaptation activities as a result of the crisis and by a very slight reduction in the 1975 estimated appropriations for aid to research and for interest rebates.

Thus in 1976, too, we have to reduce our ambitions according to our means, which for this year we estimate at 106m u.a.

There is no similar approach in the general budget. Some governments have attempted to introduce it into the budget discussion this year, but the very structure of the general budget and the nature of a number of policies covered by the general budget do not permit such an approach—a fact which some may deplore.

The ECSC budget is all the more consistent in its form because it is a commitment budget, that is, the commitments figuring in it are immediately translated into expenditure in the course of the same financial year, or into the corresponding reserve funds needed to carry out all these commitments, thus avoiding the always hazardous practice of carrying over payment allocations from one year to the next, under conditions which are particularly open to criticism. Finally, the ECSC budget is exemplary in that we do have a genuine unit of account.

From 1 January 1976 it will be the European unit of account, the unit of account of the European currency basket, which will be used, and not the unit of account which has become highly notional now that the standards of reference for its calculation are no longer what they were.

Let us now look at this budget. It is being put before you, first, at a moment of particularly difficult conditions for the iron and steel industry. This fact was mentioned, very rightly, by the general rapporteur and by several speakers in the House.

The utilization of the European iron and steel industry's productive capacity is today 60% at

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most; that is a dramatic situation, and we dare not hope for any major upturn in production in 1976. The production estimates we have put as a basis for reference in our report is 135m tonnes, while in 1974 European steel output was 156m tonnes. And we are not even sure whether this figure of 135 m tonnes can be reached.

This low production level, due to the crisis, is aggravated by tumbling prices caused by cut-throat competition from certain imports, entering under conditions which are hardly acceptable and on which we should certainly have a discussion and take decisions soon.

All this has as its consequence a most disturbing amount of short-time work. By the end of August it affected 110,000 workers, and at the end of October, 174,000. At that point each man was losing 37 working hours per month. That is a very serious situation and our assessments have been made against that background.

In the coal sector the situation is less grave, to the extent that, in this area, all the governments recognize the need for a production effort and the relevance of the objectives proposed by the Commission in the field of energy policy.

These are, if I may remind you, the maintenance of an output rate of 260m tonnes of coal by 1985, and if this target is revised it will be upwards and not downwards.

This is the perspective in which the draft budget prepared by the High Authority, now the Commission, should be seen. It includes unavoidable expenditure, on which I shall not dwell, to the amount of 49m u.a. The rest had to be allocated according to the resources at our disposal.

We thought that research activities must continue to receive support as they have in the past. We propose that 65% of the applications submitted should be granted, with 42m u.a. allocated to research as compared with 35m u.a. in 1975.

This will permit the volume of research in the coal sector to be maintained—a very important factor since the competitiveness of the European iron and steel industry partly depends on advances in research, for the industry is now switching to high-quality output.

It will be possible to expand research in the coal sector on both work safety and conditions in the mines. The research appropriations in the coal sector will rise from 13.4m in 1975 to 17m u.a. in 1976.

A special effort will be made in the area of social research. And here I must correct a mistake I had just made: it is under this heading that research on work safety and conditions in the mines comes.

Another sector where we wish to maintain and expand the ECSC's activities is industrial conversion. I should like to remind you that over the last three years it has been possible, thanks to subsidized loans from us, to create 10,000 new jobs in area affected by closures of firms.

This year we should like to increase the loan rebates from 13 to 15m u.a., which would enable us to grant about one hundred million u.a. in loans with interest rebates.

Finally, we intend to continue the ECSC's rather impressive effort in the area of subsidized housing. It should be remembered that 138 000 dwellings are already being financed in this way. We should now be starting the first stage of the eighth programme, covering 9 000 dwellings.

All this we propose to do within the limits of a levy rate established in 1972, and not changed since then, of 0.29%. It is a levy rate based on standards calculated as in the preceding years.

Should we, and could we, have gone further? We did not think so. The crisis we are facing is a grave one and, much as we should like to increase the ECSC's resources, we did not think we could go beyond the 0.29% rate of recent years. It is something we regret, for we should have liked to make a more special effort in the social area because of the crisis.

We are aware that the governments already meet the cost of compensation for lost earnings due to short-time working. Nevertheless, we should have liked to make our own contribution, but we did not think this would be possible. Our effort in the social area will comprise: expansion of research, continued construction of low-cost housing and, in accordance with the recommendations of the four committees, a decision to allocate any surplus from the levy yield to additional activities in the social sphere, as indicated in paragraph 5 of the motion for a resolution.

Or should we, instead, have tried to keep well within the amount of the resources available? The Commission does not think so. And on this point its attitude differs from that stated in a letter sent to us by the iron and steel club and from those expressed in some proposals made in this Assembly.

It is recommended in the report and the resolution that we should amend Decision No 2691 so as to have, from the 1977 budget onwards, a more flexible tool for holding back increases in average values used as the basis of assessment for levies.

We have already undertaken to implement this recommendation. The matter is being studied now. Pursuant to Article 50 of the Treaty of

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Paris, the recommendations of the four committees and the recommendations which this Assembly will probably make if it adopts this motion, should be submitted to the Council.

But we are not yet able to follow this procedure for the 1976 budget and the Commission must, therefore, oppose Amendment No 1.

We are extremely conscious of the problem of liquidity of undertakings. In the present economic situation it is a very serious factor. But I should like to make sure that there is no misunderstanding on the respective importance of various problems.

I should like to remind you that the total turnover of the entire coal and steel industry is about 30 000m u.a., so a delay in the payment of some 8 or 10m u.a. for a month is hardly going to affect the cash-flow position. But above all, we cannot accept a sudden drop in the ECSC's revenue because that would jeopardize our ability to meet the requirements that we intend to meet. Parliament must therefore tell us which of these requirements we must let go by default.

I should like to draw the attention of each Member of this Assembly to his responsibility in another area. The ECSC has become the prime financing institution for investments in the iron and steel and coal industries of Europe—I mean what I say: we are the principal financier! About 20% of investments in these two industries comes from loans granted by the ECSC. We are able to do this because we have access to the financial market. Our position on it is excellent and our operations particularly advantageous. Let me remind you that ECSC borrowing from all sources—including the world financial market—has totalled 2 170m u.a. over the last twenty years, there of 263m in 1973, 528m in 1974 and 700 m in 1975. In 1975 our average interest rate commitment—I should like to call your particular attention to this—has been 8.5%: we are at this moment one of the best financial propositions in the banking world.

It is because we have such a good name that we have been able to borrow at an average rate of 8.5% for an average period of 7 years. Thanks to this, the Commission's services have been able to grant to the iron and steel and the coal industries alone loans of 378m u.a. in 1974 and 700m in 1975. The ECSC has been playing, as it ought to, its proper part in this period of crisis and if the industry has been subject to this special impost tax, as Mr Springorum has called it, of 73m u.a. it has also in 1975 been able to benefit from the kind of loans that no other industry in Europe currently enjoys. This is how things are in respect of the particular burdens

imposed by the Treaty of Paris. It would not have been possible if we had not had such a very good name.

This is why we have, as at September 1975, total liabilities of 2 000m u.a., compared with reserves of 240m u.a. and funds at call of 200m u.a.

I should like to point out, with reference to the Commission's responsibilities, that if you jeopardize the security of our revenues, you will ruin our credit on world markets and this will immediately result in a deterioration of the terms on which we are able to borrow. At this moment they are exceptionally advantageous compared with what any other banking institution can obtain. Please do not undermine this credit, then, by casting doubt on the automatic nature and the security of these revenues.

This is why the Commission is reluctantly obliged to ask the House to reject Amendment No 2.

The Commission is thus entirely in agreement with the rapporteur and with the four committees. It also feels that if these highly technical matters could have been debated more thoroughly in committee, as probably would normally have been the case, the committees would have come to share the Commission's opinion, so brilliantly expressed by the general rapporteur. The Commission therefore recommends that the motion for a resolution be adopted in the form in which it has been submitted by the four parliamentary committees.

(Applause)

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

Mr Fellermaier. — *(D)* Mr President, I move that the debate be closed immediately pursuant to Rule 32 (1) (c) of the Rules of Procedure and that we now vote.

President. — I put Mr Fellermaier's proposal to the House.

It is agreed that the debate should be closed.

We will now consider the motion for a resolution.

I put the preamble and paragraphs 1 to 5 to the vote.

The preamble and paragraphs 1 to 5 are adopted.

On paragraph 6 I have Amendment No 1 tabled by Mr Springorum:

Paragraph 6 to a read as follows:

- Request the Commission pursuant to its Decision No 2691 of 18 December 1972 not to increase the average values by the full amount

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of the price increase but only by the 15% modification laid down in this Decision. In view of the exceptional rise in prices, however, a single and unique modification of twice the percentage, i.e. 30%, seems justified;

I call Mr Springorum.

Mr Springorum. — (D) Mr President, I believe it is important for me to move this amendment since so far it has been discussed only by the other side and not myself.

May I be allowed to point out that paragraph 6 as it stands in the present motion for a resolution does not correspond to the facts. It must therefore be amended. The text is:

'Recommends the Commission to amend its Decision No 2691 of 18 December 1972 to the effect that increases in average values should not have to be fully implemented;'

There is a Commission decision stating that the Commission may restrict modifications to average values to not more than 15% of the values previously recorded, in the light of changes in market conditions. It has indeed made the decision not to appon earlier increases July with the result that this paragraph 6 is not entirely correct.

In proposing the amendment that on this one occasion the increase should be 30% rather than 15%, my intention was to draw the Commission's attention to the fact that it had promised Parliament to keep the increases small. I greatly regretted that last year the Commission increased the steel levy by 30% without consulting or reporting to Parliament. This conduct is regrettable.

The Commission is free in its decisions. It can decide whether to increase the values by 15 or 30%. This is left to its discretion.

I would like to go into a basic flaw in these price increases. The rates of inflation in our countries vary considerably. As a result, the price increases necessarily also vary. I consider it intolerable that price increases...

Mr Fellermaier. — (D) Are you going to open the debate again?

Mr Springorum. — (D) ...I am moving my amendment. I have a right to move my amendments, do I not?

We have to set an upper limit since the price increases and therefore the average values in the Member States are different. I believe that the Commission would be well advised to follow this upper limit. I would even be prepared to withdraw the amendment on behalf of my group if the Commission were to concede that in

certain cases the average values will not be increased. If a country produces large amounts of certain products and the price of these products is considerably increased, some account should be taken of the position in other countries. That is the aim of my amendment. If I had the Commission's agreement I would be prepared to withdraw the amendment.

Mr Bangemann spoke of the large losses which the Commission would make. The amount involved in Amendment No 1 is 1.6m u.a. I would say that this amount almost comes within the margin of error which always has to be allowed for in such a budget.

So my question to the Commission is: Is the Commission prepared to agree that the rate of price increases should not always be extended, and that a certain limit should be set?

President. — I call Mr Cheysson.

Mr Cheysson, member of the Commission. — (F) Conscious as I am of how knowledgeable Mr Springorum is on these matters, I am somewhat at a loss to understand what exactly it is he is asking.

The average value is a value calculated by reference to an overall Community average. Thus there is automatic compensation.

As to a ceiling on the agreed increase in average values used as a basis of assessment, I have just said that, in line with what had been discussed in the four committees, the Commission will draft an amended version of Decision No 2691 and then submit this proposal to the Council, as stipulated by Article 50 of the Treaty of Paris. This can be done in the next few months so that it can be taken into account for the 1977 budget.

President. — Mr Springorum, are you maintaining your amendment?

Mr Springorum. — (D) No, Mr President.

President. — Amendment No 1 is accordingly withdrawn.

I put paragraph 6 to the vote.

Paragraph 6 is adopted.

On paragraph 7 I have Amendment No 2 tabled by Springorum:

Paragraph 7 to read as follows:

'7. Is of the opinion that the envisaged increase in average values could, in the present economic conditions, lead to serious liquidity prob-

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lems and therefore calls on the Commission to amend the mode of payment so as to allow for a delay of 3 months between the date of production and the date on which the levy is due;

I call Mr Springorum.

Mr Springorum. — (D) Mr Cheysson has spoken of the dramatic situation in the iron and steel industry, and I believe that this Parliament also has a duty to make its view known. We all know about the endangering of jobs in the iron and steel industry. Mr Cheysson has himself spoken of this danger.

We really do have to ask who has at present most to lose from withdrawal of finances, the Commission or the iron and steel industry? I would say that the dangers, the liquidity problems are greater for the steel industry than for the Commission. It simply is not true to maintain that the Commission would then not be able to fulfil its tasks properly. If it does indeed change the method of payment so that money is entered three months later it would become such an excellent prospect on the capital market—as Mr Cheysson has himself explained—that it would always receive money to fulfil its tasks. There would be no gap.

Now you are saying that this is a loss for all times. I fully believe that we could insert the words 'until further notice' into my amendment. The Commission would then be free to change it when it wished. At present the iron and steel industry is going through a period of loss. It cannot set the ECSC levy against tax. It would therefore be a great advantage for it to have this breathing space so that it could then pay three quarters in one year and set this off against tax.

I also believe that Parliament should in this case show that it is necessary to help the iron and steel industry. I maintain my amendment with the request that it should be changed to read 'to allow, until further notice, for a delay of three months'.

President. — (D) I call Mr Bangemann.

Mr Bangemann, rapporteur. — (D) Mr President, I would like to point out that Mr Springorum should not confuse two factors: the question of a delay, a mode of payment which is quite clearly referred to in paragraph 7 of the resolution, and the question of whether money should be sacrificed. Even if you say 'temporarily', the problem remains. If you only mean the mode of payment, then paragraph 7 is quite adequate; we do not need your amendment. Paragraph 7 states quite clearly '... calls on the Commission to amend the mode of payment

provisionally to take account of the difficult financial position of undertakings'. The Commission has already explained to the Committee on Budgets that it will take extensive account of these liquidity problems.

So your amendment is either not necessary, since it says the same as paragraph 7, or it means more, namely a loss of 25m u.a. in 1976, which is unacceptable.

(Applause from the left)

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

Amendment No 2 is not adopted.

I put paragraph 7 to the vote.

Paragraph 7 is adopted.

I put paragraphs 8 and 9 to the vote.

Paragraphs 8 and 9 are adopted.

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

The resolution is adopted.¹

7. Final adoption of the general budget for 1976

President. — Ladies and gentlemen, with the statement made by the President-in-Office of the Council accepting the proposals resulting from our vote on the budget and consequently accepting the new rate of increase in non-compulsory expenditure, the procedure laid down in Article 203 (7) of the EEC Treaty, Article 177 of the EAEC Treaty and Article 78 of the ECSC Treaty as been completed, and the general budget of the European Communities for 1976 is therefore finally adopted.

The final text will be published in the 'L' series of the Official Journal of the European Communities.

(Applause)

8. Change in the agenda

President. — Last Monday Parliament decided to postpone the debate on the report by Mr De Koning on the organization of the markets in cereals and rice until the Bureau had taken a decision on the basis of a note from the Committee on the Rules of Procedure and Petitions on the implications for the Rules of Procedure of a negative vote in plenary sitting on the whole of a motion for a resolution.

¹ OJ C 7 of 12. 1. 1976.

President

The Bureau discussed this matter on Tuesday and instructed me to ask the chairman of the Committee on Agriculture if he feels this report can be discussed by Parliament in its present form and if he intends to propose to Parliament that it be included in the agenda of this part-session.

I call Mr Houdet.

Mr Houdet, chairman of the Committee on Agriculture. — (F) On 16 and 17 September the Committee on Agriculture made a proposal which was supported by a large majority. Following the debates of 26 September 1975, when it was decided to refer the question back to committee, the Committee on Agriculture examined the report once again on 2 and 3 October and found that there was no new information or new argument which would justify changing its proposal of 16 and 17 September.

Consequently, the Committee on Agriculture is ready to submit the same report to the Assembly.

President. — In the circumstances I propose that this report should be debated after the report by Mr Brégégère on the French overseas departments (Doc. 434/75).

Are there any objections?

That is agreed.

9. Membership of committees

President. — I have received from the Socialist Group a request for the appointment of Mr Espersen to the Political Affairs Committee in place of Mr Knud Nielsen.

Are there any objections?

The appointment is ratified.

10. Retention of Santiago de Chile as the seat of the delegation of the Commission

President. — The next item is the report drawn up by Mr Lücker on behalf of the Political Affairs Committee on the retention of Santiago de Chile as the seat of the delegation of the Commission of the European Communities to Latin America (Doc. 429/75).

I call Mr Giraud.

Mr Giraud, deputizing for the rapporteur. — (I) Mr President, I think that the motion for a resolution adopted unanimously by the Political Affairs Committee does not call for an extensive

explanatory statement, since its text is so clear and so detailed that it can stand on its own and, I hope, meet with the unanimous approval of this House as well.

As you know, the resolution emanates from that tabled on 10 July 1975 by Mr Fellermaier, expressing the Socialist Group's indignation at General Pinochet's defiant statement that democracy could not be restored in Chile in the near future. That feeling of indignation was fully shared by all the members of the Political Affairs Committee, as shown by paragraphs 1, 2, 3 and 4 of the motion for a resolution, which condemn the violation and suppression of democratic freedoms in Chile, express concern at the continued trampling of human and civil rights in that country, affirm solidarity with its people and demand that all those Chileans detained in inhuman conditions for their political convictions should be freed.

These four paragraphs raised no controversy within the Political Affairs Committee. There were, on the other hand, difficulties concerning paragraph 5. The Fellermaier resolution called for two moves: first, for representation by the Council and the Commission of the European Communities to the United Nations to persuade that organization to move its Economic Committee for Latin America from Santiago de Chile to another capital and secondly, for the Community's own Information Office to be moved.

The Political Affairs Committee decided to omit the first demand, since it conceded the United Nations and since no Member State had taken any initiative within that organization on the lines suggested in the Fellermaier resolution. But on the second point there was some hesitation, not because of a lack of agreement as to the advisability of making such a move soon. It should be noted that the Information Office is not accredited with the Chilean Government as such, but is a Community Office which, although located in Santiago, operates in all the Latin American countries.

In addition, it was pointed out that if it was decided to transfer the office, it would not be easy to find a location which offered all the requisite guarantees. It was also pointed out that as long as the other international bodies remained in Santiago, there was no reason to remove the Community's office. To this someone added the observation that while the Community's office could in no sense be seen as endorsing, even indirectly, the present Chilean regime—that must be quite clear—it could, on the other hand, in the isolated state of the Chilean nation, represent a point of contact and a source of moral support to the citizens of Chile and a link, however tenuous, with the outside world.

Giraudó

The Political Affairs Committee finally proposed—and this formula was accepted by every one—that the Commission of the European Communities should reconsider the position of the Information Office in the light of two conditions: a return to democracy and the respect of human and civil rights. In effect, therefore, the Commission is being given time to reflect and decide upon the advisability of maintaining the office in its present location or, should its transfer be decided, of finding a more appropriate seat. Another reason why we adopted this line was that, at the Rome meeting, Commissioner Gundelach had made certain statements to us, more in his own name than on behalf of the Commission, which at that time had not yet taken position on the matter. I do not know whether Commissioner Gundelach will be able to tell us more today.

Mr President, I have nothing to add, except to ask the Assembly to adopt the resolution and if possible, to do so, unanimously.

(Applause)

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

Mr Corona. — (I) Mr President, the tragedy of Chile is too grave, and too violent the affront presented by the daily reality of Chilean life to the democratic conscience of the modern world, the conscience of which we, as members of this Parliament, are also guardians, to allow its condemnation to be weakened by the slightest shade of dissent over marginal matters.

In this condemnation we are not alone, but in the company of nearly all the international organizations, the latest among them the United Nations Investigating Committee, which denounced the systematic political repression and the violation of human rights in Chile and the UN Assembly's Social, Humanitarian and Cultural Committee which, in a resolution of 11 November last, expressed its deep distress at the constant, continuing and flagrant violation of human rights, including the routine use of torture which has occurred, and—according to available evidence—continues to occur, in Chile.

The answer of those responsible for the political realities of Chile is, ladies and gentlemen, wretched, both in form and content. Two days ago, President Pinochet took half a page of the *London Times* to reply to the United Nations resolution.

But *The Times* of Tuesday, 16 December not only puts a border around this statement—journalists will recognize the significance of that—

but in addition warns that it is a paid advertisement. General Pinochet is obliged to spend his people's money to make his arguments heard, and to spend it badly, since his reply boils down to a repetition of the old clichés used by every dictatorship since time began: that human rights exist, but must be subject to certain conditions and in emergency or as normal situations may be restricted and that United Nations or any of its members have no moral authority to pass judgments of this kind. In conclusion, General Pinochet writes:

'We will continue our challenge so that the whole world knows the truth.'

It is precisely to such a challenge that the Socialist Group wanted Parliament to reply when General Pinochet declared in Madrid that neither during his rule nor—anticipating the future—that of his successors, will democracy or elections ever be restored in Chile. Our proposal was a dignified and, I think, a necessary reply from a free parliament, such as ours, to this challenge.

I am glad that today's resolution comes at a time when General Pinochet has been attempting to influence world opinion by means of a paid advertisement in a respected British newspaper.

The condemnation is contained in the resolution before us and in those of its paragraphs referred to by Mr Giraudó, whose efforts, in the course of this protracted debate, to achieve a common position my group and I wish to acknowledge.

I need only point out, Mr President, that the statement on the page 3 of Document 429/75 that 'the motion for a resolution drafted by the rapporteur'—who was absent from the subsequent meetings of the committee—'was considered by the committee ... and adopted unanimously at the last of its meetings by all the members present' is not accurate. It is inaccurate because it suggests that the committee approved the original draft submitted by Mr Lúcker which, in fact, was substantially different. As Mr Giraudó has admitted, there was at the beginning a kind of justification of the crime—which fortunately, we subsequently deleted—in the statement that the Political Affairs Committee was well aware of the motives and circumstances which had induced the military to carry out a *coup d'état*: a statement tantamount to excusing the violation of a manifestly and undeniably democratic legitimate order. That passage was, luckily, deleted and I should add that the operative part of the motion was also modified. It is true that in the resolution before you today we do not stipulate the immediate closure of the Information Office still maintained by the Commission

Corona

in Santiago to cover the whole area of Latin America. What we do ask of the Commission, and what we expect it to do as quickly as possible, is to arrive at a decision on the matter if the situation condemned in the first paragraphs of the motion for a resolution does not change, that is, if respect for human rights is not restored—which is to say if torture is not abolished—and also the conditions for democratic life, that is for the free expression of the Chilean people's will.

Ladies and gentlemen, two arguments were advanced by other members of the Political Affairs Committee, including those of our group, against making such a decision. One of them is concerned with finding a new location for the Information Office. This argument is rather reminiscent of the reasoning of someone who might say that since it is raining everywhere—for, in fact, there is nowhere where secure democratic conditions can be guaranteed—you might just as well stay where there is a cloudburst and actual flooding. It does not seem to me a very convincing political argument. Secondly, and this was echoed in the rapporteur's introductory statement, it was argued that a point of contact is needed. We maintain that what is needed, once a condemnation has been expressed, is a logical conclusion to that condemnation. We, in this Parliament, have already had experience of such situations: the case of Greece which was debated in this Chamber more than once. At that time, too, there was among the other political groups, though not in ours, much hesitation and obstruction. Nevertheless, after democracy was restored, we saw these same groups in Athens rushing to proclaim their democratic solidarity with the Greek people with the aim of earning an abiding gratitude which, in the case of the Chilean people, we should like to see extended to the European Parliament as a whole.

It is for these reasons, and with these feelings, ladies and gentlemen, that we shall support the resolution before us.

(Applause from the left)

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

Mr Klepsch. — *(D)* Mr President, ladies and gentlemen, my group fully supports this motion for a resolution.

We are aware that we have had several debates on Chile in this House, which are still present in our minds. At this point I would simply refer Mr Corona to the fact that we realize the Allende regime was not a democratic one as we know it,

and that majority decisions of the Parliament, court decisions, laws and the Constitution were disregarded. But that is—quite clearly—no excuse—for the Pinochet regime and its conduct.

My group is quite clear about the significance of this repression, especially when people are exposed to murder attempts in other countries as happened to our friend Bernardo Layton in Rome. So I can say without reservation on behalf of my group that where dictatorships of this kind manifest themselves, we know that fundamentally we have nothing in common with them.

This naturally also refers to the impudence of such dictatorships. Impudent as the advertisement of Mr Pinochet may seem in our eyes, we also find it impudent of the German Democratic Government, as we have learnt today, to expel the correspondent of the *Spiegel* simply because the latter carried his report on the impossible conditions under which children are adopted in the GDR. One breach of the final document of the Helsinki Conference is immediately followed by a second. I do not believe a regime of this kind can be more impudent than to breach a declaration which has just been ceremonially signed by all the nations of Europe. The reason I put such emphasis on this is because I fully share the opinion of my colleague Mr Corona with respect to the behaviour of the Pinochet regime.

I would like to refer to a second. My group is naturally mainly concerned in all these decisions with the Community's external relations, and particularly the external trade sector for which it is responsible, and what would happen if we started classifying the countries of the world. It is not our intention to use this resolution to introduce a period of dividing the countries of the world into evil, less evil and fairly evil dictatorships or totalitarian regimes, to be treated in different ways at international level. We fully believe that our international policy must be based on the fact that democracy as we are fortunate enough to know it here in Western Europe, only exists at the moment in two or three dozen countries and that we cannot restrict our external relations to those countries. For these reasons I would like to state here explicitly that our principle is to keep the external economic relations of the Community as separate as possible from discussion of the assessment of different kinds of government.

As for the question of sanctions, I would like to point out that none of the other international bodies which have condemned the Pinochet regime have imposed sanctions, not even the UN. They have been content simply to express their opinion on the regime.

Klepsch

Nonetheless, Mr Corona, my group believes that we should accept paragraph 5 in its present form. I wish to make that point clear.

I have made a great effort to be brief in view of the late hour, but I would like to put one question to the next speaker, since Mr Amendola, representing the Communist and Allies Group, was particularly energetic in his opposition to the present resolution in the Political Affairs Committee, because he supported an entirely purist interpretation of the condemnation of contempt for human rights. I would like to request the spokesman of the Communist and Allies Group to express his view on two very topical problems with which we have to come to terms. The opponents in the psychiatric institutions of the Soviet Union, on which Amnesty International has published an excellently documented work. He could probably tell us what the Communist and Allies Group has to say on this example of contempt for human rights.

Secondly, if we are talking of contempt for human dignity and basic and human rights I would also like to hear a word or two on the situation in the German Democratic Republic where children are taken away from their parents—contrary to one of the most elementary basic and human rights—and forcefully adopted by parents faithful to the regime. If Mr Amendola believes that the true basic and human rights are being respected in this case, then I have nothing more to say. But I can hardly imagine that he does so.

In conclusion, I would like to say that we abhor both the methods and the behaviour and structure of the Pinochet regime. But we consider the question of where the Commission maintains its Information Offices to be one of expediency and we consider it to be a demonstration of political import when we say in paragraph 5 that if the situation in Chile remains as it is and no change is ascertained within a foreseeable period, this House will then press for the a relocation of the Information Office for political reasons, and the Commission should in my opinion then consider whether the actual circumstances justify the maintenance of this office in Santiago de Chile. It was after all put there for purely material reasons and not because of the character of the regime.

So I would like to sum up on behalf of my group we be saying that support this resolution and believe that it reflects a political opinion fully shared by all of us in this House.

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

Mr Sandri. — (I) Mr President, I rise only to give an explanation of vote. Mr Giraudo has invited the Assembly to adopt this motion for a resolution unanimously. We understand the meaning of his appeal and shall support it by voting in favour, although about some parts of the resolution we have the same hesitations that Mr Corona has so pertinently expressed.

I feel it my duty, however, to reply to the points raised by Mr Klepsch. I believe that if we were to embark now on a debate on those points, we might be undermining the impact of our stand with respect to the Pinochet regime, a stand which should be unanimous and solemn. As regards the problems that you have mentioned, Mr Klepsch, this House will have the opportunity, at future sittings, of examining the motions for resolutions submitted by your group and others, and we shall be able to discuss and justify our opinion. You may say that this is a hypocritical or temporizing answer. But, without going into the substance of the questions you have raised, I must point out that the party I represent has only recently, in the last few days, expressed its severe disapproval of the restriction of democratic freedoms in the Soviet Union represented by the occurrences to which you refer.

I can only reaffirm this position now and cannot take up your challenge to a debate which would be totally irrelevant to the subject in hand. If you put before us motions for resolutions, we shall act in accordance with the position taken by our party in Italy.

As regards the motion we are now discussing I should like, Mr Giraudo, to make two criticisms.

We believe that the wording of paragraph 3 is rather weak. Mr Corona has just said so and proved it by reading us that advertisement in *The Times*. But can we really expect the Pinochet Government to respect human rights, and particularly return to normal democratic rule, when on innumerable occasions, by word and regrettably by deed, that Government has violently and cruelly shown itself deaf to the thousands of voices raised throughout the world to demand the restoration of freedom and democratic rights in its country?

The truth is that the Pinochet Government cannot listen to these appeals, because the rulers of Chile cannot restore to life what they have destroyed with their own hands; because they are bound by the enormity of their own crimes to continue on the path they have trodden with such stubborn and obtuse ferocity; because it is a regime essentially based on the most complete disregard of the most elementary principles of human society. This is why we believe that to

Sandri

some extent we are deluding ourselves when we address these words to the Pinochet Government.

This is also the reason why we have even stronger reservations on paragraph 5. It is all very well to say, Mr Giraud, that the information Office is not accredited with the Chilean Government; this is undoubtedly so. But precisely because the whole of Latin America is involved, just imagine what would be the impetus, the impact of a clear and definite stand by the Community, if, suiting action to words, it were to withdraw its representation from Santiago. I should like us all to remember what was said in Luxembourg a few weeks ago by the Socialist, Christian-Democrat and Communist parliamentarians at the second interparliamentary conference between our Parliament and the Latin American Parliament. I should like us to bear in mind the fact that they asked for declarations, for political initiatives, but, above all, for practical action; for, in the eyes of the Chilean people, as in those of all the peoples of Latin America, such a decision from us would have had the clear and unequivocal significance of support for all the liberal and democratic anti-fascist forces in Chile and would have served notice on all the Latin American governments that this is the attitude and this is the will of the European Community.

Mr President, while we therefore accede to Mr Giraud's appeal, and since we are aware of the importance of a unanimous expression of this Assembly's position, we shall vote in favour, but the meaning of our vote is that we hope that as soon as possible, and without deluding ourselves as to the Chilean Government's ability to restore what it has destroyed, the Community will perform an act of courage and democratic will which will provide for the Chilean people the support that it asks of us today.

(*Applause*)

President. — I call Lord Reay to speak on behalf of the European Conservative Group.

Lord Reay. — Mr President, we in the European Conservative Group support this resolution and we wish to be associated with the protests which it makes against a Government whose conduct and evident nature have become, if they were not already, indefensible in an institution like this. The fact that it is hardly the only Government in the world of which that could be said is not the point. It would always be possible for the Chilean Government to act or for General Pinochet to speak in such a way as to divert the international opprobrium which it continues to attract. I agree with Mr Corona

that half-page advertisements in *The Times* are hardly sufficient for this purpose.

Moreover, the special position of Chile and the attention paid to it derive, at least in part, from the fact that Chile, until quite recently, had a democracy of very long standing and partly, for us at least, from the fact that the Community's Information Office for relations with Latin America is located in Santiago. It is because of this fact, and in the absence of any more favourable developments in Chile, that we in this group recognize that the time may be approaching when the Community needs to review the existence, location or status of this office.

Mr Giraud and Mr Corona rightly drew attention to the fact that paragraph 5 of the resolution leaves open the options available to the Community in this respect. These options are three. The first is the transfer of the office from Santiago to another country. It seems to me plain that major diplomatic difficulties would arise over this, and I thought that Mr Corona did not perhaps take sufficient account of them. The second option is to close the office, and the third is to reduce the status of the office—in other words, to treat the Information Office in the same way as Member States often treat their own embassies if they wish to express their displeasure with some country where they have a mission by, for example, withdrawing an ambassador or reducing the size or status of the mission.

While I recognize that other considerations may need to prevail, on at least one count I would regret a decision to transfer or close the office, because in either case we should have used a Community office not like a diplomatic mission, but only as a symbol of our attitude to a particular government and, in so doing, we would have set back the possibility of providing a greater diplomatic role for the Community's overseas delegation. Therefore, the possibility of reducing the status of the Information Office as a solution which would distinguish between the symbolic and diplomatic functions of the office should be thoroughly explored and not rejected as a possible course of action, if action is judged to be necessary.

I have two questions for the Commissioner. First, is there any sign that other international or regional bodies may be considering a move from Santiago? Secondly, will the Commissioner give an assurance that other Latin American countries will be fully consulted before any decision is taken by the Commission? We have seen how Latin American countries are extremely sensitive to political interference. They are

Lord Reay

quite capable of closing their ranks in the face of what they construe to be interference. We have seen how, in the case of Chile, they have done so in the United Nations, where Latin American countries which are not supporters of that regime have, nevertheless, refused to join in motions from outside to condemn it.

It would hardly be accounted a successful piece of diplomacy if, in order to demonstrate how one Latin American country had offended us, we succeeded in offending the entire Latin American continent.

(Applause)

President. — I call Mr Gundelach.

Mr Gundelach, member of the Commission. — The question of the site of the Community's Latin American office has been discussed several times by this House in the past few months, so I shall be brief in replying to this latest debate, which I have followed with the closest attention. On the wider political questions referred to in the first four points of the resolution adopted by the Political Affairs Committee, let me repeat the Commission's regret that democracy in Chile has for the time being been extinguished. The Commission shares the feeling held in every quarter in this House and elsewhere about the violation of human rights in Chile as in other countries.

As for the reference, in paragraph 5 of the amended resolution, to the location of the Community's office in Latin America, I feel that the House should bear in mind one important point which is not made clear in the resolution and which I dwelt on at the meeting of the Political Affairs Committee in Rome a couple of weeks ago.

The fact is that the Community's Latin American office is not an information office. It is a Community delegation to Latin America. As such, it deals with all the Latin American governments, and also with the various other South American regional organizations which happen to have their headquarters in Santiago de Chile.

I should like in relation to this point to answer the first of the questions put to me by Lord Reay. So far, none of the international bodies with headquarters or offices in Santiago de Chile has moved or shown signs of doing so, but, as I told the Political Affairs Committee two weeks ago, there has been a certain tendency towards a levelling down of activities, such as the holding of conferences and so on, although no bodies have been moved out or are about to be moved out.

The Community's Latin American office, it must be underlined, is in no way especially accredited or attached to the Chilean Government, and its location in Chile cannot be construed as an endorsement of the policies or attitudes of that Government.

Two weeks ago, when I discussed this matter with the Political Affairs Committee at its meeting in Rome, it was pointed out that in the Commission's view there are very powerful arguments against making the location of our offices abroad—or, indeed, of any diplomatic missions—dependent on our political likes or dislikes, however well founded they may be, rather than on the work which it is the Commission's job to do on behalf of the Community. In the context of the Community's delegation to Latin America, that job is to promote the relationship between the Community and the states and regional organizations of South America. This relationship is, indeed, of great importance to the Community, and the attitudes of the governments concerned are therefore an important factor, along with considerations of efficiency, in the conduct of the Community's business. I have thereby answered in the affirmative the second question put to me by Lord Reay.

It is on this basis that the Commission is now carrying out a review of the question of its representation in Latin America. Two weeks ago I informed the Political Affairs Committee about this review. I state here and now that the Commission's official position will be based on the results of this review, hereby replying to a question put to me by the chairman of the Political Affairs Committee.

If our external offices are to do their job properly, their location must naturally take full account both of the developing needs of the Community itself and of changes in the international environment, and especially of the regional context in which the delegation operates.

In conducting the review we will, of course, bear in mind all the various pros and cons so far mooted, and in particular we shall bear in mind the views of this House.

President. — I call Mr Dalyell for an explanation of vote.

Mr Dalyell. — I have listened carefully to the Commissioner. Because of what he said, because of the experience I acquired leading the British delegation to Brazil last Spring, and particularly because I listened carefully for three days to the proceedings of the Latin American confer-

Dalyell

ence between this Parliament and Members of the Latin American Parliament, some of whom had no love whatever for—in fact were deeply critical of—the Chilean regime, but said nevertheless that, in view of the kind of interference that would be involved in internal Latin American affairs, they did not very much like changing the location of the office, I shall not be voting for the resolution.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

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 p.m.)

IN THE CHAIR: MR BERKHOUWER

Vice-President

11. *Appointment of a Member*

President. — The Chamber of Deputies of the Kingdom of Belgium has informed me that it has appointed Mr Clerfayt Member of the European Parliament to replace Mr Outers, who has tendered his resignation.

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

I welcome Mr Clerfayt to Parliament.

12. *Filing of two petitions*

President. — By letter of 16 December 1975 the chairman of the Committee on the Rules of Procedure and Petitions informed me that after examining Petition No 6/75 by Mr Albrecht and 141 others on the persecution of Korean workers in the Member States of the Community, his committee had decided that this petition was not admissible since it does not fall within the Community's terms of reference. The committee has filed this petition without further action and feels that Parliament can agree to this.

¹ OJ C 7 of 12. 1. 1976.

By letter of the same date the chairman of the Committee on the Rules of Procedure and Petitions also informed me that after examining Petition No 7/75 by Mr Feidt, Mr Necci, Mr Ronchail and Mr Schuller on relations between the Community and Spain, his committee reached the conclusion that the petition was admissible *ratione materiae*, but it felt that the European Parliament had already adopted a resolution expressing the opinion requested in the petition.

It is of the opinion that this should satisfy the petitioners and has therefore filed this petition without further action.

13. *EEC-Israel Agreement—Community's Mediterranean Policy*

President. — The next item is the report drawn up by Mr Patijn on behalf of the Committee on External Economic Relations on the agreement concluded on 11 May 1975 between the European Economic Community and the State of Israel (Doc. 422/75).

Also on the agenda is the report drawn up by Mr Pintat on behalf of the Committee on External Economic Relations on recent developments in the Community's Mediterranean Policy (Doc. 385/75).

At the request of both the rapporteurs and of the Commission, I propose that these two reports be dealt with jointly.

Are there any objections?

That is agreed.

The next item is therefore the joint consideration of the reports by Mr Patijn and Mr Pintat.

I call Mr Patijn.

Mr Patijn, rapporteur and spokesman for the Socialist Group. — Mr President, in this debate I am speaking as rapporteur on the agreement between the European Economic Community and the State of Israel and also as spokesman for my Group on this motion and on the report by Mr Pintat. I am thus wearing three different hats, and I trust that everyone will understand that I shall need a certain amount of time for my remarks.

There is a second preliminary comment that I must make. As this morning's debate lasted somewhat longer than I had expected, I shall unfortunately not be able to remain as rapporteur until then end of the discussion of the two reports. I apologize to the House but I must catch the 4.30 plane back to Holland.

Patijn

Finally I am particularly grateful to Mr Pintat for his willingness, in consultation with Mr Cheysson, to allow both reports to be dealt with at the same time.

In the last few weeks, the Committee on External Economic Affairs has held lengthy discussions on the Mediterranean policy. Our reflections centred on a draft submitted to us by the Commission. Mr Pintat's excellent report contains a motion for a resolution on that subject. The agreement with Israel is clearly part and parcel of that policy.

I would stress again that the Mediterranean policy as such is not an objective in itself. The Community is not creating links with the countries around the *mare nostrum* as if it had special connections with them. What is involved is a tightening of the links with those countries with which we have had relations for a very long time. We are renewing those old links and drawing these countries closer to us.

I would also like to voice my Group's approval of the motion for a resolution tabled by Mr Pintat on this matter, and of the conclusions he has formulated. With regard to the overall Mediterranean policy, a number of questions naturally arise since the ultimate objective of equal treatment for the countries around the Mediterranean, though possible, involves difficulties for two countries. I draw your attention to this point because Mr Schulz dealt with it very fully in the Committee on External Economic Relations in his capacity as rapporteur for the Associations Committee.

The Mediterranean policy relates to all those countries which did not already have clearly defined relations with the Community, unlike Turkey and Greece, which both have association agreements with the goal of ultimate membership. These agreements provide these two countries with certain preferences with a view to future membership, towards which progress is gradually being made. But as the overall Mediterranean policy is gradually extended to all the countries around the Mediterranean the advantages of the associated states which want to become members of the Community are being eroded. This problem is difficult to solve because tariff preferences can hardly be extended any further without this having repercussions on intra-Community policy. So I would like to ask Mr Cheysson what impact he thinks the Community's Mediterranean policy will have on countries which have already signed association agreements with the Community with a view to membership. In other words, what differences are there between associated states and trade partners?

So much for my general introductory comments on the Mediterranean policy as such. As rapporteur for the agreement with Israel, I should like to make a few more specific comments. The agreement with Israel is the first to be signed as part of the overall Mediterranean policy. Is that because we in the European Community have a certain preference for Israel? Are we saying: Israel first, the rest have to wait? No, Mr President, we made this clear at the plenary part-session of this Parliament in May. Our negotiations with the various countries run parallel to one another, but there is no point in delaying the entry into force of an agreement which has already been signed until all the agreements with the other countries have also been signed. Three phases should be distinguished here. The first is the agreement with Israel, which is not complete. The second is the agreement with the Maghreb countries, which is practically ready and will come into force in the near future.

The third phase comprises the agreements with the Mashrek countries for which the Commission has just received a negotiating mandate; these agreements cannot therefore be signed till a later stage. I cannot imagine the eastern Arab countries, such as Jordan and the Lebanon, saying that the agreement with the Maghreb countries should not come into force because the Mashrek agreements have not yet been signed. There is no reason for parallel entry into force of the agreements. The principle of parallel treatment is already respected in the approach, the type of advantages granted and the type of agreements which we are signing. The time of entry into force depends rather on the progress made in the negotiations.

It would therefore have been unfair, indeed impossible, to delay the entry into force of the agreement with Israel until the other agreements had been signed. The slowest negotiating partner would then be a brake on all the other partners. In any case no one has asked for a postponement. No one has actually said that this agreement should not enter into force. The Council has in fact decided that it should take effect and we applaud this decision.

As regards the agreement itself, I shall not go into detail. But it emerges very clearly from the agreement with Israel that this is more than just a trade agreement. It forms part of the global approach by the Commission and the Council to the Mediterranean area. I mention two points which are of particular importance since we shall undoubtedly encounter them again in the agreements with the Maghreb and Mashrek countries. The first of those is contained in the paragraph in Article 18 dealing with

Patijn

cooperation between the Community and Israel, and in which specific mention is made of economic, scientific and technological cooperation. The second point is economic and financial cooperation, for which Israel had made an explicit request to the European Community and on which Mr Cheysson has in the meantime submitted a proposal to the Council.

I think it is a good thing that we are not limiting ourselves to preferential trade agreements. A few moments ago, when speaking about the associated states, I said that preferential trade agreements could only have limited scope. They are discriminatory vis-à-vis other developing third countries and also harm our other trading partners in GATT. It is therefore necessary for preferential trade agreements to be supplemented with such provisions on cooperation.

I would now like to ask Mr Cheysson a question. It was said here a few months ago that when the Commission was given a mandate for negotiations with the Mashrek countries it would at the same time also be given a mandate for the signing of a financial protocol with Israel. Israel is particularly keen to have this. Mr Cheysson asked for a mandate for both of these matters. But I understand that at the Council meeting of 8 and 9 December last a mandate was granted only for the initiation of negotiations with the Mashrek countries. A financial protocol for Israel was apparently not on the agenda. As a result the intended parallel treatment of further negotiations has been lost.

What is the danger now? The danger now is that the Mashrek and Maghreb countries will get assurances in respect of negotiations. But Israel cannot negotiate a financial protocol because no mandate has been granted for it—unless the negotiations between the European Community and Israel are reopened. I would appreciate some clarification on this point. If there is absolutely no question of financial cooperation with the Mediterranean countries the situation is rather different, but I would like to know whether this is indeed the case or whether we have here a clear case of unequal treatment. Another point I wish to discuss relates to a very particular problem bound up with the principle of non-discrimination. There is an old rule in the Treaties of Rome and Paris which specifies that there may be no discrimination between states, nationals of states or their companies or firms. This is the principle of non-discrimination, which we also wish to defend in relations with countries which want to sign agreements with the European Community.

Now, in these matters things often go wrong, because some third countries want to sign agreements with us stipulating that citizens of the

Member States, or rather certain citizens, should receive unequal treatment. Let us call a spade a spade. Certain countries wish to prevent Jewish citizens of the Member States from having the same rights of entry as other citizens into certain countries around the Mediterranean with which we have signed or shall be signing agreements.

I know that this question was not settled properly in the Lomé Convention and in the agreement with Egypt, and the same error seems likely to be made with the Maghreb countries. I would like to state quite categorically on behalf of my Group, too, that we find this situation unacceptable.

I think the Commission should pursue a strict policy in this area. The only clause which reflects adequately the principle of non-discrimination is contained in Article 24 of the agreement with Israel. We demand that the Commission should ensure that this clause is included word for word in the other agreements with the Mediterranean countries and other states. The principle of non-discrimination is absolute and there can be no getting away from it.

Another comment about the Israel agreement, seen from the point of view of the general situation in the Middle East. The conflicting parties and we in the European Community want peace in that area. A new economic link with the European Community is now necessary in the current situation as a means of promoting the development of all the countries concerned, which is essential if they are to live in peace with one another. Where economic relations are involved it is not proper for us to discuss the actions of the conflicting parties. These are not at issue at the moment, although they have often been discussed in this Parliament. We do not wish to talk about the attacks on Israeli villages and towns, nor the bombing of Lebanese camps. Our colleagues in the Knesset know that a few days ago a heated argument took place on this issue, at least in my Group. On the same occasion, the argument that violence breeds violence was debated at length with these colleagues. We left no doubt in anyone's minds as to our position on the matter. Mr President, we believe that the agreement with Israel must be extended, developed and carried to completion. Agreements must also be signed with the Maghreb countries and the Mashrek countries and these agreements must also be developed. We welcome most warmly this long-awaited agreement with Israel and hope that the Community's relations with all states in this area of the world will be strengthened and thus contribute to peace in the Middle East.

(Applause)

President. — I call Mr Pintat.

Mr Pintat, rapporteur. — (F) Mr President, ladies and gentlemen, if there is one sector in which the European Parliament can be said to have been a driving force it is the sector concerned with Mediterranean policy. Without listing all the debates which have been held here when the various Mediterranean agreements were signed, I would remind you of the debate of 9 February 1971 at which Parliament gave its opinion on an overall view of relations between the Community and the Mediterranean countries.

In that resolution Parliament recommended, firstly, that the production of Mediterranean markets should be better organized and, secondly, that the Six should pursue a common policy based on a coherent overall doctrine covering proposals designed to promote a development policy and to replace the purely commercial arrangements previously adopted with more appropriate procedures.

In the wake of the numerous world conferences currently taking place the interests of the Mediterranean countries as a whole should not be overlooked or neglected. This area is not just the southern flank of the European continent; it is also a major crossroads for three continents, three civilizations: Europe, Africa and Asia.

An analysis of the current situation shows that the presence and activity of the Community in the Mediterranean have so far been reflected in the signing of association agreement with Greece, Turkey, Tunisia, Morocco, Malta and Cyprus, preferential trade agreements with Israel, Spain, Egypt and the Lebanon, and non-preferential agreements with Yugoslavia. Only Libya and Albania remain outsiders.

In listing these various Mediterranean countries I asked myself the question: what are the geographical limits of the Mediterranean area? It seems reasonable to say that it includes all the countries bordering on the Mediterranean and, by analogy, Portugal.

Syria and Jordan, which have also asked for negotiations to be initiated with a view to signing a trade agreement, cannot be excluded from the Mediterranean area. Such is, moreover, the opinion of the Council of Ministers.

A second question related to the list of the various Mediterranean agreements concerns the nature and scope of the Community's policy with regard to agreements. What different relations are possible? There are currently four types of agreement between the Community and the Mediterranean countries: the non-preferential

trade agreement (e.g. Yugoslavia), the preferential trade agreement (e.g. Israel), the association agreement with a non-European country (e.g. Morocco and Tunisia) and the association agreement with a European country (e.g. Greece and Turkey).

Only the last type of association can open the way to full membership of the Community. This policy does not seem to be governed by an overall guiding principle. It is difficult to make out any broad guidelines save a clearly expressed desire for closer relations as provided for in the Treaty of Rome.

What are the main features of the overall approach?

In the industrial sector the aim is eventually to set up a free trade area. The developing Mediterranean countries would be prepared to accept a relatively slow rate of tariff dismantling.

In the oil sector cooperation agreement must be prepared. There is a certain amount of mutual dependence and complementary of interests between some of the oil-exporting Mediterranean countries and the Community.

It would be a good thing if, within the framework of the Community agreements, it were possible to settle two related problems: firstly, that of ensuring as far as possible the Community's supply of oil and, secondly, the economic and social development of the oil-producing countries. These issues are at present being examined by the North-South Conference and represent, of course, the most important aspect of the work in progress.

In the farming sector a reasonable effort must be made. This is obviously the sector in which the Community will be making the greatest efforts. The common agricultural policy has at times been considered to be at variance with the Community's external policy, and it is true that the defence of the interests of European agricultural producers does not always seem easy to reconcile with a policy of agreements with certain countries—mostly developing countries—in particular those Mediterranean countries whose principal exports are agricultural products which compete with our own.

The Commission has stated that 80% of the agricultural exports of the developing countries should be the subject of concessions. This ambitious aim should provide an answer to those critics who think that the Mediterranean agreements are not properly balanced and also those who regard them as incompatible with existing arrangements under GATT.

Pintat

What stage in the common Mediterranean policy have we now reached in the autumn of 1975? Without wishing to appear unduly pessimistic, I would say that for any impartial observer progress in this area has run up against a number of obstacles, both within and outside the Community, which have caused a considerable delay in the schedule set out by the Commission in its communication on the overall approach.

The Commission intended that the new agreements signed with the Mediterranean countries as part of the overall policy should enter into force on 1 January 1974. It must be admitted, however, 18 months after that date, that what has actually been achieved falls far short of this initial objective, even though the new agreement between the European Economic Community and the State of Israel, which replaces the 1970 agreement, represents a positive and most welcome factor, as explained by Mr Patijn in his excellent speech.

How can this delay, not to say failure be explained, when during the same period the Community was able to formulate a coherent policy towards the 46 developing countries in Africa, the Caribbean and the Pacific, now bound to the Community by the historic Lomé convention?

It would seem that the difficulties stem from a number of factors of varying scope and significance, which may be divided into three categories.

Firstly, the ambiguity of the very concept of a Mediterranean policy.

The Community is an integral part of the Mediterranean area in the southern regions of France and Italy—hence its agricultural products compete with those of the other Mediterranean countries for which it nevertheless remains the main export market. However, the Community also exports a considerable proportion of its cereals, meat and dairy products to these countries. It meets a large proportion of their requirements for industrial and manufactured products. The Community thus finds itself in the ambiguous position of competitor and privileged partner vis-à-vis its Mediterranean trading partners and this does not facilitate the formulation of a coherent Community policy.

The second category of difficulties relates to the Community's own uncertainties.

It has been said that at meetings of the Council the views of the Ministers of Agriculture often conflicted with the views of the Ministers of Foreign Affairs, that economics was at odds with politics. The negotiations by the Commission with these various countries between July

and October 1973 revealed the latter's dissatisfaction with regard to the terms offered by the Community: too few agricultural concessions and an imprecise definition of cooperation.

At length, on 24 June last, the Ministers of Agriculture reached agreement on a new compromise regarding safeguard measures to be taken in the Community for imports of wine, fresh fruit and vegetables and canned foods.

At their meeting of 22 July of this year, devoted to the problem of the implementation of the Mediterranean policy, the Ministers of Foreign Affairs took stock of the problems remaining to be solved in that area. In our report we give a more detailed account of the progress, country by country, of the various negotiations. I shall not go over that again now, except to say that as a result of the last Council meeting the situation has taken a favourable turn.

The last source of difficulties can be found in the conflicts of interest between the various Mediterranean countries.

The economic situations and populations of these different states are far from similar. Israel and Spain are industrially strong in certain sectors and cannot be regarded as developing countries.

As for the political and economic solidarity of the various parties on the receiving end of the Mediterranean policy, this is often no more than an illusion, as shown by the Cyprus problem and the Arab-Israeli conflict.

The developments described above have contributed to a greater awareness of the problems and limitations of the Community's overall Mediterranean policy. In this area it seems to us that the Community is faced with a number of political choices on which it will have to make an unequivocal decision in the coming months.

These choices relate to both the internal policy and the external relations of the Community. The two fundamental questions which one might ask are as follows: at a time when problems are increasingly assuming a global dimension and a new world economic order is being established, is the implementation of a Community policy setting up privileged relations with the Mediterranean countries still justified? Secondly, is an overall Mediterranean policy possible when the interests of the countries involved are, as we have seen, more often conflicting than complementary?

In spite of the difficulties I have just mentioned, the implementation of an overall Mediterranean policy remains a desirable and feasible objective. Desirable, because by consolidating the economic and social foundations of the countries in this

Pintat

area it can contribute to greater stability in an often unpredictable strategic area, a prey to nationalist ambitions and the rivalry of the superpowers. Feasible, because the difficulties—real as they may be—are not insuperable, provided that the countries realize that what unites them outweighs their rivalry or their clashes of interest in the economic sphere. We therefore feel that the positive aspects of the common Mediterranean policy weigh far more heavily in the balance than its drawbacks. In the light of these considerations we urge the Community and its Mediterranean partners to overcome the problems opposing them and bring to a successful conclusion the negotiations originally pressed for by this House and which have now been dragging on for over two years with little benefit to any of the parties involved.

(Applause)

President. — I call Mr Vetrone, draftsman of the opinion of the Committee on Agriculture.

Mr Vetrone. — *(I)* Mr President, ladies and gentlemen, the rapporteur, Mr Pintat,—whom I should like to thank for the apt and considered remarks in his report—has among other things highlighted the ambiguity of our Mediterranean policy. I cannot express the same opinion in my capacity as draftsman of the opinion of the Committee on Agriculture, but I agree fully with him at a personal level. Although the Committee on Agriculture did not reach the same general conclusion, it nevertheless has occasion once again to regret the inadequacy of the Mediterranean policy which, while undoubtedly necessary for geographical, historical and political reasons, has as currently formulated had no effect with regard to the objectives it should be pursuing. The fact is that discontent is rife among the farmers of the southern parts of the Community, who have been alone in carrying the considerable burden of an ill-conceived policy.

As early as 1973, when it submitted its opinion on Mr Rossi's report, Doc. 302/72, the Committee on Agriculture advocated an overall approach towards the Mediterranean policy and drew up several principles which can still claim to be valid today. Relations with the Mediterranean countries cannot be based on commercial instruments alone, in view of the profound differences in the various economies; on the one hand there is the Community with its large industrial potential, and hence economically powerful, and on the other hand there is the Mediterranean region with its large agricultural potential, and hence economically weak.

This means it is impossible to have a genuine free trade area unless we try to operate the

reciprocal preferences in different ways in the different sectors of trade. This, however, would produce distortions favouring exports of industrial products from the Community to these countries, whereas the latter would not be adequately compensated by their exports to the Community, since the terms of trade for agricultural products are notoriously bad compared with those for industrial products.

Mr Cheysson can confirm that, in this trade, the Community has a balance of payments surplus of some three thousand million u.a., whereas all these countries—except Morocco—have a serious balance of payments deficit.

There are, however, other more effective ways in which the political resolve can—and must—be converted in to a genuine policy of development aid.

It is not enough to have the trade instrument alone—which in any case should have been accompanied by measures to help those Community farmers whose products are the same as those from the countries bordering the Mediterranean.

Up till now, the farmers alone have met the costs of this policy. In spite of this, the Community appears to want to continue on this wrong course, judging by the recent decision of the Council of Ministers which, since it could not reach the necessary agreement, authorized the Commission to negotiate with the Mashrek countries, again exclusively with a view to obtaining a trade agreement. As if a trade agreement were enough, Mr Patijn! You need not worry about Israel, since the Commission was given no mandate to negotiate such a protocol with the Mashrek countries. Indeed, no account was taken of any other effective means of development cooperation, such as economic, technical and monetary aid and cooperation, nor of the human aspects of the problem of migrant workers from these countries. This, too, is an extremely important factor. Incorporating these new instruments into the Mediterranean policy will clearly lead to disagreements and difficulties in some countries of the Community. This is a fact.

This can also be explained by balance of payments considerations, or by the wish not to discriminate against or harm other developing countries outside the Mediterranean region, or for specific political reasons such as the special relations—in both the positive and negative senses—between some Member States and certain Mediterranean countries. However, if we continue to follow the same old course, it is the farmers in the south of the Community who will

Vetrone

continue to be discriminated against and harmed. This is not just wrong, it is iniquitous!

This is why the Committee on Agriculture makes a point of calling upon the supreme Community bodies to change their course with regard to this policy aimed at developing the countries of the Mediterranean. This development will only come about through aid and cooperation, both of which could undoubtedly help the nascent industries of these countries, stimulate diversification of their present crops—and not the diversification of Mediterranean-type agriculture in the Community, as one press report would have us believe had been stated by Mr Cheysson himself in Tunis—and increase production of those crops, such as cereals and sugar, which these countries at present import in large quantities. Furthermore, this approach would promote cultivation of soya beans, for which the Community is totally dependent on the United States, and help to establish livestock rearing in those countries. Finally, it would improve social conditions for the migrant workers and contribute locally towards their vocational training.

The trade factor is undoubtedly an essential part of the overall concept of an effective policy of partnership. However, this does not affect the validity of the principle, reaffirmed by the Committee on Agriculture, that the various preferential agreements must be accompanied by measures of regional and structural policy in favour of the southern regions of the Community, which suffer most from the negative effects of these agreements.

Ladies and gentlemen, it may be that this aim too will be thwarted internally by the lack of genuine Community policies in the social, regional and energy sectors, and externally because of the interests—often contradictory rather than complementary—of the Mediterranean countries. I nevertheless feel, as draftsman of the opinion of the Committee on Agriculture, that in order to get away from the ambiguities of which Mr Pointat spoke and from the uncertainties which up till now have been a feature of the Community's Mediterranean policy, the Community should hold a conference on the subject as soon as possible.

I understand that Mr Lardinois and other Members of the Commission have instructed their departments to prepare the necessary documentation for such a conference. We look forward to this conference, since it may at last represent a chance to clarify this Mediterranean policy, to the general benefit of overall development and hence of peace in an area whose domestic troubles are causing anxiety and fear in Europe and the world.

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

Mr Schulz. — (D) Mr President, ladies and gentlemen, I shall be concerned mainly with presenting my Group's views on Mr Patijn's report and on the agreement with Israel.

I felt it was felicitous to have a joint debate on Mr Patijn and Mr Pintat's reports, which deal with such closely related subjects. I must express my regret, however, that because of the vagaries of the agenda—for which no one can be held responsible—these two important reports are to be discussed at a time when the benches are again sparsely occupied.

As regards the formality of having to thank the rapporteurs, I should like to point out that we have not yet published any statistics—as I understand the General Assembly of the United Nations has done—showing how much time Parliament loses on average per part-session or session through this kind of platitudinous rhetoric. In my case, this obligatory congratulation of the rapporteurs will be more heartfelt and emphatic, and indeed easier for me today because both Mr Patijn and Mr Pintat have given an excellent, clear, realistic and convincing presentation of this subject, which is of such importance for the peaceful development of the Community. As regards Mr Patijn's report, I can express the agreement of my Group. I should only like to follow up Mr Vetrone's remarks with one general comment on the agreement with Israel and the overall Mediterranean policy.

If we really want a common Mediterranean policy—and I regard this as a wide ranging and, to be honest, still rather vague task for the future—we must be prepared to accept it with all its consequences, and we must foresee the difficulties at each stage. As a result, it will not be possible to assess an agreement with a partner state or with a group of partner states by itself, no matter how good and well-balanced it may appear, but only in the light of its possible consequences.

I am grateful to Mr Patijn for having taken up certain doubts which I had expressed in this context as draftsman of the opinion of the Associations Committee. I must emphasize to the Commission—if only to ensure that, as far as possible, it receives a minimum of criticism for its positive efforts—that whenever it negotiates with countries bordering the Mediterranean it must take account of the special factors which may arise not only for the domestic market of the Community, but also—as Mr Vetrone pointed out—for those associated states which are aiming at eventual full membership or which, like

Schulz

Greece and Turkey, have already expressed this wish. However, these critical comments on the agreement with Israel should not be regarded as quibbling. On the contrary, we consider the agreement with Israel and Mr Patijn's report to be worthy of the highest commendation. The Community has shown its intention of cooperating with Israel to achieve an effective removal of trade barriers. If this agreement—unlike those of 1964 and 1970—is generally regarded as a milestone, it is because it is the first agreement to have been achieved within this Mediterranean policy.

My Group's keen desire is that, under the agreement with Israel, use should be made of the growth clause in Article 26, so that the strengthening of trade and the dismantling of customs barriers can be followed by the greatest possible financial, economic and technological aid. In this I agree fully with what Mr Patijn has already said—also, and precisely, with regard to the unresolved question of the financial protocol. We should be grateful if the Commission could clarify this matter.

My Group also attaches great importance to Article 24. After Mr Patijn's remarks I can be brief about this too. The non-discrimination clause in Article 24 is exemplary, and the European Community should make it a point of honour to ensure that such a clause figures unambiguously and prominently in other similar agreements.

Mr President, ladies and gentlemen, for human—perhaps all too human—reasons the agreement between the Community and Israel has given rise here and there to envy and also to many a sigh. Right up to this session it has not proved possible to conclude equivalent agreements simultaneously with several Mediterranean countries. I can only endorse what Mr Patijn said about this in his speech and add, if I may, that the economic premises vary greatly for each such agreement, that even the best method of negotiating with the Mediterranean countries will run into particular local difficulties, and that differences derive not only from the economic situations, but often also from the political and legal divergencies between the European Community and the various partner countries. In this connection, I give the critics of the agreement with Israel three guesses as to why, in view of these factors and conditions, the negotiations with Israel were the ones to produce a satisfactory result relatively quickly.

As far as the quality, stability and future prospects of such agreements are concerned, this depends not only on the Community's resolve in these negotiations, but also to a substantial extent on the conduct of the partner involved.

All those who aim at similar agreements would be well advised to study this outline agreement closely as a model as an encouragement for similar progress.

Let me repeat that my Group will vote in favour of the Patijn report.

May I, in conclusion, say something on my own behalf. Those who know me and my views will confirm that I would have said this even if there had been no delegation from the Knesset present; I personally congratulate the Commission most sincerely on its conduct of these negotiations and on the clear will to succeed which it demonstrated.

Exactly two years ago, and again on my own behalf, I severely criticized the Council of Ministers' decision of 6 November 1973. Over the last two years I have had no reason to retract any of my criticism—on the contrary, I reserve the right to repeat it on another occasion.

Mr President, I should like to conclude on my own behalf by saying that I very much welcome this—on the whole—very satisfactory outline agreement and hope that it will contribute indirectly towards restoring peace in the Middle East.

(Applause)

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

Mr Giraud. — *(I)* Mr President, not much can be said in the space of five minutes. I think one would have to be as concise as Julius Caesar and apply his famous expression 'Veni, vidi, vici' to the Mediterranean policy, implying that Europe must, above all, maintain an active presence in the Mediterranean. Europe must apply a policy pure and simple, a common policy of all the Member States towards the entire Mediterranean region. There is talk of an overall policy—as Mr Pintat mentioned in his report, on which I congratulate him—but what we mean by an overall policy is essentially the trade policy as well as the economic and monetary policy towards all the Mediterranean countries. This is a great prospect, but there are inevitably many limits to it. There is talk of a Mediterranean conference; this is something we Christian Democrats first proposed two or three years ago, and we were thinking in terms of a Mediterranean conference which would not be restricted to economy and agriculture, but could develop into a political conference.

It is unrealistic at present to imagine that it would be possible to assemble representatives

Giraud

of all the Mediterranean countries round the one table, but this is an aim we must pursue—if only in the long term.

In the meantime we must proceed through the intermediate stages of agriculture, economy and monetary problems, bearing in mind the differences between the Mediterranean countries. The associated countries in particular, must enjoy a privileged position vis-à-vis the Community, especially those countries which will eventually become full members of the Community. We must also bear in mind the interests of the Member States of the Community—Mr Vetrone has already pointed this out—and particularly of those countries, such as Italy and France, which have a Mediterranean agriculture. We must also remember that it is not simply a question of concluding bilateral agreements, but of coordinating these agreements in accordance with a model agreement and in accordance with an overall political approach towards the entire Mediterranean region. At the same time, we must not forget that it is not so much a question of propping up the outdated economic system of the countries on the other side of the Mediterranean, as of coordinating and revitalizing it so as to create an integrated economy for the whole Mediterranean region. It is not simply a matter of granting privileges to these countries, but of developing in them an industrial structure which will allow some measure of division of labour and integration of production.

I have stated what I feel to be the essential factors. I should like to conclude by reaffirming that the Mediterranean is one of the vital centres of the world. More than once in the past, the Mediterranean has decided on peace or war. Today, too, the fate of the world depends on this region, in which Europe's presence is not only a duty but a prerequisite of its own survival.

(Applause)

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

Mr Kaspereit. — (F) Mr President, ladies and gentlemen, the Group of European Progressive Democrats welcomes the positive results of the negotiations between the Community and Israel, not only because this agreement is notable for the importance of the fields it covers, but more particularly because it is the first tangible result of the implementation of the Community's overall Mediterranean policy to which we attach supreme importance.

As regards Israel, this agreement achieves the objectives laid down by the Council when it initiated its policy of a balanced overall approach to its relations with the Mediterranean countries.

Although it is true that, before 1973, Israel enjoyed greater benefits from the new Member States than those granted by them to the six original Member States of the Community, this is obviously no longer possible, and it must be noted that the agreement largely compensates for the disadvantages of this new situation by setting up free trade in industrial products and by including a substantial agricultural component.

Israel currently has a considerable advantage, since it is the only country which benefits from the new import system for citrus fruits under the overall Mediterranean approach! As a result of the Council's decision of 25 June last to switch from the highest contractual price to the reference price, Israeli citrus fruits can enter the Community at a price lower than that of citrus fruit from the Maghreb, without losing the tariff preference. Alongside this framework, which although conventional contains notable new features, there are three specific points which must be emphasized.

The first—and I consider this essential—relates to Article 24 which states that the Parties 'agree not to discriminate between the Member States, their nationals or their companies or firms'. This clause *must* be incorporated in the other agreements which the Community will be concluding, so that once and for all there is no further talk of discrimination. These provisions were included in order to help trade, i.e. imports and exports, for which the Community is responsible. We sincerely hope that the same results will be achieved shortly with regard to cooperation, since our activities now extend to this field.

The second point is the inclusion of Article 18, which provides for opportunities for cooperation, in addition to trade, for whose development the Joint Committee is responsible.

The third point, which I consider the most important of all, is the Community's resolve to apply a balanced policy in the Mediterranean region, this resolve being expressed by the 'growth clause' and the establishment of economic and monetary cooperation. I have a feeling that this 'growth clause' will be the cornerstone not only of the agreement itself, but also of the Community's intended policy. It provides for improvements, based on experience gained and on the objectives aimed at, when the agreement is reviewed in 1978 and 1983. All this is perfectly usual. What is fundamental, however, is that it

Kaspereit

also allows for the agreement with Israel to be modified, if necessary, to bring it into line with those concluded with the other Mediterranean countries, should these appear more favourable at the time of their signing.

The economic and monetary cooperation aspect also reflects the Community's resolve to promote not just equivalence, but equality of treatment of our trading partners. This can be seen in the decision to make discussions on this protocol subject to a condition—the opening of negotiations with the four Mashrek countries. In this context, we regret the fact that the Council meeting of 9 December was unable to reach agreement on this subject, since any delay will hinder the harmonious development of our relations with Israel.

May I finally say how much we appreciate the presence in Strasbourg this week of a delegation from the Knesset. I welcome them on behalf of my Group. Their presence accords with our wish for regular contacts between their parliament and ours—contacts which we know will be fruitful and which will strengthen relations between the Community and Israel.

We have already had occasion—in the context of the Yaoundé Convention and now of the Lomé agreement and, quite recently, at the EEC/Latin America Interparliamentary Conferences in Luxembourg—to note how important and useful such meetings are for getting to know and learning to understand one another, so that we can clear up misunderstandings and find solutions to problems which sometimes appear insoluble from a distance. I feel sure that close contacts between the Knesset and this House will be the reward for our efforts and a guarantee of their success.

(Applause)

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

Mr Krieg. — *(F)* Mr President, ladies and gentlemen, in commenting on Mr Pintat's report on behalf of the Group of European Progressive Democrats, I should like to stress the keen interest should not be ours alone but that of all the peoples of Europe. Why is this? Partly, of course, because history, throughout the centuries, has forged many links between that area and ourselves, but above all because the Community is quite simply the most important entity on the shores of the Mediterranean, with a customs union which gives the countries further north access to its shores.

Indeed, although it is sad that, for strategic reasons, the Mediterranean has become a sea

under American and Soviet influence, nevertheless it remains true that it is potentially our main trading partner and that it is in the interest of everyone that it should become a sea of peace.

Since the idea of an overall approach to the Mediterranean was launched in 1971, the crisis with which we are all familiar has shaken the world, and many people have wondered whether a Community policy of preferential relations with the countries of the Mediterranean basin can still be justified. Our Group has emphasized on many occasions the vital importance of pursuing an overall Mediterranean policy, in spite of all the many obstacles which may arise.

To be sure, as Mr Pintat pointed out just now, we are at the same time privileged associates and rivals as regards agricultural products. But why, instead of talking of rivalry, do we not consider a complementary partnership, with all its implications? Certainly, there are political, economic and social differences among these countries; but these are not insurmountable. We must adapt our policy to the various levels of development of these nations, and especially to their needs; we must adopt a flexible attitude, without abandoning the basis principle of an overall approach. We must make a particular effort to help the Maghreb countries whose economies are based for the most part on agriculture and on their exports to the Community. The situation, however, is very different when we turn to the countries of the Mashrek. Some of these are oil producers, and here the primary problem is one of cooperation. For these countries, the Community is the next-door neighbour who can give them the equipment, the services and the technology which they need for their development. The oil producers, in particular, and the technology which they need for their products, whether refined or not. They might also find interesting opportunities to invest their capital, often in the very sectors which use their products. For the rest, it seems reasonable to accord special treatment to the countries which are working towards eventual membership of the Community. This point has already been discussed, and it has our full support; and it is for this reason that we feel it is vital to replace the present system of dependence with one of interdependence. Unfortunately, we have to admit we are making scarcely any progress in practical terms. Since the entry into force, last July, of the agreement between the Community and Israel—the first step along the road to a Mediterranean policy—the relations and negotiations with the other countries of the Mediterranean basin have become bogged down, despite the fact that the Commission, desirous of maintaining a fair balance, had undertaken to con-

Krieg

clude new agreements as quickly as possible. There are one or two questions which arise, and I should like to put them briefly

With regard to the Maghreb countries, we were told that an agreement could be reached quickly if the preliminary question of Tunisian olive oil could be settled. Does this mean that the problems arising in the case of Algeria, from the fact that it receives preferential treatment from France, have been solved, especially with regard to wine?

And as for the results of the Council meeting of 9 December, are they cause for satisfaction? Does the Council believe that it is meeting Parliament's requirements and carrying forward the idea of an overall approach by agreeing in principle to the negotiating mandate for the talks with the Mashrek countries, when this in fact is limited to trade agreements, and by giving official blessing to the industrial and agricultural sectors on which the Nine had already reached informal agreement?

Everyone knows that the stumbling-blocks, as far as these countries are concerned, are the clauses on immigrant labour and financial cooperation. But our Group feels that a clause on immigrant labour similar to that in the agreements with the Maghreb countries should be omitted, since the available data show that the number of workers in the Community from the eastern Arab nations is quite small. The inclusion of such a clause would not be realistic, and we, as a Group, are against any concessions which do not answer real needs on both sides.

Finally, the obscure statement by the Council that 'financial cooperation is not excluded' both worries and perplexes us. It clearly betrays the disagreement among the Member States on the relationship between cooperation with these nations and that with Israel, and reflects the desire of some Member States to take no action in this sphere until an overall assessment of Community policy has been completed. This is why we wish to sound a certain warning in respect of the talks which are about to begin.

A trade agreement is certainly a start. But it must not be forgotten that in order to arrive at an overall Mediterranean policy we must go further than trade agreements and organize not only economic and financial cooperation, but also, and above all, technical, scientific and cultural cooperation, as well as a programme to protect the environment.

It is the view of the Group of European Progressive Democrats that since the relations between the industrial and the developing nations have changed—what is at stake is now different—there is even more reason for the

existence of balanced agreements between the Community and its neighbours. The creation of an overall policy for the Mediterranean is an urgent need.

We hope that this project will be the forerunner of a geographically limited North-South dialogue, our only regret being perhaps that it did not begin earlier. Lastly, we hope that talks can now restart with Malta, that they get under way with the countries of the Mashrek, and that the overall policy for the Mediterranean will take on specific form and develop at least as fruitful with the Arab countries as it has with Israel.

(Applause)

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

Mr Spicer. — May I say on behalf of the Conservative Group that we warmly welcome both the agreement with Israel and the two reports we are debating. The agreement with Israel can be looked upon by Parliament as being of great significance. As Mr Patijn rightly said, we cannot look upon it simply as a trade agreement. It is the most highly political agreement ever entered into by the Community. I hope that we are all entering into it in the full knowledge of what is in store for us as we move on.

In this respect I should like to refer to the report of the Committee on Agriculture so ably presented today by Mr Vetrone, in which the committee considered its doubts, worries and fears about this agreement. By this agreement, which I fully accept, we have established a new high plateau of mutual understanding.

There are two groups of people who will be very unhappy about it. Obviously the first group consists of those other Mediterranean countries which will shortly be entering into serious negotiations for an agreement with the Community, and they will be looking for exactly the same terms as those granted to the State of Israel. In the light not only of a trade agreement but of a highly-charged political situation, who can blame them if they do that?

The second question about which we should be slightly worried—and I am sure that the Commission has taken account of it when conducting its negotiations with Israel—is the position of Turkey. Those people who have been to Turkey and served on the Association Committee know only too well how extremely worried and disturbed Turkey is about the way in which the negotiations with third countries are going. After all, Turkey is in association with the Community and would have expected, say, 'most-

Spicer

favoured-nation' treatment. It now seems that is being undermined by agreements which we are concluding in other parts of the Mediterranean area. It would seem that, through the Commission, we are 'upping the ante', and I hope that everybody else will be prepared to play ball and will 'up the ante' as we move forward to the next round of negotiations. I put that forward as a serious comment while welcoming the agreement.

If we are to move into negotiations with other countries in the Mediterranean area—and again I am speaking in political terms and following closely the line which Mr Patijn took—part and parcel of the negotiations must be the question of the present embargo against the State of Israel by certain countries in the Mediterranean area. We are playing a double game if we do not accept that no true trade agreement can be concluded with Israel if overhanging it is the threat of the embargo which we all in our own countries know to be very effective indeed and to work to the detriment of Israel. It is a political point, but we are moving into a political area.

Mr Patijn talked of a global policy. We are pursuing a global policy with our eyes open, but, once we move across into that area of the Mediterranean, we are moving into a hornet's nest. I hope that we in Parliament and the Commission realize that we are moving into a hornet's nest and that we take the necessary precautions. It would be quite wrong and contrary to the spirit of Parliament and of the Community if over the next year or 18 months, as certain things happen in the Mediterranean—for example, if action is taken by Israel in the Lebanon, or if the PLO takes action in retaliation—we have month after month in this Parliament resolutions for urgent debate calling upon the Community to suspend trade agreements with this or that country as a result of what is happening there.

We have gone into this agreement with Israel with our eyes open, and I hope that we fully accept the consequences of it. My group and I certainly do. We hope that it will be the forerunner of agreements with other Mediterranean countries.

(Applause)

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

Mr Sandri. — *(I)* Mr President, our Group views favourably both the agreement signed with Israel and the reports submitted by Mr Patijn and Mr Pintat.

But once again we are obliged to express the dismay we felt when the agreement with Israel was drawn up. This was due not to the agreement itself, which we approved then and which we still approve, but rather to the politically unfortunate timing of the agreement. I mean by this that the signing seemed rather hurried in the context of our need to develop an overall, consistent policy, which the Community claims to want to realize in the Mediterranean area.

We were subsequently pleased to hear that the Arab nations, during the Euro-Arab talks in fact, had accepted the reasons given by the European negotiators for the agreement with Israel.

This acceptance by the Arabs was evidence of their interest and their readiness to continue and develop their relations with the European Community. We felt then that the signing of the agreement with Israel could and should stimulate the development of the Mediterranean policy which the Community stated it wished to pursue as long ago as 1971.

Unfortunately, ladies and gentlemen, it now seems that this has not been the case. It appears at least—the Commissioner will tell us if this is true or not—that the agreement with Israel has not encouraged a bolder, more energetic and more politically committed approach to the problem of our overall policy towards the Mediterranean countries. The result now is that the agreement with the countries of the Maghreb cannot be finalized, and that the talks with the Mashrek nations are not even getting off the ground.

This may seem a rhetorical question, but we should like to be told what obstacles and difficulties lie in the way of this policy and its realization. Mr Vetrone spoke of some of the obstacles and we, in the Communist Group, share the concern he expressed. Nevertheless, we wish to add that it would be a mistake to interpret our concern as a form of rejection of the Euro-Arab dialogue or as an intention to fight a rearguard action against the possible effects of a Mediterranean policy on the south of Italy. This is definitely not the case. If the European Community is not to remain simply a forum for high-level talks, we must realize that public opinion in the south of Italy, the Mezzogiorno, is greatly concerned and alarmed at the thought of a Mediterranean policy which, in the absence of any political move or clarification from the Community, is regarded as the cause of the future collapse of the agricultural economy, already in dire straits, of the Mezzogiorno. We must not divorce our Mediterranean policy from the need to tackle the problems,

Sandri

particularly the agricultural problems, of the Mezzogiorno and the south of France, not with charity handouts but by initiating a policy of aid, reform and reorganization.

In order to keep within the five minutes which I am allowed, I shall end by saying that, while our Group approves the reports so competently presented by the two honourable Members, we hope nevertheless that the very near future will see the development of the Community's Mediterranean policy which is still regrettably lacking. We believe, in fact, that the 'European identity' can become a reality, firstly in our relations with the third world, secondly in the struggle against fascism in Europe, and thirdly in the promotion of peace. The Mediterranean is the geographical and political crossroads where we can develop not only our relations with the third world, but also pursue the struggle against fascism and our aims for peace.

We hope that the European Community will take this route. Moreover, we feel that within the Community there is a vital need for action on agricultural and regional policies which will enable the Mezzogiorno to be not a victim but an active partner in the implementation of a more general and complex Mediterranean policy.

President. — I call Mrs Ewing.

Mrs Ewing. — Thank you, Mr President, for catching my eye, and I shall delight you by not taking up the four minutes. I was going to add my voice in welcoming the two reports and in congratulating the rapporteurs on the achievements contained in these reports. In doing so I think I can speak for my colleagues in my party back in Scotland.

It is most encouraging to think that reports are likely to follow soon, from what I have read, concerning Algeria, Morocco and Tunisia, and that the Arab dialogue has very optimistic overtones for reaching some kind of agreement.

In Mr Patijn's report, on page 20, there is a hint of criticism that perhaps talks should have been carried on simultaneously, but when reading the paper on the dialogue it seemed to me that we shall reach a satisfactory conclusion.

It is obviously of great importance to Israel and the EEC when one studies the extent to which Israel's imports and exports are so interlinked with the EEC members. A study of the table that I have before me shows the enormous increase achieved with every single country of the EEC from 1968 to 1974. It is quite a startling pattern of development.

Finally, I now see, as one who is a very severe critic of this institution—for perhaps rather esoteric reasons—a very important role growing for the Community. It is hardly regarded outside, I am sure, as a dove or peacemaker, but, ironically, it might just have the effect of improving the prospects for peace in this very troubled area.

We hope to see a common EEC institutional framework embracing these countries in the Middle East which have had these troubles. It may be that the mere fact of having the framework will be of assistance in promoting the prospects for peace. In line with my colleague from the United Kingdom Mr Spicer, who spoke before me, I think that one of the results must be to make the boycott illegal.

With these few remarks I welcome the reports.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the Commission would like to thank the Bureau of the European Parliament for incorporating the first debate in the second, as the Israel agreement, like any other agreement to be signed in the area, must be considered in the context of a more general policy, namely the overall Mediterranean policy.

Mr Patijn's report on the agreement signed on 11 May this year is so complete that I do not feel it necessary to reconsider the various points. I would merely like to emphasize the importance of the trade clauses in this agreement, bearing in mind the respective shares of the Community and Israel in each others' trade. The Community accounts for 55% of Israeli imports and 40% of its exports.

The resultant trade deficit is intolerable for Israel, as it would be for any other country, amounting as it does to 1 200 million dollars, with exports totalling 1 900 million and imports 700 million.

It is therefore high time that we helped Israel to increase its sales to the Community. We hope that the measures taken—and so clearly described by Mr Patijn in his report—in the agricultural and industrial spheres will enable this to be done. However, we feel we should go even further. We believe that these cooperation measures should be progressively developed, as the growth clause requires and logic demands, under the auspices of the Joint Committee, which, as Mr Kaspereit mentioned, is really responsible for this sector and which, we hope, will be holding a meeting in the spring, probably in Israel, to which we have been invited.

Cheysson

This agreement must in fact be developed to full fruition: the cooperation should extend beyond trade problems, a special parliamentary body should be set up and the necessary financial clauses should be added. This should be done within the framework of the overall policy of which I shall be speaking later. Before I move on from the Israel agreement to consider our relations as a whole, I should just like to emphasize that as far as the non-discrimination clauses are concerned, the Commission will be faithful to the mandate which you have given it on more than one occasion and which has been formulated in very strict terms by the Council.

Non-discrimination is one of the fundamental principles of the Community, both in its internal relations and in its relations with all the countries of the world. It is therefore desirable that agreements relating to areas of the world where problems could arise should include clearly make its views known and require its partners to undertake the necessary commitments.

All this—as Mr Patijn, Mr Pintat and the other rapporteurs, Mr Vetrone and Mr Fellermaier, have stressed—is part of a policy which must—in the words of the resolution adopted by Parliament in 1973—be coherent in its principles, but adjusted in the light of the special situation of each of the countries concerned’.

Allow me then to say something about our Mediterranean policy. Mr Pintat emphasizes that the countries in this area share the same climate, soil and production. Let us remember that we also have a common culture, a common past, a common history and common metaphysical principles underlying our religions. Behind us, we share the same great past, the same great inspiration; before us, we have the same great concerns and ambitions.

Each and every one of us is aware that the independence of all our countries will be better protected if we can maintain mutual understanding and thus limit the possibility of any intrusion or competition from elements totally foreign to this part of the world.

We are also aware that our own development entails close relations with the other countries in this areas. As Europeans, let us in all simplicity and modesty recognize the fact that our own development demands close relations with the Third World countries, particularly those which are now important suppliers of raw materials, which have already become a source of manpower and which are increasingly becoming rapidly developing markets.

For our partners north of the Mediterranean, development, as we are aware, entails increasing

access to our market and greater cooperation with ourselves as their industries progress and their agriculture becomes more competitive. The Spaniards hold this view every bit as much as the Greeks, Portuguese or Turks.

As for our friends on the southern shores of the Mediterranean, we can make good their deficiencies in technology, markets, security and stability of economic development. All the features of a common development, all the elements of interdependence, are present.

It may be asserted that there are conflicts in this area and that these render relations with certain countries more delicate. There is of course a conflict, not open conflict, thank goodness, though it is serious, between Greece and Turkey. And there is certainly open and particularly serious conflict between Israel and its neighbours. But if I may say so, there have been others of the kind in the Mediterranean area. We Europeans have hardly set an example when one considers the conflicts which have occurred around the Mediterranean during the last few thousand years!

However, we were able to resolve these conflicts, partly because we were obliged to live together, because we had a common future. It is thus likely, as Mr Pintat's report rightly points out, that prospects of joint cooperation may help maintain lasting peace in the area.

Allow me to quote the words of a statesman who, on 11 May 1975, the day he signed the agreement with the Community, stated that Europe pointed the way towards a new form of cooperation and would serve ‘as a model in the Middle East’, thus indicating that in the Middle East, as in Europe, economic integration would be an important factor in peaceful coexistence.

This is the only way to overcome conflicts, this is the route we should take to establish peace and security in common. If the Community, rather audaciously I admit, claims that its attitude is impartial, and that it is pursuing a balanced policy vis-à-vis the various parties to these conflicts, it is not because it is unaware of the problems or because it refuses to make moral or political judgments on the ambitions or legitimate rights of these parties. It is because it believes that we should live together, that we are obliged to succeed together under penalty of becoming the victims of those who would be only too happy to vent their spleen on us rather than on others.

This then is the great challenge for all of us in the Mediterranean area! And I say ‘all of us’, not only those of us in Europe.

Cheyssson

More specifically, as far as Europe is concerned, the problems north of the Mediterranean are fundamentally different from those in the south. The relations we aspire to with the European countries which aim to join our Community, and which must therefore have political systems similar to our own if we are to accord them membership, are quite different in character from those with the countries to the south of the Mediterranean, whose development we wish to encourage, with whom we hope to attain common peaceful relations, but in whose affairs we do not wish to interfere.

We intend to develop relations of every type, commercial, economic or financial with the countries north of the Mediterranean—with Greece and Turkey, which are already associated states, with, as we fervently hope, a democratic Spain, with Portugal, albeit not a Mediterranean country, and even with Yugoslavia.

As for the countries south of the Mediterranean, our ambitions are less far-reaching. We do not seek association agreements leading ultimately to accession, but trade relations and the best possible cooperation agreements. Mr Pintat has explained how the problem relates to world development aid policy. I would remind him that, as has been so often stated in this House and as indeed the rapporteur himself fully accepts, a development aid policy can only be as effective as the circumstances allow. Thus at world level, in the North-South conference which has just started, at United Nations level, at the UNCTAD meeting to be held shortly in Nairobi, we should express our views on the new economic order and should encourage our industrialized partners to go far enough to enable the Third World countries to become true partners in this economic order and not simply remain suppliers.

Yet there are areas of the world where we can and must go further because we are more dependent on the Third World in these areas and perhaps also because the challenge, indeed the inner drive of our society to succeed, is even greater.

Which countries are they? Those which are geographically closest to us, those which our existing relations make economically closest to us and those whose economic, commercial, cultural and religious structures most resemble ours—in other words, the Mediterranean countries. And I cannot emphasize too strongly what I have said time and time again, namely that our association policy, our policy of promoting agreements of the Lomé type, cannot but lead to failure if we are unable to succeed with the countries closest to us, those of the Mediterranean.

If we are unable to overcome our difficulties with Morocco and Algeria, with an Israel which will soon have developed its industry, with Egypt or with Turkey, let us have no illusions, we shall only succeed in implementing the Lomé Convention as long as its impact remains slight and we shall fail once it becomes difficult to apply, in other words, once it has any real effect on the countries associated with us. We must succeed in the Mediterranean—only thus can we show that our policy is meaningful. If we do not succeed, it will be because the policy goes further than our social structures and our political courage allow.

How far should we go in the Mediterranean?

Parliament has decided that it is with the countries bordering on this sea that we are to have relations of this type. This, of course, is to be explained by history and economic relations. The preference given is particularly meaningful for those countries which, owing to the size of their balance of payments deficit, require commercial aid if they are to develop. Some countries have a considerable surplus in their balance of payments. Trade preferences would therefore not appear to be so important for them as they would be for Egypt, or as they are for Tunisia or Morocco. I therefore feel that the policy formulated by Parliament, taken up by the Council and supported by the Commission at every opportunity, should be maintained and implemented.

How do things stand at present?

The reports contain excellent information on each country which, Mr President, I hardly need to repeat here. I would simply say that in regard to our relations with the countries to the north of the Mediterranean, there has not, in recent weeks, been any new progress worthy of reporting to the House. The facts are that the problems with Turkey are serious—as several speakers have pointed out—that we hope for improvement in our relations with Yugoslavia, and finally that the European Council has indeed considered the question of Malta and has granted us the two or three million u.a. which the Council of Ministers had found itself unable to add to our mandate, even after a period of several months. We shall thus be able to continue the negotiations.

As for the countries to the south of the Mediterranean, there has certainly been progress. We have now reached the final phase of our negotiations with the Maghreb countries and I am sure that all the Members of this House will understand that I am unable to give any information whatsoever on what may be the final stages of particularly difficult negotiations. I

Cheysson

say 'with the Maghreb countries' as we have now progressed as far with three of these as with one particular country.

As for the Mashrek countries, the Commission proposed a draft mandate in January 1975. After extensive consideration, the Council agreed that we should invite our Mashrek partners to open negotiations in January, and my frequent visits to many of the Arab capitals have shown that our partners desire to join us round the negotiating table in the next few weeks. The mandate is open-ended, and like any other negotiating mandate must be filled out and expanded subsequently.

We in the Commission would have liked the terms of reference to have been a little wider for the initial negotiating phase. However, as it must in any case be extended and enlarged, I do not consider this a major difficulty, and feel that we have at least a basis on which to negotiate in those areas which have been the cause of the delay in proceeding to an agreement with the four Mashrek countries as compared to that with Israel, i.e. which have caused us to deviate from our intention to pursue an impartial and balanced policy vis-à-vis Israel and its neighbours.

The mandate will be expanded for these countries, and then, in accordance with the Commission's plans and as is generally recognized to be necessary, for Israel, in order that this balanced approach may be maintained. The Commission is firmly committed to this course.

However, in order to examine the significance of a successful outcome, I would ask the politicians, indeed I would ask all of you here, to take an active rather than a passive interest in this regard. It is difficult to share the provisions of one's own larder but it is quite possible, it is even extremely interesting and indeed stimulating, to share the fruits of common growth. And between the countries to the north and the countries to the south of the Mediterranean there is bound to be growth once the world has overcome the present recession. We are certain of overall growth, particularly as this enlargement of the market represents a stimulus to the free economy in which we live both for these countries and for ourselves.

It is in this context of overall growth that we should now consider the legitimate rights of our producers, particularly the farmers, the demands of our partners south of the Mediterranean and the opportunities offered everywhere.

Let us start off by dealing with agriculture—the most difficult sector—and take another

look at the problems involved. First in regard to volume, I would remind you that the various agricultural products currently exported from the Meghreb and the Mashrek to the Community total 600 million u.a. per year, or 2% of Community imports in this sector. This 2% does indeed fall within areas which are particularly sensitive in Europe, and it is important, but the figure is still only 2%.

Secondly, let us remember that a legacy of the colonial regime agricultural products from the Maghreb now enjoy almost unlimited access to the French market. An agreement would reduce access to France even though the new arrangements would extend to all nine countries of the Community.

Thus, initially, the signing of an agreement with the Maghreb countries would certainly not mean an additional volume of agricultural produce from the Maghreb entering the Community, rather the reverse.

As for the Mashrek, agricultural exports to the Community total 100 million u.a. No one can maintain that this presents any real problem.

There are, of course, the imports of products from Greece and Spain, but we must view these in a different perspective, that of these countries' accession to the Community in a number of years. There will have to be a transitional period at the time of accession as these countries will insist on some protection for their industry in exchange for which we shall have to negotiate protection for our agriculture. That goes without saying.

There will therefore have to be a transitional period. These are long-term problems for which we have a sound negotiating position.

Having said this, let me take a look at the future. The question of sugar was raised earlier. Should the countries to the south of the Mediterranean import their sugar from Central America via agreements with the Russians when we are able to increase sugar production and have accepted responsibilities in the A.C.P. context? The same argument could be applied to common wheat and to other products.

Conversely, does the Community have to import all its soya from America when soya is produced in areas with the same climates as those of our partners? By shifting a few percent of our soya imports, can we not offer our partners south of the Mediterranean considerable prospects of development and make it easy for them to accept the restrictions we shall have to impose to protect our own producers?

Cheysson

All these are questions of external agricultural policy, and something the Community ought to have had a long time ago.

With our common agricultural policy we are better placed than many to introduce one. And when I compare the influence and the power the United States is able to exert owing to its foreign agricultural policy with our sluggishness in the same sector, I feel that the Community ought to be ashamed of itself.

Can we indeed tolerate a situation whereby a Community, much of whose territory and producers are employed in farming, has such a dismal external agricultural balance, with imports amounting to 30 000 million dollars' worth of agricultural products per annum and exports standing at 1 700 million? I do not believe we can.

We must develop an external agricultural policy in sectors where we are competitive, in sectors where the common agricultural policy has given us security of production under competitive conditions. And this must be backed by planning.

Mr Lardinois has been frequently critical for his discussions with Egypt aimed at reaching a long-term contract. The contract has not been concluded, but you are aware of what it involves. It covers a million tonnes of wheat, 75 000 tonnes of sugar, 10 000 tonnes of milk, etc. This contract alone is worth 250 million dollars per year.

250 million dollars per year is two and a half times the value of our current agricultural exports to all the countries of the eastern Mediterranean. Long-term contracts thus represent an interesting prospect for us. Syria, Jordan, Algeria and Morocco have in fact also asked us to enter into this type of contract.

I believe this to be one of the basic principles of future interdependence. And when we speak of agricultural relations between the northern and southern Mediterranean, we should not forget these development prospects.

In the meantime, our farmers have a right to see their production protected, particularly in areas in which they have been given encouragement. We should therefore do our utmost to use all the instruments of the common agricultural policy—reference prices, maximum prices, voluntary restraint, schedules for the supervision schemes which we can apply, as you know, and safeguard clauses if things become really serious. We must therefore systematically help farmers to improve their productivity. We must help them to organize and structure their capacity and potential, particularly for the export market.

With protection of this kind, therefore, with the necessary transitional periods, there is no reason why European agriculture should be afraid of this competition. The existence of such fears would be a sign that something was rotten in the state of our agriculture, and I cannot believe this to be true. Our agriculture, vigorous, dynamic and imaginative as it is, is part of our future.

Turning now to the industrial sector, we have reached a stage where the prospects for cooperation between the southern Mediterranean countries and ourselves are enormous. Our markets offer tremendous possibilities to our partners in this area—I have already mentioned Israel as a typical example. Industrial cooperation and efforts to introduce triangular operations must therefore be used to mobilize capital from the richest Arab countries, the oil-producing countries, and to create the conditions for this development.

Will this have any effects on our structures? We shall certainly not rule this out. We shall have to anticipate them well in advance.

All this, Mr President, brings me to an important conclusion which indeed is also contained in Mr Pintat's motion for a resolution, namely that the time has passed when a development aid policy can be considered independently of the other policies of a state or Community.

This policy—as our relations across the Mediterranean show with blinding clarity—will not develop to the full or be completely acceptable to our workers, farmers, producers, merchants, bankers and peoples, unless it is integrated with our other policies, unless any unfortunate consequences can be foreseen and offset by parallel measures in regional and structural policy, as suggested by Mr Vetrone, or by special measures, as proposed by Mr Pintat.

Development aid policy must become part of European policy and not a distinct and separate sectoral activity. This means that it will have to be monitored by the representatives of the peoples, and not only by the governments. It is thus most important for Parliament to have a say in each of our cooperation agreements at the time of its negotiation, at the time of its conclusion and throughout its application, via parliamentary bodies, in meetings such as today's and by making use of all information and follow-up facilities in each of the special committees.

It also means that the other representatives of our economic and social forces should remain associated at a more modest level—industrialists

Cheysson

and bankers on the one hand and representatives of the unions and agricultural organizations on the other.

The Mediterranean policy, Mr President, is certainly a great objective, not only as regards our external relations, but also because it requires us to incorporate into our own structures our relations with countries which have not attained the same level of development as ourselves. In other words, we must go beyond the sectoral, technocratic approach which has characterized the commercial Europe of the Treaty of Rome, and develop European policies which cover all the various aspects of the life of our peoples, and which are thus conducted and controlled by political forces, that is by the parliaments, by your Parliament, particularly once it has been directly elected.

(Loud applause)

President. — The joint debate on the reports by Mr Patijn and Mr Pintat is closed.

We shall now consider the motions for resolutions.

I put the motion for a resolution contained in the report by Mr Patijn to the vote.

The resolution is adopted.¹

I put the motion for a resolution contained in the report by Mr Pintat to the vote.

The resolution is adopted.¹

14. *Directives on the elimination of technical barriers to trade*

President. — The next item is the report drawn up by Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs on the proposals from the Commission of the European Communities to the Council on the elimination of technical barriers to trade in goods, in particular the proposals for directives on the approximation of the laws of the Member States relating to

— taximeters

— lifting and mechanical handling appliances and electrically operated lifts

— fruit jams, jellies and marmalades, and chestnut purée

(Doc. 343/75).

I call Mr Mitterdorfer.

Mr Mitterdorfer, rapporteur. — (D) Mr President, ladies and gentlemen, I think I ought go into the purpose of this report in greater detail. A year ago I told this House that the idea of abolishing trade barriers was to realize one of the five freedoms in the EEC Treaty in regard to certain categories of goods, namely to ensure freer movement of goods within the European Community. Without repeating myself I should like to remind the House that the European Parliament pointed out at that time that the procedure followed by the Commission had not in practice shown itself to be very successful; present procedures do not in fact eliminate the true effects of these barriers on trading policy and on competition policy rapidly enough.

In times of an inflationary cost spiral we must welcome any measures that the Community may take in order to ease the burden of 'administrative' costs on the economy and on public agencies. Your Committee on Economic and Monetary Affairs has recently increased its demands for more urgent action by the Community in this field. In December 1974 Parliament called on the Commission to forward proposals to it and to the Council based on action programmes for the elimination of such trade barriers. These programmes must embody basic principles and have a legally binding form. The Commission was instructed to forward to Parliament and the Council outline directives in accordance with Article 100 for the sectors defined in the action programmes and then, after hearing the opinions of the appropriate responsible committees of experts, on its own responsibility establish provisions for their implementation pursuant to Article 155 of the EEC Treaty.

Ladies and gentlemen, twelve months ago Parliament approved a package of proposals for directives on the abolition of trade barriers in the various economic sectors on condition that the Commission would in the near future proceed to abolish trade barriers in accordance with this new procedure. I am sorry to have to state that during the past year the Commission has been trying to continue to abolish trade barriers by means of the old ponderous method rejected by Parliament. I say 'trying' deliberately, since most of the proposals for directives passed by Parliament in recent months are tucked away somewhere in the Council's cupboards together with proposals for directives from 1974. We are bound to conclude that, because of the Council's dilatoriness, the Community continues to be behind schedule to a degree which is not to be tolerated when it comes to the implementation of one of the five freedoms of the EEC Treaty, namely that concerning the free movement of goods.

¹ OJ C 7 of 12. 1. 1976.

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The Economic Committee has therefore once again expressly drawn attention to its procedural proposal of December 1974. It was even suggested at that time that any proposals forwarded to Parliament should be disposed of without debate until the new procedure was in operation.

Now that I have got that important reminder out of the way, I should like to inform you that the Committee on Economic and Monetary Affairs recommends Parliament to approve the directives on the approximation of the laws of Member States relating to taximeters, lifting and mechanical handling appliances and electrically operated lifts, fruit jams, jellies and marmalades, and chestnut purée; the Commission is however requested to take account of the amendments proposed by the Legal Affairs Committee.

Because of its special competence, the committee has concerned itself with the various forms of harmonization chosen. It would point out that, with regard to the system of harmonization for lifting and mechanical handling appliances, and for taximeters, the Commission has chosen 'optional harmonization'.

This selective harmonization procedure simplifies the free movement of goods but does not completely guarantee it, since, in Member States where standards are less demanding, it will be possible for home-produced goods to be more competitive on the home market than goods which are imported from other Member States and which have to comply with stricter European standards.

Although the Committee has certain basic reservations about the form of harmonization chosen, it is, however, willing to accept it because of the implications which total harmonization might have for industrial, and possibly for commercial, policy.

As regards fruit jams, jellies and marmalades and chestnut purée, the Commission proposes the partial harmonization system, which means that the Member States' laws relating to the products which come under a directive must be fully aligned, but that national regulations may continue to apply to products which do not come under a directive. In the interest of health protection an attempt should be made at a later stage to introduce total harmonization.

I should also like to make it clear that, with regard to lifting and mechanical handling appliances, we are dealing with an outline directive and that the regulations concerning its application for the various categories of lifting

appliances must be laid down in separate directives. The proposal makes provision for procedures with regard to EEC type approval, EEC component type approval and EEC inspection. Mutual recognition of the required tests is essential if the free movement of these goods is not to be impeded by multiple checks. The Commission has selected electrically operated lifts as the first sector for the implementation of the outline directive just mentioned.

The Committee on Economic and Monetary Affairs warmly welcomes this development since, in this sector, lack of harmonization represents a real obstacle to trade. Having to adapt production destined for the export market to different national technical regulations had already led to an increase in costs ranging from 8 to 10%. With reference to the proposal for a directive relating to fruit jams, jellies and marmalades, and chestnut purée, the Commission submitted its first proposal for a directive as early as 1965. The accession of the three new Member States, where production and consumption habits often differ considerably from those in the original Member States, and the activities at international level on foodstuffs legislation prompted the Commission to submit a new proposal.

The Committee on Economic and Monetary Affairs is pleased to note that the Commission has proposed to the Council that the European Parliament should be consulted again since the amended proposal differs appreciably from the original one. The purpose of this proposal is not only to bring about the free movement of goods within the Community by removing technical barriers to trade, but to facilitate work in the Codex alimentarius at the same time. The latter aim is particularly important, since international uniformity will facilitate and promote world trade in these goods.

An important aspect of the proposal is that of labelling regulations. These are very necessary if the consumer is to be adequately protected and informed. However, care should be taken that the decisions adopted by the Council in this field are passed on and explained to the consumer by systematic cooperation with national consumer organizations.

I should like to add one more comment, which I think is important. As rapporteur for the Committee on Economic and Monetary Affairs, I have to inform the House that the opinion of the Committee on Public Health and the Environment, which was consulted on the proposal of a directive on fruit jams, jellies and marmalades, and chestnut purée, was delivered only after it had discussed the report which is before you today.

Mitterdorfer

In view of the fact that the committee asked for its opinion, as the body with special responsibility for health matters, put forward 16 amendments, we feel obliged to recommend that this committee should present to a plenary sitting a report of its own, setting out its reservations based on health grounds. The Committee on Economic and Monetary Affairs makes this recommendation because it is the body primarily responsible for ensuring free movement of goods, and in this connection, has to give its opinion on the elimination of technical barriers to trade. It cannot judge health questions and thinks it inadvisable to become involved with problems relating to health and to the chemical properties of foodstuffs when dealing with a report on the elimination of technical barriers to trade. Our Parliament agreed last year that debates of a pseudo-technical nature should be avoided as far as possible.

We are a political institution and should therefore take a political view of proposals for directives which are couched in very technical language. The procedure proposed by Parliament a year ago is a step in that direction.

We cannot expect to be taken seriously by the Commission and the Council in matters which concern us if, as a Parliament, we constantly have to resist attempts from within our own ranks to initiate such highly technical discussions in this House.

In view of the important economic interests which are affected by problems of the type we are dealing with, I should like to state quite clearly that I am here speaking only on behalf of the European Parliament which has no interest, active or passive, in such economic circles.

(Applause)

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, I think that Mr Mitterdorfer is quite right. We are discussing here the elimination of trade barriers and not problems of public health.

I propose that Mr Liogier's 16 amendments be referred back to his committee and not dealt with here, for otherwise we shall get into a terrible mess and never get finished.

This is a formal proposal. I ask you to put it to the vote.

President. — I call Mr Scott-Hopkins to speak on the proposal by Mr Broeks.

Mr Scott-Hopkins. — Mr Broeks's suggestion is very sensible, but I am a little confused about

it, because it seems that both the report of Mr Mitterdorfer and the amendments concerning the report should go back to be reconsidered.

President. — It is obviously considered that the two relate to entirely different things, Mr Scott-Hopkins.

(Mixed reactions)

Mr Scott-Hopkins. — As I understand it, if Mr Liogier or the Committee on Public Health and the Environment is to be able to make a report on this matter, we have to support Mr Broeks, because the main thing is to get the problem out of the way right now.

President. — I put to the vote the proposal by Mr Broeks that Mr Liogier's amendments, which all relate to public health aspects, be referred to the committee responsible.

The proposal is adopted.

I call Mr Laban on a question of procedure.

Mr Laban. — *(NL)* Mr President, I should like to propose that the motion for a resolution contained in the report by Mr Mitterdorfer should now be put to the vote without a debate.

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, I am afraid I must oppose Mr Laban's proposal, since there are three amendments still to be considered, namely Amendments Nos 17, 18 and 19.

President. — I call Mr Yeats.

Mr Yeats. — I was under the impression, when we voted on the proposition of Mr Broeks, that all further discussion of this report would thereupon be halted until we had heard the opinion of the committee. Mr President, if we proceed with this debate and pass this report, there will be nothing to go to the committee. We have referred this to a committee to consider the amendments, but if we now proceed to discuss the report and to pass it, there will be nothing for the committee to discuss.

President. — We have referred to the committee responsible all the amendments about marmalade and chestnuts, but the general discussion of Mr Mitterdorfer's report must be continued on the basis of this resolution.

I call Mr Liogier.

Mr Liogier. — (F) Mr President, ladies and gentlemen, the directive on which we are called upon to give our opinion is part of the Community programme for the elimination of technical trade barriers.

In addition to this general proposal, the Commission has also forwarded to us more detailed proposals on taximeters, lifting and mechanical handling appliances, and on fruit jams, jellies and marmalades, and chestnut purée.

This is indeed a complex set of issues but it is also very important, as Mr Mitterdorfer has made clear in his excellent report. The directive on lifting and mechanical handling appliances covers a wide field since it includes all electrically, hydraulically or mechanically driven appliances such as lifts, cranes used in civil engineering work, hoists, conveyor belts and fork-lift trucks. The technical annex describing their specific characteristics is a reasonable compromise between the different regulations at present in force in the Member States. It will in particular guarantee a high level of safety for those who use or maintain such appliances. It should also facilitate the tasks of national and Community authorities and of users.

However, the Commission is advocating optional harmonization only. In other words, if a manufacturer does not wish to export his equipment, he is not obliged to ask for Community approval. Such approval would be granted by the competent authorities in the Member States, who would be responsible for checking that the equipment satisfied the standards laid down in the proposal. We think that such a procedure is inadequate since only total harmonization would ensure the general application of the safety provisions in the technical annex and the effective elimination of trade barriers. Thus, to take one example, a lift car complying with the terms of the technical annex could not be used in a lift shaft conforming to French standards which have less stringent requirements for the height of foot-boards. We would therefore ask the Commission to examine this point. It will in any case crop up during the inspections which will have to be made by the Commission as part of the new procedure which it has introduced and of which we unreservedly approve.

With regard more specifically to the electric lifts—the first sector to which the basic directive is applicable—we feel that harmonization should have been extended to a larger number of appliances. Without going into technical details, we would however urge the need for harmonization with regard to lifts for handicapped persons, which are at present not

covered by the terms of the proposed directive. In order to ensure the safety of handicapped persons and of maintenance staff, these appliances must be subject to the rules of the technical annex. However, we appreciate the economic and social effect of this harmonization process in so far as this sector is faced with serious problems. In the Community, lifts are often manufactured by a small number of large decentralized undertakings. Many factories scattered throughout the Community each manufacture one of the component parts of the appliance, which is then assembled in another factory. The diversity of types has led to a considerable increase in production costs and the elimination of technical barriers to trade now being proposed will doubtless succeed in halting this trend.

Finally, in a totally different field, but one which also includes an important sector, viz. the production of fruit jams, jellies and marmalades, and chestnut purée, we are pleased to note the first steps towards harmonization proposed by the Commission, but in this sector there are public health and consumer protection factors which must be considered. I was therefore instructed by the Committee on Public Health and the Environment to draft an opinion which was discussed and voted on by that committee. It was printed and sent in good time, since it was dated 20 November, to the Committee on Economic and Monetary Affairs, which is competent in the matter and which met later.

We regret that, and cannot understand why, the committee responsible took no account of our opinion and failed to make the slightest reference to it. We have therefore been obliged to resort to the procedure of amendments to the Commission's text, a procedure for which we felt no enthusiasm Mr President, because we have no more time at our disposal than anyone else!

President. — Do you want to speak, Mr Spicer?

Mr Spicer. — Mr President, I should like to do so briefly, but only to refer to the fact that, far from doing Parliament a service in discussing this today, I believe that we are doing ourselves a grave disservice.

There has been a muddle of extraordinary proportions. The report was first presented to Parliament on 10 November with other items included in it. Those two items were then withdrawn, and suddenly the report itself was withdrawn so that the opinion of the Committee on Public Health and the Environment could be obtained on the marmalade, purées and other things. It seems to me quite wrong for

Spicer

us to come before Parliament facing all these amendments. I know that they have been referred to the appropriate committee, but this is a muddle and one which we should not tolerate. All I would ask you, Mr President, is to ensure, if you possibly can, that in the future not only do we gather the opinion of a committee—a secondary committee perhaps in this case—but that two reports should be prepared, and should be presented at the same time.

This has been a very third-rate discussion. I do not in any way blame Mr Mitterdorfer for that. It is his responsibility to present it from his committee, but it has not been a very good reflection on the work of Parliament this afternoon. Whatever we do and however we vote, I think it is a disgraceful muddle.

President. — I should like to propose that the debate on taximeters, lifting and mechanical handling appliances and fruit jams should, if possible, be brought to an end.

I have no amendments to the proposal relating to taximeters.

The amendments to the proposal relating to fruit jams, jellies and marmalades, and chestnut purée have been referred to the committee responsible.

We are therefore left with a technical amendment relating to lifting and mechanical handling appliances and two amendments to the motion for a resolution.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I should like to comment briefly on the amendments.

On behalf of my colleague, Mr Gundelach, I should like to thank the rapporteur, Mr Mitterdorfer, very much for his report, which the Commission considers both excellent and thorough. It is a source of satisfaction to us that our proposals have generally met with his agreement and that of the committee responsible. There is, however, one other difficulty—perhaps I could call it a difference of opinion—with regard to the type of harmonization which we are advocating.

Mr Mitterdorfer is an advocate of total harmonization, whereas we have proposed partial harmonization. Our proposal is based chiefly on socio-economic considerations, since we are dealing, particularly in connection with taximeters and lifting appliances, with a very wide range of undertakings and with some multinational companies. In order not to create great

difficulties in a large number of undertakings where these appliances are produced, we have for the present opted for partial harmonization. I feel that at the moment these socio-economic factors must be given great weight. We all have—and Mr Mitterdorfer knows this as well as anyone else—enough problems in this employment sector. We think, therefore, that this is as far as we should go at the moment.

Nevertheless, the Commission would like to thank Mr Mitterdorfer very much for his report. I ask Parliament to reject the three amendments, which would cause the Commission considerable difficulties.

President. — On the directive relating to lifting and mechanical handling appliances, I have Amendment No 18. However, since its authors are not present, this amendment is cancelled.

We shall now consider the motion for a resolution.

I call Mr Yeats on a question of procedure.

Mr Yeats. — Mr President, I wish to point out out that paragraph 4 of the resolution says:

‘Approves the proposals in question subject to the reservations it has made’.

If we pass this, the regulations on fruit jams, jellies and marmalades, and chestnut purée will have been enacted. That will have been passed through this Parliament. There will be nothing further left to discuss. No one in this Parliament will have any authority to discuss these matters or the amendments.

We cannot pass paragraph 4 as it stands unless we are simply going to make fools of ourselves.

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Mr President, I do not believe that the House has the right to refer a mass of 16 amendments back to a committee unless this is to be done with a base document, and there is not one. Therefore, apparently what the committee is meant to do now is make out a report on its own initiative. I do not think this is a practical proposition.

I can understand Mr Broeks and the Socialist Group wishing to get on with this and get it through. Nevertheless, I think Parliament has been acting *ultra vires* and I think that you, Mr President, have also been acting *ultra vires*.

President. — Does Mr Scott-Hopkins wish to raise the question of the 16 amendments again?

Mr Scott-Hopkins. — I am not trying to increase confusion; I am trying to straighten things out. I do not want to bring these amendments back now. I believe the appropriate committee should consider the document again in the light of the amendments which are in front of us.

I am in favour of reference to the committee, but with the document concerned.

President. — We have decided to refer the technical amendments concerning fruit jams, jellies and marmalade, and chestnut purée to the committee responsible. We have also decided to deal with the motion for a resolution as such. I emphasize that this was a decision taken by Parliament.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — With the greatest respect, Mr President, if the original draft directive is still in being, of course those amendments can be referred to the committee concerned and of course they can be discussed and a report can be brought forward.

However, if, as Mr Yeats has said, paragraph 4 is passed here, the draft proposals from the Commission, with this report, go through and there is nothing for the committee concerned to hang its hat on. The draft proposals will have gone.

President. — If I have understood Mr Scott-Hopkins correctly, he is proposing that the debate be postponed.

I call Mr Lange to speak on this proposal.

Mr Lange. — (D) Mr President, ladies and gentlemen, now the confusion is complete. Parliament has just decided to refer the sixteen amendments back to the Committee on Public Health and the Environment.

These sixteen amendments have absolutely nothing to do with the Commission's proposals for the elimination of trade barriers, but deal merely with the way in which jam, chestnut purée, etc. should be composed for reasons of public health. The committee should therefore be given the opportunity to draw up its own report on the composition of jams, marmalade, chestnut purée, etc.

Thus the sixteen amendments have nothing to do with the subject of Mr Mitterdorfer's report. So instead of complicating the issue, let us invite the Committee on Public Health and the Environment to draw up on its own initiative a report on the public health aspects of the manufacture of jams, marmalade and chestnut

purée. You too, Mr Scott-Hopkins, must be fully aware that our Rules of Procedure allow this.

President. — I call Mr Yeats.

Mr Yeats. — I think we can solve this problem simply. I agree with Mr Lange as to what we all want to do.

I suggest that we pass this document, if we so wish, and the resolution, but first we should amend it by deleting part of the opening paragraphs.

President. — I put to the vote the proposal by Mr Scott-Hopkins that the debate on the motion for a resolution be deferred.

The proposal is rejected.

We shall now continue consideration of the motion for a resolution.

I put the preamble and paragraph 1 and 2 to the vote.

The preamble and paragraph 1 and 2 are adopted.

After paragraph 2 I have Amendment No 17, tabled by Mr Noè, Mr Vandewiele and Mr Deschamps and worded as follows:

'After paragraph 2, insert a new paragraph 2(a)

"2(a) Declares its preference for a solution of total harmonization to be achieved gradually over a period of five years with a view to eliminating any distortions of competition that might affect the free movement of the equipment concerned in cases where two standards exist side by side in the Member States of the Community;".

After paragraph 2 I have Amendment No 19, tabled by Mr Durieux and Mr Hougardy and worded as follows:

"2(a) Rejects the application of a system of harmonization which would allow major technical and safety-affecting differences to persist in the Community with regard to electrically operated lifts, which could in turn have an adverse effect on conditions of competition and safety as well as the production costs of lifts;"

"2(b) Invites the Commission to amend its proposal and demand total harmonization of the provisions adopted by the Member States in this field, as this is desirable not only from an economic and technical point of view but also with regard to competition and safety, and therefore refers to the following proposed modifications to this directive;"

"2(c) Requests the Commission, if the latter should accept the system of total harmonization proposed, to include in the proposal for a directive an article laying down the necessary provisions for a period of transition which is considered necessary to achieve

President

total harmonization of the provisions adopted by Member States in this field;”.

I note that the authors of this second amendment are not present.

I call Mr Houdet.

Mr Houdet. — (*F*) Mr President, I shall take over the amendment by Mr Durieux and Mr Hougardy. I do not think the text requires any comment, so I ask you merely to put it to the vote.

President. — I call Mr Noè to move his amendment.

Mr Noè. — (*I*) This amendment, which I have tabled with my colleagues Mr Vandewiele and Mr Deschamps, is aimed at avoiding a state of affairs in which, starting from a certain date and finishing once complete Community harmonization is achieved, two parallel sets of regulations exist in each Member State, one deriving from the Member State and one from the Community. There are two reasons why we are opposed to the existence of two sets of regulations at the same time: principally because this would clearly lead to distortion of competition, and secondly—and here I disagree with Commissioner Lardinois—because the requirement to comply with two different sets of regulations at the same time would disturb and complicate production, particularly in small and medium-sized undertakings.

Considering that every lifting appliance is made up of many components, and that the two standards would always have to be applied to all of these, with the resulting risk of confusion, we are therefore against the existence of two sets of regulations at the same time, and are of the opinion that the best way to safeguard small and medium-sized undertakings is for Community harmonization to be delayed somewhat so that, with more time, these undertakings can prepare themselves better.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (*NL*) Mr President, I must persist in recommending you not to accept this amendment since we consider this argument to be unsound. A small undertaking needs only to keep to one set of regulations; it does not need to apply both sets.

I am glad that the rapporteur, Mr Mitterdorfer, agrees with the Commission that these amendments must be rejected.

President. — I call Mr Noè.

Mr Noè. — (*I*) In that case a medium-sized undertaking will be unable to export. It will be able to sell only to its own country, for example Belgium or the Netherlands.

President. — I put Amendment No 17 to the vote.

Amendment No 17 is rejected.

I put Amendment No 19 to the vote.

Amendment No 19 is rejected.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

I call Mr Yeats on a question of procedure.

Mr Yeats. — I request, Mr President, that paragraphs 3 and 4 be taken separately.

President. — I have a request that paragraphs 3 and 4 should be voted on separately.

I put paragraph 3 to the vote.

Paragraph 3 is adopted.

I call Mr Yeats for an explanation of vote.

Mr Yeats. — I can only vote against paragraph 4, on the following grounds. If this Assembly passes paragraph 4 it will utterly vitiate the decision already taken to refer the 16 amendments of Mr Liogier back to committee. If we pass paragraph 4, there will be no conceivable means by which the committee can consider these amendments. We shall have made fools of ourselves. We shall have taken a decision and, in the same breath, made it impossible to carry it out.

President. — I call Mr Broeksz for an explanation of vote.

Mr Broeksz. — (*NL*) Mr President, since the amendments have been referred to the committee responsible, there are consequently no more amendments to these proposals to be dealt with, which means that we can vote in favour of them.

President. — I call Mr Lange for an explanation of vote.

Mr Lange. — (*D*) A few changes have been made to the proposal for a directive, and the text of paragraph 4 in the proposal for a regulation

Lange

refers to these. To this extent it is therefore quite right to vote for it.

President. — I put paragraph 4 to the vote.

Since the result of the show of hands is doubtful, voting will now take place by sitting and standing.

Paragraph 4 is rejected.

I put to the vote the motion for a resolution thus amended.

The resolution is adopted.¹

15. Regulation on Community transit

President. — The next item is the report drawn up by Mr Mitterdorfer on behalf of the Committee on Economic and Monetary Affairs on the proposal from the Commission of the European Communities to the Council for a regulation on Community transit (Doc. 426/75).

I call Mr Mitterdorfer.

Mr Mitterdorfer, rapporteur. — (D) Mr President, I shall make up for my lapse in having spoken earlier for 15 minutes on what was nevertheless a very controversial matter by being particularly brief this time.

The Commission's proposal is simply a summary of the various regulations already in force, i.e. Basic Regulation No 542 of 1969 and the provisions laid down on the basis of Article 58 of this Basic Regulation, namely Regulations Nos 1079 of 1971, 2719 of 1972 and 2720 of 1972, in which Articles 35, 48, 1 and 52 of the original regulation are amended. The proposal contains no substantive changes to the rules already in force. But it no longer contains the provisions still in force which, owing to their transitional nature, have since lost their importance, viz. Article 15(1), Article 51(2) and Article 7(2).

Parliament has already delivered its opinion on the above-mentioned regulations. We can only approve a summary such as that before us today. It will make it easier for both national administrations and users. I therefore ask Parliament to approve it.

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

Mr Liogier. — (F) Mr President, the introduction of the Community transit system has, since

1969, led to a considerable reduction of frontier formalities within the Community.

The obligation to furnish a guarantee for certain Community goods led in practice to discrimination and distortions of competition, to the advantage of certain forms of transport—in particular the railways, carriage on the Rhine, by sea and air, and by pipeline, which were exempted from the requirement to furnish a guarantee.

The purpose of the Commission's proposal is to simplify the present system of Community transport, i.e. to reduce the formalities which have been in force since 1969 for goods which cross several Community frontiers on their way to a final destination within the EEC.

This relaxation concerns in particular the guarantees which are currently required and which are designed to safeguard customs authorities against the possibility of evasion, in respect of the goods concerned, of the duties and other charges still in force.

We share the view expressed by the Commission and by Mr Mitterdorfer—whom we congratulate on his work—that nowadays the risks are slight for a large number of goods, and we agree with the introduction of the principle of automatic exemption from the guarantee for the majority of these goods.

However, in drawing up the list of goods not covered by this exemption, care should be taken to ensure that new forms of discrimination are not introduced. We are wondering what criteria will be applied in the reparation of this list, for they should not be of a kind likely to benefit large undertakings to the detriment of smaller concerns. Furthermore, and decision to grant exemptions which may be left to national administrations gives rise to similar concern. With regard to the other proposals for simplification, they concern TIF transport by rail, combined road/rail transport and air transport. This is, of course, only a matter of making procedures more flexible, but are fully in favour. Besides, the greater the progress made in setting up the Customs Union, the more complex the problems become. In this respect, the programme for harmonizing customs legislations has undoubtedly been made more cumbersome by the accession of the three new Member States.

But are we not asking too much of the customs authorities who, in fact, have made a greater contribution to European integration than any other authority? The problem lies in the fact that economic integration is still fairly superficial. As a result, many of the remaining obstacles have a particularly telling effect on the freedom of trade.

¹ OJ C 7 of 12. 1. 1976.

Liogier

To achieve a gradual reduction of the disparities in the economic and fiscal legislation of the Member States, we should make provision, in each sector of the economy, for an action programme which would form the subject of outline directives. These directives should include an explanatory statement on issues posed by the free movement of goods in the light of the various requirements. These outline directives should indicate the type of harmonization sought and thus speed up the harmonization process within the Community, both generally and in individual sectors of the economy. This is the sense in which we are to approve the draft report which is before us today.

We also fully support the Commission's new proposal that all the existing regulations on Community transit be replaced by a single text. We have here, in fact, a plan to simplify customs procedure without any material changes in the true sense of the word. The aim is purely and more efficiently to simplify the task of national administrations and that of the users. As Mr Mitterdorfer said in his report, the expiry of traditional regulations should facilitate the task of national and Community authorities, and we must see to it that this process is accelerated.

IN THE CHAIR: LORD BESSBOROUGH

Vice-President

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) I should like to thank the committee responsible and Mr Mitterdorfer for this report, which has my full support.

I shall come back to Mr Liogier's introduction during the next item on the agenda, since his remarks are mainly concerned with that.

President. — Since no one else wishes to speak.

I put the motion for a resolution to the vote.

The resolution is adopted.¹

16. *Regulation on Community transit*

President. — The next item on the agenda is the report drawn up by Mr Mitterdorfer, on behalf of the Committee on Economic and Monetary Affairs, on the proposal from the Commission of the European Communities to the Coun-

cil for a regulation amending Regulation (EEC) No 542/69 on Community transit (Doc. 323/75).

I call Mr Mitterdorfer.

Mr Mitterdorfer, rapporteur. — (D) Mr President, I should like briefly to introduce this report too. With this proposal for a regulation the Commission wishes to further adapt Community transit procedures to the requirements of internal Community goods traffic. It proposes a more flexible guarantee procedure in cross-frontier goods traffic and aims to simplify cross-frontier carriage of goods by rail by abolishing the international customs declaration procedure in railway transit.

With these proposals the Commission is responding to a wish last expressed by Parliament, on a recommendation of the Committee on Economic and Monetary Affairs, in its resolution of 7 July on the customs union and the achievement of the internal market. We should take due note of this and voice our satisfaction at the fact that the Commission seems to be making swift progress with its programme to simplify customs procedures.

The Committee attaches therefore particularly great importance, from the point of view of Community integration, to this improvement of Community transit procedure, since we have observed repeatedly that this procedure, operational since 18 March 1969, has not always been fully exploited, for a wide variety of reasons, such as ignorance and conservatism on the part of the business circles concerned. I would remind you, and this too represents a significant step forward, that for some time now Austria and Switzerland have recognized the Community transit procedure.

In connection with the individual proposals, it should first be recalled that the guarantee procedure was originally introduced in the regulation on Community transit to remedy the lack of agreement between the Member States regarding the possibility of recovering duties and taxes in a Member State other than the one in which liability to these duties and taxes arises. Experience with this procedure since 1969 has now led the Commission to decide that this guarantee procedure should no longer be used as a matter of course but only in exceptional cases.

For enterprises located in the sovereign territory of the Community, which regularly despatch goods, meet their obligations in customs and fiscal matters punctually and scrupulously and whose financial soundness is never in doubt, for such enterprises there is hardly any risk which would justify a guarantee procedure.

¹ OJ C 7 of 12. 1. 1976.

Mitterdorfer

The Commission recognize this state of affairs by making the guarantee procedure dependent on the individual consignor.

However much Parliament welcomes this simplification, it should express its criticism of the fact that the determination of criteria for exemption from guarantee procedures is to remain the prerogative of the national administrations. The Commission proposes total abolition of the guarantee for the despatch of Community goods, although certain exceptions to this rule will be made for certain categories of goods which, because of their nature and the high level of charges to which they are liable, present a particular risk to the administrations during transit.

A list must be drawn up for such goods, which, as the Commission says, would have the additional advantage of permitting the avoidance of practical difficulties of application resulting from current differences in internal taxes. It would therefore constitute a real contribution to the reduction of the cost of administrative formalities in international trade and, in particular, in internal Community trade.

The Committee recommends the European Parliament to urge that the list of goods which will in future be subject to the guarantee procedure should be as short as possible and, above all, should be drawn up, for competitive reasons, in accordance with objective criteria valid for the Community. The Committee has accordingly drafted two amendments to Article 2 of the text of the regulation, which, pursuant to Article 149(2) of the EEC Treaty, the Commission should incorporate in its proposals to the Council.

On the whole the Committee reached the conclusion that by simplifying these customs regulations the Commission is contributing to a more fluid organization of internal Community trade and goods traffic and that, as well as the business circles concerned, national customs administrations, railway administrations and also airline companies will be relieved of formalities, resulting in considerable cost savings of great benefit to the overall economy.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I thank the component committee, and the rapporteur in particular, for the report which has been drawn up.

I should like to recommend that Parliament reject the two amendments for the following reasons.

I think there is a misunderstanding here on the part of the Committee when it says that it will remain the prerogative of the national administrations to decide whether to permit exceptions to the guarantee procedure. That is not our intention. We think this exception procedure must be settled in another manner and not by means of this regulation. Our intention is to introduce a non-discriminatory Community arrangement, by using the procedure of the Committee on Community Transit. This will give us every opportunity to tackle the problems touched on here, and there is therefore absolutely no need for the amendment to Article 27a.

I repeat that we have made provisions for another type of Community procedure for this exemption, which will not be discriminatory, and the first amendment is therefore unnecessary.

I would also recommend that you reject the second amendment, relating to Article 27b, because what is involved here is no more than a short list of products which are liable to very high consumer taxes. It has nothing to do with VAT—which is now, of course, applied to virtually all goods—but only affects a very short list of products liable to very high excise duty or other consumer taxes. In other words, it will be basically a list of alcoholic beverages and tobacco.

President. — Since no one else wishes to speak, I put the motion for a resolution to the vote.

The resolution is adopted.¹

17. *Pluriannual programme for thermonuclear fusion*

President. — The next item on the agenda is the report drawn up by Mr Flämig, on behalf of the Committee on Energy, Research and Technology, on the proposal from the Commission of the European Communities to the Council for a pluriannual programme of the Community for the years 1976-80 in the field of controlled thermonuclear fusion and plasma physics (Doc. 402/75).

I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, I apologize for asking to speak yet again. I am afraid I must ask Parliament on behalf of the Commission not to

¹ OJ C 7 of 12. 1. 1976.

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adopt these amendments, mainly on purely legal grounds.

President. — I call Mr Flämig.

Mr Flämig, rapporteur. — (D) Mr President, we agree with the change as proposed by the Commission. Since the Legal Service recommends the omission of the paragraph, we agree to the adoption of this proposal with the amendment which the Commission has asked for.

President. — With this amendment proposed by the Commission I put the motion for a resolution to the vote.

The resolution, thus amended, is adopted.¹

18. *Statement on the prices of agricultural products*

President. — The next item on the agenda is a statement by Mr Lardinois on agricultural prices.

I remind the House that, by virtue of the Bureau's decision of 24 May 1973, the chairman of the appropriate parliamentary committee may speak for five minutes following the statement. Other Members may then avail themselves of a period of up to 15 minutes in which to put brief questions on specific points without, however, engaging in debate on the subject.

After that, the text of Mr Lardinois' statement will be referred to the Committee on Agriculture.

I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — (NL) Mr President, thank you for giving me the opportunity of explaining to Parliament the price proposals for 1976 adopted by the Commission last week. I am extremely sorry that it has only proved possible for me to speak on this matter at the end of what has been a hard day's work for Parliament, and not at a more opportune moment. However, Mr President, I agree with your view that this debate must not be put off. I should therefore like to speak on this question, although I shall have to be somewhat brief and restrict my remarks to the bare facts, since there are other items to be dealt with today. I shall simply proceed as I did the day before yesterday in the Council, where I presented the plain facts, which were then briefly debated by the Council of Ministers of Agriculture.

As in other years, we have naturally had to take account of a number of fundamental factors when making our agricultural price proposals.

Firstly, we have had to take into account the trends in agricultural incomes and costs. This year in particular we have to take account of the general economic situation and the resulting difficulties facing a large proportion of our consumers.

Secondly, we must, as always, consider market equilibrium and endeavour to restore the balance in a number of sectors when it is disturbed.

Thirdly, it is our objective to restore as far as possible the unity of the market, which has been damaged as a result of the monetary developments. Generally speaking, price adjustments and increases are the most suitable instrument, from the point of view of policy, in cases such as this.

In view of the difficulties which the Council and Commission have also encountered in fixing the parameters of this year's budget, for which a good solution has fortunately been found today, we are naturally also conscious of the need, which is this year more pressing than ever, to keep the costs of the Common Agricultural Policy as far as possible—and I stress this, as far as possible—within acceptable limits. The direct effect of this on prices is less marked than it is on the so-called additional measures.

I shall revert to this question.

We have made a series of proposals entailing measures which for certain sectors are fairly radical. Our proposals relate to the following:

prices as such;

a number of monetary measures which have a bearing on agricultural prices;

a number of additional measures aimed at restoring the balance of the market and providing extra support for the incomes of certain groups or farmers.

Our price proposals are based on cost trend on calculations by the 'objective' method, which was developed by Commission staff, and which has also been accepted by the agricultural organizations. We concluded from these calculations that pices for this year would have to be adjusted by 4.6%. This, however, gave rise to considerable difficulties, because this figure of 4.6% is very strongly influenced by the movement in the value of the Italian lira in 1973. We therefore decided to take into account to a

¹ OJ C 7 of 12. 1. 1976.

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greater extent price and cost developments in the other Member States, as a result of which, we concluded that a greater price adjustment was required.

Expressed in units of account, the average price increase proposed by the Commission is 7.5%. This is the theoretical figure expressed in units of account. In monetary terms, it would amount to 7.5% minus 1.4%, i.e. an average of about 6%, for the six original Member States.

Of the new Member States, the United Kingdom and Ireland will have to move a greater distance in order to bridge the gap between their prices and those in the original Community.

To put it in a nutshell, it is a fairly complicated matter, largely owing to the monetary measures and to the price increases, which at present are different in practically all Member States—because of the adjustment measures, and in the original ones because of the abolition of countervailing charges which we are striving to achieve. As far as the latter is concerned, we have already made considerable progress. If the measures we have proposed are adopted by Parliament and the Council, we shall be able to say that the common agricultural market has been restored in the greater part of the Community, i.e. in six of the nine Member States, which account for 70% of the total agricultural production.

As regards the effect of these price proposals on prices to the consumer, it must be said that the consumers in Europe will have to pay more for their food, the increase amounting to 0.65% of the total cost of living. This increase will be introduced gradually over the whole of 1976. I think this is not an unreasonable sacrifice to make for the sake of agriculture in this period of inflation. It was to be expected, in spite of the fact that the consumers are already having anything but an easy time at present. There are, of course, particular difficulties to be faced in a number of sectors, first and foremost the wine sector, but there is no need for me to go into this question now. The Council has been considering our adjustment proposals, which have been discussed by Parliament, for some time now. We hope that the whole range of measures which the Council of Ministers of Agriculture will have to take by the middle of February at the latest, will also constitute the final decision, if only because of the urgent need to restore the unity of the market in this respect too. The dairy-produce sector in particular presents problems, notably surpluses of skimmed milk powder, and requires additional measures. Fortunately I can say that there are

currently few or no problems in the butter sector. The milk powder surpluses have, however, attained such proportions that we feel decisions must be made. This then is why we felt we had to make a moderate proposal regarding prices for dairy produce in the coming year. What we propose in fact is an increase in two stages: i.e. 2% on 1 March and 4.5% in mid-September.

It should be borne in mind in this connection that 1.4% will be subtracted from the 2% in the six original Member States of the Community. Present indications are that this will also have to apply in the case of Italy.

We feel that this proposal is nevertheless completely reasonable. Despite these measures, we can expect the intervention prices to rise by at least 5% in practically all the Member States over the next year—with only one exception, Germany, where, in view of the monetary compensatory amounts, we propose that all the prices be increased by 4% less than the 7.5% decided upon, i.e. 3.5%. For the Benelux countries the average increase will be 5.5%, so that we shall be able to abolish the present monetary compensatory amounts completely. Any compensatory amounts for the dairy-produce sector which have not been abolished on 1 March will cease to exist on 15 September, when the second stage of the price increase is introduced.

We also feel that further additional measures must be taken with a view to reducing the pressure on the milk-powder market. At present we have over a million tonnes of skimmed milk powder in store. We hold the view that approximately half a million tonnes must be kept in store—to safeguard supplies, for example,—which means that we now have a surplus of half a million tonnes. Moreover we can expect the situation to deteriorate still further in the course of the coming spring and summer if we do not take any action now. The Commission is of the opinion that we should aim at increasing sales by approximately 800 000 tonnes. We consider this to be necessary if we are to avoid problems in coming years, and that it should be done by means of additional measures.

Firstly, we think that the producers and direct consumers should be given a subsidy of approximately 10% for milk powder, but only full milk powder, not the skimmed milk variety, so that they will be able to make a corresponding reduction in their prices.

Secondly, we feel that additional school-milk programmes should also be subsidized by the Community.

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Thirdly, it is vital that we extend the programmes for food aid in the form of skimmed milk powder. We propose that the present 55 000 tonnes per year be increased to 200 000 tonnes. As you know, the Council rejected this plan when discussing the budget, but the Commission feels that it must resubmit this proposal, not least in view of the balance which must be maintained between the dairy-produce policy as a whole and the measures to be taken in this context. It is not, in our view, a responsible course of action to dispose of the surplus milk powder in the animal feed sector, without first doing all that is technically feasible within the context of food aid.

600 000 tonnes must of necessity be used for animal feeds in the coming year. We hold the view, however, that we cannot allow ourselves to subsidize this quantity, i.e. reduce its price, in such a way that it will be able to compete with comparable feedstuffs, such as soya meal and similar products—usually found in sake form on our market—which are at present particularly low in price, even by the standards of price history.

We therefore ask agriculture to accept a little co-responsibility, since we should like the agricultural fund to pay only half of the costs and agriculture itself to bear the other half.

Mr President, these, briefly, are the main measures we wish to take in order to deal with the problems in the dairy-produce sector in the coming year. We do not feel, however, that they represent a long-term solution to the problem. More radical measures will be needed for the years after 1976. We can only eliminate the problem of skimmed milk powder by making less of it, i.e. if the farms themselves sell more skimmed milk in direct liquid form, with a considerable degree of co-responsibility on the part of the dairy-produce industry and its suppliers.

Another highly important sector is the cereals sector. We propose fairly radical adjustments, particularly as regards price relationships. It is our view, however, that if Parliament and the Council can adopt these proposals, we shall be able to establish a much more harmoniously structured price policy in the cereals sector, which could spare us considerable costs, particularly in the future. Our proposal regarding cereals must, therefore, be viewed in this light. It will not affect the budget for the coming year as much as those for the years after 1976, and this too is extremely important. In the fruit sector we feel we must conduct a very cautious price policy for apples and pears, of which surpluses repeatedly occur. We propose a price

increase corresponding to approximately half of that for most other products. We also feel that a grubbing-up premium must be introduced for two varieties, one variety of apple which regularly gives rise to difficulties and one variety of pear. We think this could also lead to reduced intervention in the future.

We do not consider that the system of premiums in the meat sector introduced a year ago will be necessary next year. We have therefore proposed that no premiums be granted next year, although we feel that the existing premiums should be discontinued gradually and that they cannot simply be discontinued as at 1 March. This applies both to Community premiums in the beef sector and to national premiums. Since this is a delicate point, particularly in the United Kingdom, I should like to stress that we do not regard premiums as superfluous. On the contrary, the experience we have had of them has by no means been exclusively negative—I should say that it is largely from the point of view of costs that they are negative. They are, in our view, a valuable instrument, particularly in periods when the market is turning downwards, but not when it is showing a tendency to becoming firmer and more stable, which we expect will be the case in 1976.

Mr President, I should just like to say a few more words regarding further proposals.

Firstly, we feel that the Community should increase its support of incomes in hilly and other problem areas. We propose an increase in the Community contribution from 25% to 40% for 1976.

We also urge the Member States to make full use of the margins available to them by virtue of our regulations in order to improve the income situation in such areas.

Secondly, we are of the opinion that a number of structural instruments should be applied in order to cope with the constant surpluses on the dairy-produce market. One of our proposals is to give a premium to small cattle farmers if they stop producing milk or other dairy products. If they do this—of their own free will, of course—they will be granted a premium to compensate partly for the resulting loss of earnings. We also propose the introduction of a greater degree of flexibility in the intervention system for skimmed milk powder in the autumn. We hope that this will create better conditions for finding outlets.

We also propose a revision of the system of premiums for durum wheat so that we would no longer need to grant them in regions with a high yield of durum wheat per hectare. These premiums would then be granted only in regions

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with a quantitatively low but qualitatively high yield.

I think I can say that our proposals as a whole also contain a number of positive aspects for our consumers. At any rate, we are encouraging producers to aim largely for quality in the case of a large number of products. This is true both for soft wheat and for durum wheat and colza. Another positive aspect for the consumer is the direct premium on full milk powder. We would also like to retain the existing direct consumption subsidies for butter, which are paid partly by the Community—indeed, we should even like, if possible, to extend them somewhat in spite of the difficulties we encountered in drawing up our budget. We also feel that we should make a start on an active storage policy at the beginning of next year, particularly in two sectors, i.e. the sugar and skimmed milk powder sectors. We consider that a policy of this kind is also for in the case of wheat, but it will not be possible to introduce one without lengthy international talks. For the time being, therefore, we do not intend to include measures relating to wheat among our instruments.

Parliament will undoubtedly be interested in my final remark. What will the budgetary situation be if the measures relating to price increases and other matters are put into practice? The Commission, like Parliament, has encountered great difficulties with the budget. I can count myself lucky that the budget for agriculture proposed by the Commission was not cut by the Council or Parliament, and I too wish to make an effort. I hope that Parliament and the Council will agree with me that we must try to deal with these price proposals without a supplementary budget. It is never possible to know in advance. The agricultural budget is dependent on so many factors which are under no one's—I repeat no one's—control, so that one can never say precisely what the final outcome will be. It depends greatly on the way things develop.

On the basis of current prospects, however, I can tell Parliament that if the Council adopts all our proposals without amendment or with the minimum of amendments we will not, I think, need to apply for a supplementary budget—and I hope that this indeed proves to be the case.

(Applause)

President. — I call Mr Houdet, chairman of Committee on Agriculture.

Mr Houdet. — *(F)* Mr President, first of all I wish to thank Mr Lardinois for presenting his price proposals, which were established on 11 December, at the part-session of the House immediately following.

The Members of this Parliament, and particularly the Committee on Agriculture, which is the committee responsible, have often been disappointed to learn of the Commission's agricultural price proposals from their national press. Although this year the press again knew of these proposals before we did, the reason was that the Committee on Agriculture was unable to meet before 15 December, owing to political group meetings, and you, Mr Lardinois, are not to blame for this.

But as early as 15 December members of your immediate staff provided us with a first outline of the proposals which you have supplemented today before the Committee on Agriculture. I particularly wished to acknowledge this, and believe that next year we shall do even better.

I am also very pleased to see that your proposals have been made ready earlier than in previous years. We find them this year in our Christmas stockings, and this will enable the Committee on Agriculture to hold three meetings (including two special meetings which have been authorized by the Bureau) and submit the proposals to the House during the February part-session. Consequently, unlike last year, the Council will be able to decide on the proposals at its sitting of 18 February and the prices thus fixed can then be applied from the beginning of the 1976 marketing year, i.e. from 1 March.

Mr Lardinois, I am unable at the present time to ask you questions about this bulky 120-page report which I have only been able to glance at. We shall hear your views on 22 January, when you meet with the Committee on Agriculture. We shall be able to ask you then all the questions to which your staff have not been able to give direct answers.

I shall not hide from you that, Christmas stocking though there may be, it has brought great disappointment to the farmers of the nine Member States who have learned of the proposed increases. In other words, the marathon session in which the decisions will be taken is not likely to be one of the easiest!

I thank you for the outline which you have just given us, but would like to make four comments.

You spoke about sacrifice on the part of the consumer. I believe that these price proposals will mean sacrifices for all concerned. Article 39 of the Treaty of Rome states that the objectives of the CAP are to ensure a fair standard of living for the agricultural community, but also to ensure that supplies reach consumers at reasonable prices. Certainly, the consumers are going to have to make sacrifices, because the cost of the housewife's shopping basket is going to increase by 0.65% but, given the objective

Houdet

method you described, the producers will undoubtedly have to tighten their belts as well. I should like you to realize that this sacrifice will be borne by everyone.

You also mentioned, Mr Lardinois, the problem of wine production. Here I have to make a strong protest; you presented the regulation on wine production, which was studied at length by this Parliament, and which has been before the Council for four months without any action being taken. It was obvious that the storm clouds would burst. They did, and if a certain country put up its umbrella to protect itself from the storm it did not, in my opinion, thereby offend against any Community ideal.

You spoke too of examining a possible co-responsibility in the financial area. I believe that many agricultural organizations would readily accept a share in the responsibility for milk, which is currently envisaged, but on condition that they are given some say in the management, too. I feel that it would be easier to push through this idea of financial co-responsibility if you were ready to listen, in the Special Committee on Agriculture, to the agricultural organizations of the Community, and allow them to press for a better management of our markets.

Lastly, you referred in your speech to the budget. You said that you hoped that there would be no supplementary budget in 1976, if Parliament and the Council accepted the prices proposed by the Commission. I congratulate you on your optimism. Personally, I am less optimistic, without being pessimistic. Where agriculture is concerned, a budget can only be provisional. The organization and the management of the markets, whether they are national markets like those before 1958—I know what I am talking about—or Community markets, depend on the one hand on weather conditions, and on the other on international prices over which we have no control. *(Applause)*

President. — I call Mr Frehsee.

Mr Frehsee. — *(D)* I should like to ask the representative of the Commission three questions regarding these agricultural monetary measures. Firstly, what proportion of these different price increase rates is due to objective measures, and what proportion to political considerations?

Secondly, Mr Lardinois, is it true, as we read in the press, that your proposals regarding skimmed milk powder and compulsory mixing have already produced negative first reactions from the USA, and that we might possibly be faced with a trade war?

Thirdly and finally, how does the Commission reconcile the proposed price increases for wine and milk with your professed aim of contributing to the balance of the market or the restoration of this balance?

President. — I call Mr Laban.

Mr Laban. — *(NL)* Mr President, I should like to ask Mr Lardinois whether he is prepared to give us any information regarding the initial reaction of the Council of Ministers to the proposals on 5 and 16 December, and to tell us what the main difficulties appeared at first sight.

I should also like to ask him what price increases would result from a reduction in the reference period from three years to two, and what the budgetary consequences of this would be?

My final question is—and I will be brief—what method does Mr Lardinois intend to use in order to establish objectively the baking quality for wheat? It strikes me as a little simplistic to say, 'You just bake your bread, and find out that way'.

President. — I call Lord Walston.

Lord Walston. — I should like to ask three brief questions.

First, will the Commissioner not agree that, so long as intervention applies to unlimited quantities, it is impossible, in spite of his optimism, to make sure that that part of the Community Budget which is devoted to support is kept within agreed limits? Is it not essential, therefore, to restrict intervention to specified quantities of each product?

Secondly, from what the Commissioner said concerning premiums for beef, am I to understand that he is not against the principle of premiums but simply thinks that they are unnecessary during times of rising markets?

Thirdly, concerning skimmed-milk powder and feeding stuffs, by how much is it calculated that the price of feeding stuffs to the farmers will be raised, and, therefore, by how much will it increase the cost of milk production?

President. — I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Will the Commissioner explain further what is involved in this two-tier price increase for milk? Is the second $4\frac{1}{2}\%$ contingent on certain levels of production during the first six months of 1976?

Scott-Hopkins

Secondly, when the Commissioner is answering Lord Walston's questions, will he say if there is to be any difference for countries such as the United Kingdom, where there is not a surplus of skimmed-milk powder in store and, therefore, the compound price increase to the consumers would be greater?

Thirdly, will he explain further the criterion on which a premium will be given to the small farmers? Is it not a fact that it must be based on the modern farm and that that concept must not be prejudiced at any cost?

President. — I call Lord Bruce of Donington.

Lord Bruce of Donington. — Is the Commissioner aware that the massive expenditure comprised in the proposals he has made constitutes a further and outrageous concession to the agricultural lobby within the Community? Is he further aware that a good deal of the extra expenditure over and above that which is currently incurred is bound inevitably to go to dealers, shippers and people of that kind whose connection with the agricultural industry rests entirely on a service basis?

Thirdly, will the Commissioner confirm that he will be making no application for a supplementary budget in connection with the heading which deals with the question of food aid, because, on the face of it, it would appear that no sooner will the ink be dry on the miserable Budget we have just passed than we shall have further proposals?

President. — I call Mr Howell.

Mr Howell. — Is Mr Lardinois aware that there will be considerable disappointment in the dairy industry in Britain and that these arrangements will do nothing to prevent a shortage later on? Can he tell us whether any arrangement has been made for the complete alignment of the green pound, which would help the British dairy farmer?

Secondly, what will be the position as regards adding milk powder to compounds in the case of people who carry on home mixing? How can that be done?

Thirdly, since the special arrangements for the support of beef in Britain are to be dropped, are we to take it that full intervention buying will take place for British beef?

President. — I call Mr Früh.

Mr Früh. — (D) Mr President, I should like to ask how Mr Lardinois views the idea floating

around in several countries where the price increases are still particularly low, to the effect that the weakening of the market organizations for cereals, beef and milk would even lead to price reductions in the long run. Are these reasonable objections or are they merely suppositions?

And a second question: what is the position, Mr Lardinois, as regards the statement which, if I am not mistaken, you made in connection with one of the most recent resolutions of this Parliament to the effect that the monetary compensatory amounts were an important instrument without which the common agricultural policy would not have been possible, so that if it were ever proposed that this instrument be changed, a study of the economic and social effects on the countries concerned would first have to be produced? Is work on this study already under way, or is it to be submitted together with the price proposals?

President. — I call Mr Vetrone.

Mr Vetrone. — (I) I should like to ask Mr Lardinois whether he is aware that the Commission's proposal to make skimmed milk powder in effect compete with soya does not represent an abandonment of the principle of financial responsibility of the producers for the disposal of the surpluses?

If so, how does Mr Lardinois reconcile this with the statement he made in connection with amending the regulation on wine—which the Commission wishes to maintain—if in this regulation the compulsory distillation effectively affirms the principle of financial participation on the part of the producers?

Finally, regarding the abolition of beef premiums, I should like to know whether this will in any way affect the 'exism' system, i.e. if this system will be maintained or abolished.

President. — I call Mr Broeksz.

Mr Broeksz. — (NL) Mr President, does Mr Lardinois agree that it is more important to help starving humanity than to process skimmed milk powder into cattle and poultry feedingstuffs? Would it not be better to dispose of the surpluses by using a large proportion of the skimmed milk powder as food aid for the countries in which this is urgently needed? I know that the Commission has made proposals to this effect, but I also know that the Council has rejected them. It would mean a great deal to me if the Commission would keep by its own and Parliament's proposals on this matter, rather than see the skimmed milk powder used for animal feedingstuffs.

President. — I am sorry that you have been asked so many questions, Mr Lardinois. Would you like to try to answer them?

Mr Lardinois, Member of the Commission. — (NL) Mr President, I should like to express my particular thanks to the chairman of the Committee on Agriculture for his remarks on co-operation between his committee and myself. This is something which gives me great pleasure every year when the time comes for the fixing of agricultural prices. I have great respect for the way in which the Committee on Agriculture endeavours every year to have its advice ready in good time, in spite of the fact that the time at its disposal is frequently limited as a result of public holidays, translation difficulties, etc.

I greatly appreciate the wholehearted cooperation the Committee on Agriculture, and particularly its chairman, Mr Houdet, have always given me.

The consumer is being asked to make sacrifices. Mr Houdet asked whether I realize that the producers will not come through unscathed either if we are unable to offer them more than the currently proposed prices. I cannot deny this. In some Member States, particularly the Benelux countries and France, costs have risen more sharply than the average compensation we have proposed. This is less true in the other Member States where price increases have kept fully abreast of cost increases. Denmark is a special case as a result of the very sharp price increases in 1972, the very sharp cost increases in 1973 and, for agriculture at least, somewhat greater stability in 1974 and 1975.

If we ask the producers to share the financial burden, must we therefore give them co-responsibility in shaping the policy? To a certain point I can sympathize with this view, although even in the case of financial co-responsibility, such as that already existing in the dairy-produce sector, it would be preferable to speak of the possibility or desirability of giving the producers a bigger say. Any losses resulting from the market and price policy would be recouped almost entirely from the producers. This situation is somewhat different from that in the dairy-produce sector, where the amount borne by the producers might be about 10 or 20% on any given occasion. Perhaps we can return to this matter later. As far as I am concerned, the last word has by no means been said. I also feel that we must again discuss this matter carefully with the Committee on Agriculture.

I am extremely grateful that attention has been drawn to the impossibility of making forecasts for the agricultural budget before the end of

the year in view of the many uncertain factors to which this sector is subject. We can never say in advance whether or not we will end up in credit or with a deficit. I should like to give an example that will be clear even to persons not acquainted with agricultural problems. We have included in our budget appropriations designed to compensate for monetary discrepancies between various Member States. In view of the exceptional monetary conditions last year, we had earmarked a sum of 50 million u.a. for the budget for Ireland and the United Kingdom.

Following the steep fall in the pound and the late application of the monetary amounts, we ended up with a figure of 500 million u.a. I therefore hardly need to say what the consequences of good or outside it. Everything that happens elsewhere in the world has a direct effect, via the world market machinery, on our expenditure and income from tariffs. The incomes from tariffs, do not, however, go to the agricultural budget but to the Community's general budget.

In answer to one of the other questions I should like to say that these proposals are based 99% on objective criteria, and are 1% political, since I am, after all, a politician.

Mr President, it would be difficult for me to deny that the United States has already raised objections, but what proposals in the agricultural sector do not meet with objections from the United States these days? I can hardly take these complaints seriously. If we bring the prices up to the requisite level by subsidizing the soya price, the United States never objects. This has been shown on repeated occasions, including this year. If, however, we want to cut costs, and if the cattle farmers have to give considerable assistance in this respect, the United States suddenly sees difficulties. In my view, we must take these objections with a pinch of salt, although I will not deny that I have promised Mr Budds, the American Secretary for Agriculture, to explain the entire question to him personally once more.

I should now like to say something about the price increases in the case of surpluses. From an objective point of view, these are not so easy to explain. The only argument one can put forward is that the price increases do not compensate for the rises in costs. This is true in practically all our Member States. Agricultural costs in Germany will rise by 1.5% this year. According to our objective methods, costs will rise by about 9% in most Member States. On average, we can say that the price proposals for the dairy-produce sector will not completely cover the increased costs, but must rather be seen against the background of inflation.

Lardinois

It is obvious that stabilization of prices in a period free or almost free of inflation is something quite different from the absence of price increases in a period of severe inflation. Lord Walston asked whether we can continue with a system of unlimited intervention and whether some restrictions should not be introduced—by country, if I understand him correctly.

Although I would not completely exclude the possibility of restricting intervention, I nevertheless feel that we would be on absolutely the wrong track in our attempts to build up a common market if we were to divide intervention up into, as it were, quotas for each country. I feel that this would be seriously prejudicial to the principle of specialization within the Community, and would therefore regard this as a perilous course of action.

Nevertheless, various other adjustments will have, in my view, to be made at some time in the future to the regulations on dairy produce, since the *ad hoc* measures which we have proposed, and which are absolutely vital for the coming year, will not solve the problem as a whole. As I understand it, Lord Walston is not opposed to the system of premiums. He asks what price increases for animal feedingstuffs would result from compulsory mixing. I cannot give any precise figures at this stage, but if we were to apply this measure over a whole year, it would mean that throughout the Community 1% of skimmed milk powder would be included in the feedingstuffs. I am speaking here only of those produced in factories, not those prepared at the farms themselves. The resultant average price increase for feedingstuffs would not, I think, give rise to any economic difficulties whatsoever. Of course this percentage would be higher if we were to limit the period of application for these measures to, say, eight months instead of twelve. This would give a figure of 1.5% which would probably lead to a price increase for the feedingstuffs of around 4.5 to 5%.

This is not inconsiderable, but we must also bear in mind that this is merely a single programme for a fairly short period, not a new system designed to solve the problem of surpluses in the long term—if this were indeed the case I should strongly oppose the idea.

Mr Scott-Hopkins asked a question regarding premiums for the non-production of milk or of dairy produce. These premiums will indeed only be paid to smaller farms, i.e. with a dairy herd considerably smaller than the official standard for 'modern' farms.

As regard compulsory mixing of skimmed milk powder in countries where this is unknown—this measure is indeed intended to apply to the

whole of the Community—I must say that there must be a certain amount of solidarity in this respect too. I have always said that solidarity in the agricultural markets is needed not only in periods in which there are surpluses and for the products in which these surpluses occur, but also in the case of shortages. In the present case we have an example of surpluses which, in my view, could best be disposed of within the Community. This would be better than burdening the entire world market with them or seeking outlets at extremely low prices in countries where certain political difficulties could be expected.

If I have understood him correctly, Lord Bruce, is no great admirer of the common agricultural policy. I do not think I ought to convert him immediately on our first meeting in this Parliament. It should be possible in the course of the coming year to give him some additional information which, I hope, will help him to understand our agricultural policy a little better. I should just like to say the following. The agricultural market and consumer potential of the Community are comparable with that of United States and the Soviet Union. The Community, which has complete and central responsibility for the market and price policy for agricultural products, spends an annual sum of \$6 000 million on this policy as against \$14 000 million in the United States and, in recent years, \$28 000 million in the Soviet Union. I agree with Lord Bruce that even viewed in this light \$6 000 million for the Community is a great deal, and I would not find it difficult to suggest how we might cut down on this expenditure—and I am not speaking of a marginal reduction, such as cutting it down to \$5 500 million. We made proposal with this end in view as early as 1973. In my view, we could cut this figure to less than half, to no more than \$2 500 million, if we were to deal much more rigorously with our imports than we do at present. In other words, more than half of the demands made on the agricultural budget are attributable to trade concessions which we are obliged to grant, sometimes for other reasons. The Community cannot allow itself to become an entirely self-supporting entity. For this reason the Community has to make some budgetary sacrifices, at least if it does not want to have agriculture carry the entire burden.

Mr Howell asked the application of the green pound arrangements. No more are anticipated following those of August and October. In addition, these price adjustments have, according to our calculations, given British agriculture ample compensation for the particularly high rate of inflation it has suffered.

The question of how we are to solve the problem of mixing on the farms is one which we are still

Lardinois

looking into. There are a number of possible methods, but until they have been fully worked out I would prefer to refrain from saying anything about them.

I should like to tell Mr Früh that the monetary measures do not provide for any price reductions, at least none of any great significance.

There may perhaps be a reduction in the case of olive oil, but olive oil is not a particularly important product in Germany. I can therefore give no clear examples of this. I do not think we promised to produce a social and economic report on this matter. But we will, of course, make all the economic data available.

Mr Vetrone asked about the 'exim' regulation. This regulation will be abolished in the case of beef at the end of this month. As from 1 January we are going over to another import system, whereby purchasing by the intervention bureaux will be linked to import licences. The 'exim' system will thus be abolished once and for all at the end of this month.

I fully agree with Mr Broeks that we should use milk powder as food aid and not for animal feedingstuffs. If the Council cannot, and, what is more, will not, adopt the Commission's proposals on this matter, the Commission will have to consider whether it can maintain its proposal to dispose of the surplus in animal feedingstuffs. It is not, in my view, politically responsible to compel cattle farmers to accept the milk powder if we are not doing all in our power to meet the genuine demand for milk powder for development aid. I also feel that the necessary funds should be given priority in the agricultural budget, if the Council is not ready to provide extra money for this purpose. I would even go so far as to say that I find it politically intolerable to use milk powder for animal feedingstuffs while the Community must say 'no' to people who are starving, be it in Bangladesh or in Black Africa.

(Applause)

President. — Thank you, Mr Lardinois.

I see that other Members are asking for the floor. I said at the outset that questions would be limited to 15 minutes altogether. In fact, we have had a question time which has lasted 30 minutes. Furthermore, it was decided by Parliament that the House would rise at 7.30 p.m.

I very much regret that it is not possible for me to allow any further questions.

19. Change in the agenda

President. — It was agreed that after 7.30 p.m. all items would be put on tomorrow's agenda, but I have had a message from Mr Gibbons suggesting that his report and the debate on it, which might take a little time, should be postponed until the January part-session. There are certain speakers who have intimated their desire to speak. Is it the wish of the House that Mr Gibbons' report should be postponed until January rather than be taken tomorrow morning?

That is so agreed.

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — May the Oral Question, with debate, standing in my name and that of Mr Corrie also come forward in the January part-session? It relates to the fishing industry.

President. — Is that agreed by the rest of the House?

I call Mr Houdet.

Mr Houdet. — *(F)* Mr President, since the Committee on Agriculture at the request of the Commission and the Council, worked to finish this report in time for it to be presented today, I should like to hear Mr Lardinois' opinion before giving you my personal view.

President. — I call Mr Lardinois.

Mr Lardinois, Member of the Commission. — *(NL)* Mr President, since the Council of Ministers did not manage much more this week than a fairly cursory discussion of this report, I have no objections to its consideration being postponed to the next plenary part-session, because we shall then be able to devote more attention to it.

President. — I call Mr Dalyell.

Mr Dalyell. — Because of the great interest in fishing problems, might we ask Mr Scott-Hopkins, through the Chair, why he wants this item to be postponed?

President. — I cannot allow any further debate on this, but Mr Scott-Hopkins may care to say something.

Mr Scott-Hopkins. — In order to make my request to the House clearer, and my reasons for it, may I point out that there are two draft

Scott-Hopkins

documents which have just come from the Commission, at the beginning of this week, concerning the fishing industry. One of them concerns prices and the other concerns the structure of the fishing industry. It is my belief that a third document will be available within the next two weeks concerning the arrangements for fishing within the Community area. I should have thought, therefore, that it would be much better to have a full-scale debate in January after we have received all these documents.

President. — There being no objections, that is so agreed.

20. Agenda for next sitting

President. — The next sitting will be held tomorrow, Friday, 19 December 1975, from 9.30 a.m. to 12 non, with the following agenda:

- Bourdellès report on seed potatoes and vegetable seed;
- Brégégère report on the French Overseas Departments;

- de Koning report on the common organizations of the markets in cereals and rice;
- Schuijt report on Cyprus sherry;
- Kaspereit report on dried figs and dried grapes originating in Spain;
- Klepsch report on fresh lemons originating in Cyprus, Spain, etc.;
- Seefeld report on recording equipment in road transport;
- Martens report on the fat content of milk (without debate);
- Walker-Smith report on consolidated texts relating to the fishing sector (without debate);
- Lady Fisher report on a European project on nuisances (without debate);
- Kaspereit report on trade with Tunisia and Morocco (without debate);
- Vetrone report on the importation of fishery products from Tunisia and Morocco (without debate);
- Bayerl report on the payment of duties at importation or at exportation (without debate).

The sitting is closed.

(The sitting was closed at 7.40 p.m.)

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IN THE CHAIR: MR BERKHOUWER

Vice-President

(The sitting was opened at 9.30 a.m.)

1. *Approval of minutes*

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

Are there any comments?

The minutes of proceedings are approved.

2. *Directive on seed potatoes and vegetable seed*

President. — The next item is a debate on the report drawn up by Mr Bourdellès on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a directive amending Directives No 66/403/EEC and No 70/458/EEC on the marketing of seed potatoes and vegetable seed.

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

Mr Bourdellès, rapporteur. — (F) Mr President, this is an extension of the plant health measures referred to in the Council Directive of 14 June 1966 which expired on 30 June 1975, for one year for seed potatoes and for two years for vegetable seed.

This new directive before us will allow Member States to continue to ensure effective protection

against bacteria and viruses threatening seed potatoes and vegetable seeds, while preventing any obstacles to trade between Member States and Third countries.

Your Committee on Agriculture unanimously asks you to approve the proposal from the Commission to the Council.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, the Commission thanks the rapporteur, Mr Bourdellès, and the Committee on Agriculture. It hopes the Assembly with support the conclusions of the committee.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

3. *Regulation on the French overseas departments*

President. — The next item is a debate on the report drawn up by Mr Brégégère on behalf of the Committee on Agriculture on the proposal from the Commission of the European Communities to the Council for a regulation concerning the application of Article 40(4) of the EEC Treaty to the French overseas departments (Doc. 434/75).

¹ OJ C 7 of 12. 1. 1976.

President

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

Mr Brégégère, rapporteur. — (F) Mr President, Commissioner, my dear colleagues, I have the honour to present to the European Parliament the proposal from the Commission aimed at extending the application of the Guidance Section of the EAGGF to the French overseas departments. These are the departments of Guadeloupe, Martinique, French Guiana and Réunion.

The Commission believes it is necessary to extend the Guidance Section of the EAGGF to the French overseas departments in particular because of the essentially agricultural economic structures of these departments and the climatic and geographic disadvantages their agriculture suffers. The possibility of granting these departments aid from the EAGGF will help them to improve their agricultural structures and therefore to achieve the aim laid down by the Treaty, the economic and social development of these regions.

To allow these departments to enjoy Community aid as soon as possible the Commission provides for the possibility of their submitting applications for assistance for 1975 and therefore provides for a derogation from Regulation No 1215/75 to allow them to submit their applications for 1975 beyond the deadline of 1 June 1975, laid down in that regulation.

The proposal has very limited financial effects: the effect on the EEC budget would be approximately 0.5 million u.a. for 1976.

Allow me to remind you as briefly as possible of the remarks which I made to the Committee on Agriculture on the position of the French overseas departments, the main points of which you will find in my written report.

I stressed that these departments are situated in a tropical climate and that the land structure leaves much to be desired and does not at present allow the use of modern techniques. As a result the level of agricultural production is very low and does not meet the population's need for food. The overseas departments have the typical characteristics of many developing countries.

The population explosion (except in Guiana) has given rise to a considerable increase in the demand for agricultural products, and this speeds up the rate of increase of imports of agricultural products and aggravates the chronic deficit in the balance of trade.

When the Lomé Convention is applied it is likely to increase the difficulties of the French

Overseas Departments, because of the extremely free access for agricultural products from the ACP States, and to increase competition which affects products from these departments.

In view of the handicaps which the French overseas departments suffer and the backwardness of their agriculture, various measures must be taken to improve and modernize their agricultural potential.

I would stress that these measures should deal in particular with the training of farmers, the reform of land structures and agronomic research, irrigation, which will permit the extension of the productive area and the improvement of the rural land use policy.

Aid from the Guidance Section of the EAGGF should help to speed up modernization and diversify agricultural production in the Overseas Departments.

I would add that the joint effects of the economic crisis and climatic considerations have led to a deterioration in the economic and social situation.

The legal provisions arising from Article 227 (4) of the Treaty of Rome concerning the application of this Article to the French overseas departments are incontestable.

It should be recalled however that this decision does not lead to extra financial burdens on the Community since it involves the simple transfer to the overseas departments of part of France's share of the Regional Fund, which was initially planned for the mainland only.

In the field of agriculture, the application of the Guarantee Section of the EAGGF was extended to the overseas departments for sugar (1967), tobacco (1970) and preserved pineapples (1975).

All other products are excluded. For all these reasons we ask the European Parliament to approve the proposals to ensure more complete integration of the French overseas departments by approving the regulation on the application of Article 227 (4).

I would like to point out that this is a double regulation: on the one hand it declares applicable to the French overseas departments Article 40 (4) of the Treaty concerning the Agricultural Guidance and Guarantee Fund, Guidance Section (Article 1). It also extends the time limits for submitting applications for aid as regards the French overseas departments until 31 December 1975 (Article 2) for the year 1975.

More generally, although the French overseas departments are progressively coming to enjoy

Brégère

the same rights as Community regions as regards aid from the various funds, the application of the Lomé Convention could well pose certain problems in some sectors of their economies. The Committee on Agriculture believes this is an additional reason to grant the French overseas departments aid from the Guidance Section of the EAGGF.

I would add that the Committee on Budgets has delivered a favourable opinion on this proposals.

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

Mr Duval. — (*F*) Mr President, my dear colleagues, in deciding that the provisions of the Guidance Section of the EAGGF shall now be applied to the overseas departments, the Community is merely filling a gap. The Commission and the Council are thus, belatedly it is true, acknowledging the desirability and necessity for the overseas departments to bring about a rapid improvement in their agricultural structures. The overseas departments were the only poor regions in the EEC which did not receive aid from the Guidance Section of the EAGGF, for the development or maintenance of their agricultural production. Thus these regions which had to bear all the burdens resulting from their full membership of the Common Market did not receive all the advantages they should and were often at a disadvantage in comparison with certain associated States.

The proposal for a regulation before us should therefore permit them to avoid administrative delays, since it extends from 1 June to 31 December 1975 the time limit for submitting projects eligible for aid from the Guidance Section of the EAGGF. Thus, from 1975 onwards, on a legal level, the overseas departments will be able to submit applications for aid.

These measures are totally justified both by the overall development of economic trade and by the particular situation of the overseas departments.

The economic structures of these departments are essentially agricultural. They are characterized in particular by natural disadvantages such as climatic conditions or the distance of their markets from the Community. The granting of aid from the Guidance Section will permit them to receive assistance for common actions in the application of the structural directives and thus to move towards the aim fixed by the Treaties, that is to say, harmonious economic and social development.

However, in view of the difficulties which are sure to arise in the procedures for requesting aid and in the granting of this aid, the EAGGF should act in the Overseas Departments in exactly the same way as on the continent of Europe, that is to say finance projects for investments in production and marketing infrastructures.

Moreover, the aid from the Guidance Section to less favoured regions should be granted as quickly as possible, to allow these departments to improve their agricultural structures as laid down in Article 227 of the Treaty.

We must try to ensure that in the future a true global vision of relations between the overseas departments, which are an integral part of the Community, and the European territory of the Community is eventually proposed so that all ambiguity as regards the application of the Treaties to these distant departments is removed.

It seems in fact that the Lomé Convention has a particularly weakening effect on the respect for the principle of Community preference, strongly affirmed on the one hand and yet allowed to slip by on the other. The nine Member States of the Community signed a Convention with the 46 States, whereby the latter enjoy a certain number of advantages. The principle of Community preference should therefore be confirmed as regards the products from the overseas departments which are particularly sensitive to changes in the prices of agricultural products.

When you think of the difficulties which wine growers are at present experiencing, when the production conditions in the countries concerned are much the same, you can imagine what would be the result for these overseas departments of a confrontation of their products with the ACP products. Without counting the differences in wages which can be as much as 500%, there exist still between our overseas departments and these countries great differences in production structures. Is it not time, my dear colleagues, to ask ourselves who among the large companies or in the labour world is likely to profit first from the advantages granted by the Lomé Convention to the ACP?

I also think that as regards the Guarantee Section of the EAGGF, measures should no longer be applied case by case, product by product, since this concept ignores any notion of foreseeable income. Intervention by the Fund should be extended systematically to all products for which there exists an organization of the market. This would put an end to the paradoxical situation in which these departments,

Duval

without exception, pay levies without benefiting from intervention measures. From this point of view the assistance of the EAGGF, particularly in the rum and pineapple sectors, should restore the balance in the conditions of competition between the ACP and the overseas departments.

More generally what we are asking for is the solemn confirmation of the full application of both sections of the EAGGF.

But in addition we ask that the needs of agricultural development in these departments be taken into account especially by the Regional Development Fund, in liaison with the measures under the European Social Fund for backward or declining regions. For these departments, aid from the Regional Development Fund took over in 1975 from the European Development Fund. However, I would like to stress that these two funds do not cover exactly the same fields. The Commission should therefore ensure the continuity of financing of agricultural and rural projects.

Without going into the details of the various problems arising for specific products such as bananas, rum or fruit and vegetables, products specific to these regions, we insist that suitable funds be granted to ensure the rapid achievement of their agricultural aims, aims which are for them of vital importance. These departments in general suffer very strong competition from the countries around them and are rightly worried about the unfavourable consequences on their trade of the Community opening its markets to other equally poor countries. Thus the considerable effort made by the economies of the overseas departments to exploit their resources can only be continued if it is accompanied by the essential financing. Let us not disappoint these distant regions whose development effort means so much to us.

President. — I call Mr Dalyell.

Mr Dalyell. — I feel almost as if I were meddling in a French domestic problem, and this would be impertinent, but I believe wider issues are involved here.

I do not presume to speak on Martinique, Guadeloupe or French Guiana, because I have never been there. However, in 1969, returning from Australia, we had perforce to land at Réunion and spend a day there. The authorities very kindly used the time to take me round the island. Before I say anything else, I wish to record how impressed I was by the imaginative nature of the French administration in Réunion and the job that Frenchmen have done for a long time on that island.

I believe there is a relevant issue here. I wish to ask the Commission for their general view. What precisely is the nature, as they see it, of our obligations in the Indian Ocean? We have a certain political embarrassment at the moment in that the Mauritians, and particularly Prime Minister Ram Goolam, are for ever telling the British that of course we have not done nearly as much for the British territories in the Indian Ocean as the French have for theirs. It may be known to Mr Cheysson, if he is to reply, that there has been endless argument in Britain about the fate of the Diego Garcians who have gone from Diego Garcia, where it was proposed to set up an American base, to the island of Mauritius. There can be very little doubt, even taking into account hurricanes and the difficulties that the Mauritians have faced, that the Diego Garcians have suffered a great deal. Many of them in Port Louis unfortunately are living in terrible and rather squalid conditions, but perhaps no worse than many of the people of Mauritius.

Having said that, I wish to ask two questions. First, what is the general philosophy of the Community with regard to French and British Indian-Ocean territories?

Secondly, I refer to paragraph 7 in the report, which says:

‘It should nonetheless be borne in mind that this decision has not entailed any additional burden on Community Funds, since it has merely meant transferring to overseas departments a proportion of France’s share of the Regional Fund originally earmarked for its metropolitan area.’

If there is to be parity of treatment in Indian-Ocean territories, I for one would find it rather embarrassing for such help as we can give to come out of the Regional Fund.

I therefore ask the Commission what its general thinking is on this rather tricky subject, and what is the strategy. I would be very interested in any comment on this general problem.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, firstly, I would like to say to Mr Dalyell that the parties to the Treaty of Rome, followed by the negotiators and signatories of the Treaty of Accession of the United Kingdom to the Community, have already provided the answers to his questions.

The Treaty of Rome applies to the French overseas departments in its entirety, with the single proviso, contained in Article 227 of that Treaty, that the provisions of the EAGGF shall apply following a separate ruling.

Cheysson

The very question before you today on the subject of the EAGGF's Guidance Section has already been decided in the logic, the spirit and the letter of the Treaty in respect of the other fields of the EAGGF. A particular example, quoted by Mr Duval and the rapporteur, is the extension of the Guarantee Section to cover pineapples and sugar. The answers, therefore, are contained in the Treaty. The best course in this affair is to record the historical facts of the case, rather than passing favourable moral judgements on their consequences.

The recommendation of the Committee on Agriculture, therefore, through the voice of its rapporteur, Mr Brégégère, to extend the Guidance Section of the EAGGF to the French overseas departments, is a simple application of the spirit and letter of the Treaty.

The Commission recommends the Assembly to adopt the Committee on Agriculture's conclusions, it confirms its agreement that requests for aid for 1975 should apply to these overseas departments, and affirms that all the factors which have been mentioned as regards the problems, financial implications and natural or structural handicaps affecting this part of the Community have been confirmed by the above-mentioned studies.

The Commission recommends the adoption of the Committee on Agriculture's report.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

4. Documents received

President. — I have received the following documents from the parliamentary committees:

- 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 amending regulation (EEC) No 1411/71 as regards the fat content of whole milk (Doc. 456/75).
- the report drawn up by Mr Premoli on behalf of the Committee on Public Health and the Environment on the proposal from the Commission of the European Communities to the Council for a directive on waste from the titanium dioxide industry (Doc. 457/75).

5. Regulations on the common organization of the markets in cereals and rice (Resumption)

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

- I. a regulation amending Regulation No 120/67/EEC on the common organization of the market in cereals
- II. a regulation amending Regulation No 359/67/EEC on the common organization of the market in rice

(Doc. 303/75).

I would remind the House that we began to debate this report on Monday, but that the debate was adjourned in anticipation of a Bureau decision and the Assembly decided yesterday morning to place the report back on the agenda.

I call Mr Frehsee.

Mr Frehsee. — (D) Mr President, this is the fourth time that we have had to deal with this proposal. It has become a farce. On 26 September this House voted against the motion for a resolution submitted by the Committee on Agriculture, which approved the Commission's proposal.

The authors of the report have been insistent, however, and the Rules of Procedure are unfortunately on their side. The proposal was referred back to the committee, but the committee has so far failed to reconsider it. Contrary to what has been claimed, the chairman of the committee...

President. — We are no longer discussing procedure. Please speak on the subject itself; the procedural debate was closed yesterday by the decision to debate this report today.

Mr Frehsee. — (D) ...That is not what I meant to do; I only wished to comment on a statement made yesterday and on Monday, which does not reflect the true course of events.

It concerns the reintroduction of producer subsidies, the so-called export refunds for bread, maize, maize groats and broken rice, which are to amount to 6.43 m.u.a. and which will certainly result in the breweries asking for subsidies of the same kind for brewer's malt, with the result that barley and malt for brewing, as well as beer made from hops and malt, will be threatened, with the possibility of unemploy-

¹ OJ C 7 of 12. 1. 1976.

Frehsee

ment in breweries which use malt as well as those establishments which process maize.

For all those reasons I recommend the adoption of the amendment which has been tabled in my name by the Socialist Group.

For all these reasons, which have now been outlined several times, I call on the House to set its seal on the Decision of 26 September.

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

Mr Liogier. — (*F*) Mr President, the Group of European Progressive Democrats has always opposed any form of distortion of competition within the Community. It welcomes, therefore, the Commission's proposal to reintroduce production refunds for maize groats and meal and broken rice.

We are extremely concerned by the situation facing the great majority of brewers, in all countries except Germany, who use maize groats (oil-extracted maize converted into meal) to supplement malt barley.

From 1967 until the present day, production refunds have been provided by the EAGGF for maize groats on the same conditions as those for the competing product, maize starch, which is also used in industrial manufacturing.

Refunds for maize groats were progressively reduced and then discontinued altogether, but there still exists a flat rate refund at 10 u.a. per tonne for maize starch. This results in a clear distortion of competition between the two products, justifying the complaints of maize groats producers. In addition, the brewers, who had concluded long-term contracts for supplies of maize groats, have suffered an increase in the price of this raw material, heading pushing up their production costs to a level incompatible with the strict regulations currently governing their selling price. This additional cost is equivalent to approximately Ffrs 100 per tonne of maize groats which, for the 100 000 tonnes used each year in France, represents Ffrs 10 million. It was thus vitally important to reintroduce production refunds for maize groats and meal and broken rice intended for brewing.

On a financial level, we can rest assured that this measure will not lead to additional expenditure, since the abolition of production refunds has not, as some people had expected, helped to reduce the expenditure of the EAGGF. As Mr de Koning—whom we congratulate on his work—stated in his excellent report, the users

merely switched to maize starch, a substitute product. The end result was merely a transfer in payments from the EAGGF from one product to another.

But we wish to make a more fundamental point. The abolition of refunds proposed in certain quarters would seriously affect the competitiveness of our food industries. This in turn would pose a real threat to employment in the industries concerned, as was recently affirmed by the Commissioner. It would hardly be logical to pursue such a course, in view of the present crisis throughout the Community.

Another significant argument in favour of the proposed measure is that it is likely to prevent the deterioration of the unemployment situation. Quite simply, these refunds make it possible to end distortion. They ensure that there is no excessive burden in the cost price of beer and, in more general terms, represent a stimulus for the European agricultural community. They also contribute towards re-establishing a competitive balance in industry.

For all these reasons, we approve the Commission's proposal, stressing, however, that aid should not be limited to cereal starch products, but should, if possible, be extended to all root-vegetable starches.

We can in no way approve a measure which, on the pretext of strict budgetary administration, would in this case merely bestow undeniable privileges on one manufacturing process at the expense of another.

President. — I call Mr Aigner.

Mr Aigner. — (*D*) Mr President, ladies and gentlemen, I do not think we should repeat the whole debate; we have already been through it I don't know how many times, and this House has clearly expressed its will on three occasions. I am honestly amazed that everything which has been said here is now being repeated for the fourth time although the specialist committee has not discussed the matter any further.

I am obliged to state that what Mr Liogier said is simply not true, it is simply wrong, and I should now state all the opposing arguments of the other side. I do not do so because there is not time. I would refer to what I said two days ago and what Mr Frehsee has repeated today.

Once more, I must say that I am amazed that a minority is again trying for the fourth time to hurry this through Parliament in a surprise attack. That is not correct parliamentary procedure.

Aigner

And just a word on the future, Mr President; I am surprised that the Committee on Budgets is not even consulted on such matters. In future, such proposals should also be forwarded to the Committee on Budgets.

(Applause)

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, you said yesterday that we were holding a 'jam session'. Now it is more a question of a beer festival, a German beer festival. The problem is not being considered as a European one, despite its importance to eight of the nine Member States. An entirely national German policy is being followed here. It is only in Germany itself that the use of maize groats and meal and broken rice is forbidden. These products are used in German beer exported to the other Member States and restitution is claimed from the EAGGF. I feel that the Committee on Agriculture has considered the problem in depth, and in view of the conditions laid down in the resolution, Parliament should approve it. The committee has taken an objective view of the problem. I can therefore give my full support to the points raised by Mr Liogier.

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) There is probably little point in my stressing to the Assembly that the Commissioner for Development is regrettably ignorant in the field of brewing. Consequently, I will simply refer to the views expressed by my colleague, the Commissioner for Agriculture, who explains why the Commission wishes these refunds to be effected on an optional basis.

But there are some things which I do understand and which worry me.

I am surprised that the Member speaking on behalf of the Committee on Agriculture should reach conclusions which differ from those of the committee's report, or which are even opposed to the latter.

Furthermore, I really wonder what has happened to the spirit of the Treaty of Rome, when I see that the object of measures proposed by some people within the framework of this Assembly is to limit the possibilities for competition and harm the competitiveness of the industries of eight States in favour of those of the Ninth. This has politically dangerous implications, and I stress to the Members of this Assembly that such methods should not be pursued.

President. — Does anyone else wish to speak?

The general debate is closed.

We shall now consider the motion for a resolution.

On the preamble I have no amendments or speakers listed.

I put the preamble to the vote.

The preamble is adopted.

On paragraph 1 I have Amendment No. 1 tabled by Mr Frehsee and worded as follows:

'1. Cannot approve the Commission's proposals.'

What is the rapporteur's position?

Mr Laban, deputy rapporteur. — (NL) I can assure you that the rapporteur stands by the resolution and recommends that Parliament reject the amendment.

President. — I call Mr Frehsee.

Mr Frehsee. — (D) It is not a question of the interests of one country against those of the other eight. The use of brewer's malt also concerns Denmark, Ireland, Luxembourg and the United Kingdom, not only the Federal Republic. I would like to make that clear — we are not simply dealing with the interests of the Federal Republic of Germany or of the Germans. I resent the tone in which this assertion has been made. (Applause)

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

The amendment is adopted.

On paragraph 2, I have no amendments or speakers listed.

I put paragraph 2 to the vote.

Paragraph 2 is adopted.

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

The resolution so amended is adopted.¹

6. Regulations on the organization of the market in wine and Cyprus sherry

President. — The next item is a debate on the report drawn up by Mr Schuijt on behalf of the Associations Committee on the proposals from

¹ OJ C 7 of 12. 1. 1976.

President

the Commission of the European Communities to the Council for

- I. a regulation amending Annex IV to Regulation (EEC) No 816/70 laying down additional provisions for the common organization of the market in wine and with respect to the subheadings of the Common Customs Tariff;
- II. a regulation extending until 30 June 1976 the period of validity of Regulation (EEC) No 3576/73 on the imports of the wine product exported under the label of 'Cyprus Sherry', originating in and coming from Cyprus, and the introduction of subsidies for similar wine products in the Community as originally constituted and exported to Ireland and the United Kingdom

(Doc. 455/75).

The rapporteur has informed me that he has nothing to add to his written report.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

7. *Regulations on quotas for dried figs and dried grapes from Spain*

President. — The next item is a debate on the report drawn up by Mr Kaspereit on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for

- I. a regulation opening, allocating and providing for the administration of a Community tariff quota for dried figs falling within subheading ex 08.03 B of the Common Customs Tariff for 1976 and originating in Spain
- II. a regulation opening, allocating and providing for the administration of a Community tariff quota for dried grapes falling within subheading ex 08.04 B of the Common Customs Tariff for 1976 and originating in Spain

(Doc. 264/75).

The rapporteur has informed me that he has nothing to add to his written report.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

8. *Regulation on the importation of fresh lemons into the Community*

President. — The next item is a debate on the report drawn up by Mr Klepsch on behalf of the

Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a regulation suspending application of the condition governing the import into the Community of fresh lemons originating in Cyprus, Spain, Israel, Morocco, Egypt, Tunisia and Turkey in accordance with the agreements in force between the European Community on the one hand and each of these countries on the other (Doc. 395/75).

I call Mr Spicer, deputizing for Mr Klepsch, rapporteur, who has asked to present the report.

Mr Spicer, deputy rapporteur. — This is a perfectly straightforward matter.

Existing agreements between the EEC and a number of Mediterranean countries contain provisions granting tariff reductions on imports into the Community of fresh lemons originating in those countries. There have been changes in trade within the Community necessitating changes in these regulations.

Our committee have no comment to make on the proposal; they accept it fully, as did the Committee on Agriculture and also the Associations Committee where it was relevant to that committee.

We propose that it be adopted.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

9. *Regulation on recording equipment in road transport*

President. — The next item is a debate on the report drawn up by Mr Seefeld 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 amending Council Regulation (EEC) No. 1463/70 of 20 July 1970 on the introduction of recording equipment in road transport (Doc. 440/75).

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

Mr Seefeld, rapporteur. — (D) Mr President, I would like to point out once more that the basic decision to introduce recording equipment was taken in 1969 and 1970. When discussing this proposal in the committee, a number of our British colleagues attempted to bring the whole subject up once more. I would urge that this

¹ OJ C 7 of 12. 1. 1976.

Seefeld

should not be done here today, however, because this proposal is simply a regulation which reflects the experience gained in the building and operation of these devices.

Apart from that, it is just a question of a uniform interpretation of the wording. No substantial changes have been made to the previous regulation. The technical standards required of recording equipment in the Community are merely expressed more precisely.

In the Committee on Regional Policy and Transport, therefore, the proposal was approved with no votes against and with four abstentions. I would be grateful if you, too, would vote in favour of the proposal today.

President. — I call Mr Dalyell.

Mr Dalyell. — This is one of the troubles of the British being latecomers to the Community, but I should like to ask my friend Mr Seefeld a question.

Two Saturdays ago, at my morning surgery, a group of rather angry lorrydrivers came to see me. They put the matter in this way: 'How would you like a spy in your cab while you were doing your work?' The truth is that these instruments record every kind of stop. The drivers say, 'Whenever we go for a smoke, or want a lay-by, or have to do the necessary, we are recorded.' They think that this is an affront to their dignity.

I know that Mr Seefeld does not want this matter widened, but I should like to ask him one question. In all the discussions with the trade unions in France and Germany, was there the kind of objection which the British are getting from lorrydrivers and their trade unions?

President. — I call Mr Seefeld.

Mr Seefeld, rapporteur. — (D) Mr President, all these points were taken into consideration when the devices were introduced. This proposal has nothing to do with the basic issue. The basic decision was taken at a time when the United Kingdom was not in the Community. At that time, though — and I speak in particular to my colleague Mr Dalyell—employers and employees commented in depth on this matter. The Transport Committee, as it was in those days, held a public hearing at which the trade union representatives in particular said how pleased they were that these devices had now to be installed in lorries. It could now be ensured that the maximum time at the wheel would not be exceeded and their rights as

employees would not be abused. They did not have a 'spy in their cabs'; they had a device capable of ensuring that the regulations on rest periods and driving time would have to be observed by their employers. This is a case of social progress, in terms of both road safety and workers' health.

(Applause)

President. — I call Mr Mursch.

Mr Mursch. — (D) Mr President, I do not wish to make a speech, I merely wish to emphasize what Mr Seefeld has already said. We must confine ourselves in this House to discussing what is on the agenda; we must not hold fundamental debates on things which were decided long ago. The existing regulation is being improved and corrected and certain points are being cleared up; that is all. I would like to emphasize that once more, so that we do not get involved in a long debate which is of no value. Anyone who votes against this regulation merely because he does not agree with recording equipment is doing so for the wrong reasons.

President. — I call Mr Ellis.

Mr Ellis. — I support Mr Seefeld. Speaking as a Britisher, I think that the purposes of the regulation are very sound. I think that the whole idea of the tachograph is sound. I know of the perjorative talk about spies in cabs which gives the British Government a problem, but there is one point which I should like to put.

I understand that the regulation is designed to improve the technical facilities with which the tachograph is used. I should like to ask the Commissioner whether, when improving the mechanical system of recording, it would be possible to ensure that it is not put to what I might call illegitimate uses. One of the objections to the legitimate use of this apparatus for competition policy and so on is that it is used for such purposes as penalizing people for speeding and otherwise breaking the law. To get this device accepted by lorrydrivers, it is important that it should not be used for any illegitimate purpose.

(Applause)

President. — I call Mr Cheysson.

Mr Cheysson, Member of the Commission. — (F) Mr President, as the last speaker has just said, I feel that we have not been discussing the real subject of this debate. The subject is not the introduction of this recording equipment;

Cheyssson

that has already been decided by Regulation No. 1463, which shall apply to the new Member States from January 1976. The question now is to improve, in the light of experience, this equipment, the principle of which has already been accepted by everyone.

In fact, the new regulation applies more to manufacturers of recording equipment than to users, for whom changes have been introduced. I believe — and here I wish to reply to Mr Dalyell — that one aspect of the problem has been neglected: the Community's intention in this field, as was accurately stated in paragraph 4 of the draft resolution, is to guarantee 'effective controls to ensure that the social legislation relating to road transport is observed.' We only have to read press reports from a number of countries to appreciate the existence of abuses in the use of road transport, to the detriment of the drivers themselves. The social legislation adopted in this field must be applied. Controls on employers are just as necessary as those on workers in the road transport sector.

For all these reasons, the Commission trusts that this regulation which, I repeat, is more concerned with manufacturers of equipment than users, will be adopted, following the recommendation of the Committee on Transport.

President. — Does anyone else wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

10. *Regulation on the fat content of whole milk*

President. — The next item is a debate on 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 amending Regulation (EEC) No 1411/71 as regards the fat content of whole milk (Doc. 456/75).

The rapporteur has informed me that he has nothing to add to his written report.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

11. *Consolidated texts relating to the fishing sector*

President. — The next item is a debate on the report drawn up by Sir Derek Walker-Smith

on behalf of the Legal Affairs Committee on the proposals from the Commission of the European Communities to the Council on consolidated texts relating to the fishing sector (Doc. 435/75).

The rapporteur has informed me that he has nothing to add to his written report.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

12. *Decisions on a European project on nuisances*

President. — The next item is a debate on the report drawn up by Lady Fisher of Rednal on behalf of the Committee on Public Health and the Environment on the proposals from the Commission of the European Communities to the Council for

I. a decision concluding the Agreement for the implementation of a European project on nuisances on the subject: 'Research on the physico-chemical behaviour of sulphur dioxide in the atmosphere' (Project 61 a)

II. a decision concluding the Agreement for the implementation of a European project on nuisances on the subject 'Analysis of organic micro-pollutants in water' (Project 64 b)

(Doc. 408/75).

The rapporteur has informed me that she has nothing to add to her written report.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

Does anyone wish to speak?

13. *Regulations on trade with Tunisia and Morocco*

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Kaspereit on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for:

I. a regulation extending Regulation (EEC) No 2107/75 extending the arrangements applicable to trade with Tunisia

II. a regulation extending Regulation (EEC) No 2108/75 extending the arrangements applicable to trade with Morocco

(Doc. 423/75).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

¹ OJ C 7 of 12. 1. 1976.

14. *Regulations on the importation of fishery products from Tunisia and Morocco*

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Vetrone on behalf of the Committee on External Economic Relations on the proposals from the Commission of the European Communities to the Council for:

- I. a regulation extending the term of validity of Regulation (EEC) No 346/75 concerning the importation into the Community of certain fishery products originating in Tunisia
- II. a regulation extending the term of validity of Regulation (EEC) No 347/75 concerning the importation into the Community of certain fishery products originating in Morocco

(Doc. 396/75).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

15. *Directive on the payment of duties at importation or at exportation*

President. — The next item is a vote without debate on the motion for a resolution contained in the report drawn up by Mr Bayerl on behalf of the Committee on External Economic Relations on the proposal from the Commission of the European Communities to the Council for a directive on the harmonization of provisions laid down by law, regulation or administrative action concerning deferred payment of duties at importation or at exportation (Doc. 393/75).

I have no speakers listed.

Does anyone wish to speak?

I put the motion for a resolution to the vote.

The resolution is adopted.¹

16. *Dates and agenda for next part-session*

President. — There are no other items on the agenda.

The enlarged Bureau proposes that our next sittings be held in Luxembourg during the week from 12 to 16 January 1976.

Are there any objections?

That is agreed.

At its meeting of 16 December 1975, the enlarged Bureau drew up the following draft agenda for the next part-session, which I must submit to Parliament for its approval.

(The President read out the draft agenda)

I call Mr Scott-Hopkins.

Mr Scott-Hopkins. — Since the enlarged Bureau made its decision that we should meet on Monday, Tuesday, Wednesday and Thursday, three-and-a-half days, and we do not start until Monday afternoon, there have been many additions of controversial matters to the agenda. In particular, I have asked for a half-day at least on my Oral Question with debate on fisheries. We shall need that. Mr Gibbons's report on sheepmeat will need at least another two to three hours. There is no chance of doing this and finishing on Thursday afternoon.

I therefore ask you, Mr President, to say now that the part-session can—not necessarily will, but can and almost certainly will—run over until the Friday.

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, I feel that the agenda for Thursday is overloaded while there is still time to spare on the Monday agenda. I agree with Mr Scott-Hopkins that there are some fairly controversial matters on the agenda. I should like the Bureau to consider whether the agenda could be changed so that we do not have too little business on certain days and too much on the last day.

President. — I must point out to you that the Bureau is not due to meet again before the next part-session. Of course, Parliament may decide to meet on Friday morning.

Mr Scott-Hopkins, do you formally propose that Parliament should decide today that if necessary there will also be a sitting on Friday, 16 January 1976?

Mr Scott-Hopkins. — Yes, Mr President.

President. — I call Mr Broeks.

Mr Broeks. — *(NL)* Mr President, I think that if we deal sensibly on the various days with the items on the agenda it will not be necessary to meet on Friday morning. I therefore oppose the proposal.

President. — I put the proposal by Mr Scott-Hopkins to the vote.

¹ OJ C 7 of 12. 1. 1976.

President

The proposal is adopted. Parliament will therefore hold a plenary sitting on Friday, 18 January 1976 if necessary.

I call Mr Lange.

Mr Lange. — (D) Mr President, you mentioned a report by Lord Bruce of Donington on a modified financial regulation. If I remember rightly, the Committee on Budgets has not yet reached a decision on this, and since there is no meeting of the committee before the January part-session, this item should be deleted.

President. — I call Mr Laban.

Mr Laban. — (NL) Mr President, as acting chairman of the Committee on Agriculture, I can inform you that Mr Della Briotta's report on wine is not ready to be placed on the agenda for the January part-session and that the Committee on Agriculture has requested that it be placed on the agenda for the February part-session in Strasbourg.

This item can therefore be deleted from the agenda for January.

President. — In view of what we have just heard, the agenda for the next sittings will be as follows:

Monday, 12 January; 5 p.m.:

- Statement by the Commission on action taken on the opinions and proposals of the European Parliament;
- Cousté report on the Community policy for data processing;

Tuesday, 13 January, 2 p.m.:

- Guldberg report on energy prices;
- Ellis report on crude oil prices;
- Walz report on the siting of nuclear power stations;
- Outcome of the session of the Council of Research Ministers of 15 December 1975;
- Schwörer report on direct insurance;
- Premoli report on titanium dioxide;
- possibly, report on regular coach services;

Wednesday, 14 January

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

- Question Time;
- Statement on the programme of activities under Luxembourg's presidency followed by a debate;

- Statements on the outcome of the North-South Conference;
- Oral question with debate on relations between the EEC and Lebanon;
- Oral questions with debate on the control of mergers and on multinationals;
- Oral questions with debate on problems in the textile industry;

Thursday, 15 January, 10 a.m. and 3 p.m.:

- Kavanagh report on the Third Report on the activities of the new European Social Fund (1974);
- Bethell report on the quality of water for human consumption;
- Noè report on biological standards for lead;
- Duval report on paints, varnishes and adhesives;
- Seefeld report on safety glass;
- possibly, Community activities in education;
- possibly, Bruce report on a modified financial regulation;
- Oral question with debate on the fishing industry;
- possibly, Hunault report on the sluice-gate prices for pigmeat, eggs and poultry;
- possibly, Gibbons report on sheepmeat;
- possibly, report on processing and marketing of agricultural products;
- possibly, report on asparagus;

Friday, 16 January:

- possibly, continuation of Thursday's agenda.

Are there any objections?

The draft agenda is adopted.

17. Adjournment of session

President. — I declare the session of the European Parliament adjourned.

18. Approval of 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 10.35 a.m.)